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SPECIAL COMMENTARY:

US-Taiwan Business Council Welcomes Congressional Notification of Sales to Taiwan of PAC-3 Missile Units, BLACK HAWK Helicopters, OSPREY Ships, HARPOON Missiles and MIDS/LVT-1 Terminals

January 29, 2010

The US-Taiwan Business Council today welcomed the Obama Administration's decision to notify Congress of the following arms sales programs for Taiwan, with a total value of US\$6.392 billion:

- 114 PATRIOT Advanced Capability (PAC-3) Missiles, 3 AN/MPQ-65 Radar Sets and Other Related Equipment & Services [US\$2.81 billion]
- 60 UH-60M BLACK HAWK Helicopters, With Technical & Logistics Support [US\$3.1 billion]
- 2 OSPREY Class Mine Hunting Ships, Including Refurbishment & Upgrade [US\$105 million]
- 10 RTM-84L HARPOON Block II Telemetry Missiles, 2 ATM-84L HARPOON Block II Telemetry Missiles, and Other Related Equipment & Services [US\$37 million]
- 35 Multifunctional Information Distribution Systems Low Volume Terminals (MIDS/LVT-1), with 25 MIDS On Ships Terminals and Other Related Equipment & Support [US\$340 million]

The submarine "design phase" notification was not included and remains in limbo. Details on these arms sales programs are available via the DSCA website at www.dsca.mil.

The United States provides Taiwan with these modern defensive weapons *not* as a goal in and of itself. It is China's actions - its massive military expansion and modernization, and the commensurate imbalance it creates in the Taiwan Strait - that prompt this U.S. response.

Releasing these programs represents a step forward in the ongoing process of providing Taiwan with weapons systems for its own self defense. The Black Hawk program is particularly welcome, as Taiwan's need for replacement helicopters is acute both for military and disaster relief operations. Given the aftermath of Typhoon Morakot this past August, it is evident that Black Hawks will offer a significant upgrade to the Taiwan military's ability to assist citizens in times of national emergency.

Packaging & Freezes

While we welcome these notifications, the Council nevertheless remains concerned about the continued stacking of multiple congressional notifications into groups, as well as the increased stretches of time between such notification packages.

Over the last 2 years the U.S. has packaged congressional notifications, freezing them for an arbitrary period of time then releasing some, but not all, of the programs. This tactic increases the political cost of the notifications, and does more damage to U.S. - China relations than is commensurate with the action itself.

In Taipei, U.S. indecision undermines Taiwan's attempts to provide for its own defense, and can result in unused budgeted funds that must be returned to the treasury at the end of each year. Taiwan does not have the luxury of returning allocated defense funds while still attempting to meet its defense modernization and reform goals.

Taiwan's national security requirements and American interests in Asia do not remain static - they require ongoing attention. Uncertainty surrounding which programs will be notified, as well as uncertainty regarding the timing of such notifications, raises doubt about U.S. commitments to Taiwan not only in Washington and



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Taipei, but also in Beijing. In the case of the latter, such doubt may give rise to miscalculations regarding American resolve in the Taiwan Strait.

The United States needs to end the process of packaging and extended freezes, and should return to notifying programs to Congress when they are ready to do so. It will end the vacuum these long freezes are creating, and will return more certainty to the process. America has a perfectly sound process for selling weapons to foreign allies and we should again apply it to Taiwan.

The Chinese Reaction

It is always worth noting that the Chinese reflexively oppose all arms sales to Taiwan, irrespective of platform or system. Consequently, the Chinese reaction to this package of notifications has been, and will likely continue to be, both broad and shrill.

The vacuum created by the long gap since the last Taiwan arms package – on October 3, 2008 – has raised the stakes and made the process look vulnerable to external pressure. As a consequence, the Chinese have been responding dramatically.

While the Chinese cannot overturn the programs that were notified today, they almost certainly believe that they can make enough of a fuss to discourage the Obama administration from making further decisions regarding arms sales to Taiwan – particularly on the possible follow-on sale of F-16s. China's president Hu noted his objections to "sophisticated weapons" when he met with President Obama in November of last year, which was clearly a reference to the F-16s requested by Taiwan.

It is instructive, therefore, to consider the coming Chinese response not so much in the context of today's actions, but in light of future arms sales considerations by President Obama. The Chinese will likely seek pressure points outside of the regular realm of arms sales, utilizing threats in non-related areas such as economic cooperation in an attempt to find leverage on this issue.

But while Chinese reactions to these congressional notifications may affect areas of US-China relations, our law is crystal clear in dictating how our government must consider Taiwan's legitimate defense needs. The Taiwan Relations Act unequivocally states that *"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"*.

Second Tranche of F-16s

While the Council views today's announcement as an important affirmation of the Taiwan Relations Act, the Obama Administration has significant and urgent decisions still to make. Taiwan has a requirement to replace its aging F-5s and Mirage 2000s, and has attempted to submit a Letter of Request (LOR) for 66 F-16 C/Ds three times since 2006. Yet this potential program still remains "under review" with Taiwan unable to submit its LOR – an unprecedented action in-of-itself in any bilateral U.S. security relationship.

After today's notifications, the Obama Administration is liable to undertake another long period of delay prior to any decision on the F-16 LOR. This would be a mistake. The expansion and modernization of China's air force, and the resulting imbalance in the cross-Strait balance of power, do not allow for further delay. China recognizes the tactical advantage this delay is creating, and is attempting to raise the stakes in Washington in an attempt to kill consideration completely.

It is essential that we hold firm on our commitments to Taiwan, and that we provide the island with all the equipment it requires to maintain a credible defense. If China is able – with its actions, tantrums, and threats – to "spook" the Obama Administration into indefinite delay, then China has achieved its goal and Taiwan's ability to control its own airspace will start to dramatically wane.



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Conclusion

President Obama's willingness to follow through on the Bush Administration's commitment to Taiwan's self-defense is commendable. That said, the Obama Administration has left an urgent matter unaddressed in the form of the F-16s. In the absence of a decision on this issue, it will continue to cause tensions in the triangular relationship between the US, Taiwan and China throughout 2010.

This is the most critical year for the triangular relationship between the three parties, given the elections and leadership changes coming for all three in 2012. By this time next year, the appetite for difficult decisions will be low in all three capitols. President Ma's ability to continue to engage the Chinese is becoming increasingly tenuous in the face of a resurgent Democratic Progressive Party (DPP) and a China playing a hedge strategy with its economic (ECFA) carrot and its military stick. The U.S. must continue to stand by Taiwan both rhetorically and materially during this period, or risk losing the most significant opportunity for improved cross-Strait relations in decades.

Strong support for Taiwan strengthens both our own and Taiwan's standing with China, sends a strong signal about America's commitment to Asia, and fortifies America's core interests – peace and security in the Taiwan Strait.

Rupert Hammond-Chambers
President
US-Taiwan Business Council