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SPECIAL COMMENTARY:

The Obama Administration Notifies Taiwan's F-16 A/B Upgrade Program To Congress. Where Are The F-16 C/Ds?

September 21, 2011

**Rupert Hammond-Chambers
President
US-Taiwan Business Council**

The US-Taiwan Business Council welcomes the news that the Obama Administration will proceed with a commitment to upgrade Taiwan's present inventory of F-16 A/Bs at a possible cost of US\$5.3 billion, the continuation of the Luke Air Force Base training program at a potential cost of US\$500 million, and a requisition for up to US\$52 million in parts for Taiwan's F-16 A/Bs, F-5s, C-130s and IDFs. The congressional notifications are attached.

The Council welcomes the Obama Administration's partial commitment to supporting Taiwan's efforts to upgrade and modernize its air power capabilities. As we noted in our 2010 report "*The Balance of Air Power in the Taiwan Strait*", Taiwan certainly needs to implement a robust mid-life retrofit/modernization program for its existing fleet of F-16 A/Bs. The FMS programs notified to Congress today will help Taiwan address diminishing manufacturing sources and obsolescence issues, improve reliability and maintainability, improve survivability, and update aircraft capabilities to remain abreast of current mission requirements.

Upgraded F-16 A/Bs Are Not Enough to Face the Threat from China

A recent U.S. Department of Defense report states that "China has continued to develop a wide range of weapons and capabilities designed to provide credible military options in a Taiwan contingency." The report goes on to note that the military threat posed by China to Taiwan continues to grow rapidly.

The Taiwan Air Force is therefore in dire need of a robust and modern fighter fleet in order to prepare for all possible contingencies. The upgrade of Taiwan's F-16 A/Bs will go some way towards moving the Taiwan Air Force in the right direction, if the upgraded fighters are equipped with modern systems and munitions.

However, with the Taiwan Air Force retiring its obsolete F-5s and prohibitively expensive Mirage 2000-5s, Taiwan will still fall perilously short of the airframes it requires to maintain an adequate air defense force, even with the scheduled upgrade. This shortfall is inherently destabilizing, and if not addressed it will threaten the military balance in the Taiwan Strait and encourage Chinese adventurism in the coming years.

Unnamed Obama Administration officials have been stating - as they did in the Wall Street Journal yesterday - "*Taiwan gets them quicker and they are cheaper than C/Ds*". This is a false statement. The upgrade program is comprehensive, but spans almost 10 years with the first upgraded A/B coming as late as the 6th year of the program. If the Obama Administration were to accept a Letter of Request for 66 F-16 C/Ds now, the entire tranche of new fighters could be delivered before Taiwan receives any of its upgraded F-16 A/Bs.

Secondly, the Obama Administration is suggesting that the choice was between **either** the F-16 A/B upgrade **or** the F-16 C/Ds. Again, this is a false choice. It is not either but both programs that are required. The correct approach would have both programs running concurrently, so that as new F-16 C/Ds are delivered to Taiwan - **before** Taiwan starts pulling front line F-16 A/Bs out of operations - there will be no degradation of



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Taiwan's fighter strength. As presently structured, Taiwan will actually see a reduction in the number of operational F-16s over the next 10 years.

F-16 C/Ds are the Solution to the Airframe Shortfall

The solution to this shortfall is the sale of 66 F-16 C/D fighters to Taiwan, as a follow up and in addition to the announced upgrade of Taiwan's existing fleet of A/Bs. Together, these two programs would help Taiwan adequately fill the fighter gap, and would ensure that Taiwan has an air force capable of deterring China from provoking or attacking it. A fighter force able to handle **all** of Taiwan's many contingencies.

The United States agreeing to sell F-16 C/Ds to Taiwan is an appropriate and prudent response to China's ongoing force expansion and military modernization. In addition, it would conform to the legal requirements in the Taiwan Relations Act (TRA) –which puts the onus on the United States to help ensure that Taiwan maintains an adequate defense – while at the same time such a program would positively contribute to the U.S. job picture and to the U.S. economy.

The Obama Administration's admittance that today's announcement is designed to address the equities of Taiwan, the U.S. Congress, and China relations is admittance that the F-16 C/D decision was made not in response to the Chinese threat to Taiwan but over U.S. **concerns** regarding China's reaction to the sale. The Taiwan Relations Act explicitly 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." The Obama Administration is making clear that the F-16 C/D non-decision was calibrated to ensure that China's interests were taken into consideration.

If the Obama Administration continues to balk at providing Taiwan with replacement fighters, it will represent a capitulation of America's obligation to provide Taiwan with defensive arms based solely on Taiwan's needs. The U.S. has the obligation to provide Taiwan all that it requires, not only that which is politically expedient. China will have effectively involved itself in an important U.S. decision on American interests in the Asia Pacific, and will then seek to incrementally downgrade the U.S. commitment to Taiwan by drawing "red lines" around less significant equipment in the future.

While the Obama Administration has notified to Congress significant dollar value Taiwan defense programs, it is important to note that no new systems or platforms have been released to Taiwan since 2007. The programs that have been notified represent decisions made up to 10 years ago. The Obama Administration has not released a single new platform or system to Taiwan.

In short, while the US-Taiwan Business Council welcomes the announced upgrade to Taiwan's fleet of F-16 A/Bs, the upgrade program does not do enough to address Taiwan's current air defense needs. It is imperative that the Obama Administration also act on Taiwan's request for F-16 C/Ds.

About the US-Taiwan Business Council

The US-Taiwan Business Council (www.us-taiwan.org) is a membership-based non-profit association, founded in 1976 to foster trade and business relations between the United States and Taiwan. The Council provides its members with business intelligence, offers access to an extensive network of relationships, and serves as a vital and effective representative in dealing with business, trade, and investment matters.



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CONGRESSIONAL NOTIFICATIONS

Date	Text	DSCA Link
2011-09-21	DSCA notified Congress today of a possible Foreign Military Sale to the Taipei Economic and Cultural Representative Office in the United States of a pilot training program	http://www.dsca.mil/PressReleases/36-b/2011/TECRO_11-19.pdf
2011-09-21	DSCA notified Congress today of a possible Foreign Military Sale to the Taipei Economic and Cultural Representative Office in the United States of retrofitting of F-16A/B aircraft	http://www.dsca.mil/PressReleases/36-b/2011/TECRO_11-39.pdf
2011-09-21	DSCA notified Congress today of a possible Foreign Military Sales Order II (FMSO II) to the Taipei Economic and Cultural Representative Office in the United States	http://www.dsca.mil/PressReleases/36-b/2011/TECRO_11-34.pdf



Defense Security Cooperation Agency
NEWS RELEASE

On the web: <http://www.dsca.mil>

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Transmittal No. 11-19

**Taipei Economic and Cultural Representative Office in the United States -
Pilot Training Program**

WASHINGTON, September 21, 2011 -- The Defense Security Cooperation Agency notified Congress today of a possible Foreign Military Sale to the Taipei Economic and Cultural Representative Office in the United States of a pilot training program and associated equipment, parts, training and logistical support for an estimated cost of \$500 million.

The Taipei Economic and Cultural Representative Office in the United States has requested a possible sale for the continuation of a pilot training program and logistics support for F-16 aircraft at Luke Air Force Base, Arizona to include flight training, supply and maintenance support, spare and repair parts, support equipment, program management, publications, documentation, personnel training and training equipment, fuel and fueling services, and other related program requirements necessary to sustain a long-term CONUS training program. The estimated cost is \$500 million.

This sale is consistent with United States policy and Public Law 96-8.

The recipient is one of the major powers in Asia and the Western Pacific and a key partner of the United States in ensuring peace and stability in that region. It is in the U.S. national interest to assist the recipient in developing and maintaining a strong and ready self-defense capability, which will contribute to an acceptable military balance in the area. This proposed sale is consistent with those objectives.

The recipient and the U.S. Air Force (USAF) will have the opportunity to fly together, which will support disaster relief missions, non-combatant evacuation operations, and other contingency situations. These services and equipment are used in the continuing pilot training program at Luke Air Force Base, Arizona. This program enables the recipient to develop mission ready and experienced pilots through CONUS training. The training provides a "capstone" course that takes experienced pilots and significantly improves their tactical proficiency. Training is a key component of combat effectiveness.

The proposed sale of pilot training and support will not alter the basic military balance in the region.

Implementation of this sale will not require the assignment of any U.S. Government or contractor representatives to the recipient. The USAF will provide instruction, flight operations, and maintenance support and facilities. Approximately 90 U.S. contractors will provide aircraft maintenance and logistics support for the F-16 aircraft at Luke Air Force Base, Arizona.

The prime contractor will be L-3 Communications Corporation in Greenville, Texas. There are no known offset agreements proposed in connection with this potential sale.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law and does not mean the sale has been concluded.



Defense Security Cooperation Agency
NEWS RELEASE

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Transmittal No. 11-39

**Taipei Economic and Cultural Representative Office in the United States -
Retrofit of F-16A/B Aircraft**

WASHINGTON, September 21, 2011 -- The Defense Security Cooperation Agency notified Congress today of a possible Foreign Military Sale to the Taipei Economic and Cultural Representative Office in the United States of retrofitting of F-16A/B aircraft and associated equipment, parts, training and logistical support for an estimated cost of \$5.3 billion.

The Taipei Economic and Cultural Representative Office in the United States has requested a retrofit of 145 F-16A/B aircraft that includes sale of: 176 Active Electronically Scanned Array (AESA) radars; 176 Embedded Global Positioning System Inertial Navigation Systems; 176 ALQ-213 Electronic Warfare Management systems; upgrade 82 ALQ-184 Electronic Countermeasures (ECM) pods to incorporate Digital Radio Frequency Memory (DRFM) technology or purchase new ECM pods (AN/ALQ-211(V)9 Airborne Integrated Defensive Electronic Warfare Suites (AIDEWS) with DRFM, or AN/ALQ-131 pods with DRFM); 86 tactical data link terminals; upgrade 28 electro-optical infrared targeting Sharpshooter pods; 26 AN/AAQ-33 SNIPER Targeting Systems or AN/AAQ-28 LITENING Targeting Systems; 128 Joint Helmet Mounted Cueing Systems; 128 Night Vision Goggles; 140 AIM-9X SIDEWINDER Missiles; 56 AIM-9X Captive Air Training Missiles; 5 AIM-9X Telemetry kits; 16 GBU-31V1 Joint Direct Attack Munitions (JDAMs) kits; 80 GBU-38 JDAM kits; Dual Mode/ Global Positioning System Laser-Guided Bombs (16 GBU-10 Enhanced PAVEWAY II or GBU-56 Laser JDAM, 80 GBU-12 Enhanced PAVEWAY II or GBU-54 Laser JDAM, 16 GBU-24 Enhanced PAVEWAY III); 64 CBU-105 Sensor Fused Weapons with Wind-Corrected Munition Dispensers (WDMD); 153 LAU-129 Launchers with missile interface; upgrade of 158 APX-113 Advanced Identification Friend or Foe Combined Interrogator Transponders; and HAVE GLASS II applications. Also included are: ammunition, alternate mission equipment, engineering and design study on replacing existing F100-PW-220 engines with F100-PW-229 engines, update of Modular Mission Computers, cockpit multifunction displays, communication equipment, Joint Mission Planning Systems, maintenance, construction, repair and return, aircraft tanker support, aircraft ferry services, aircraft and ground support equipment, spare and repair parts, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering, technical, and logistics support, test equipment, site surveys, and other related elements of logistics support. The estimated cost is \$5.3 billion.

This sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic, and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capability. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region.

The proposed retrofit improves both the capabilities and the reliability of the recipient's fleet of F-16A/B aircraft. The improved capability, survivability, and reliability of newly retrofitted F-16A/B aircraft will greatly enhance the recipient's ability to defend its borders.

The prime contractor will be the Lockheed Martin Aeronautics Company in Fort Worth, Texas. This proposed sale may involve the following additional contractors:

BAE Advance Systems	Greenland, New York
Boeing Integrated Defense Systems	St Louis, Missouri
Goodrich ISR Systems	Danbury, Connecticut
ITT Defense Electronics and Services	McLean, Virginia
ITT Integrated Structures	North Amityville, New York
ITT Night Vision	Roanoke, Virginia
L3 Communications	Arlington, Texas
Lockheed Martin Missile and Fire Control	Dallas, Texas
Lockheed Martin Simulation, Training, and Support	Fort Worth, Texas
Marvin Engineering Company	Inglewood, California
Northrop-Grumman Electro-Optical Systems	Garland, Texas
Northrop-Grumman Electronic Systems	Baltimore, Maryland
Pratt & Whitney	East Hartford, Connecticut
Raytheon Company	Goleta, California
Raytheon Space and Airborne Systems	El Segundo, California
Raytheon Missile System	Tucson, Arizona
Symetrics Industries	Melbourne, Florida
Terma	Denmark

At this time there are no known offset agreements proposed in connection with this potential sale.

Implementation of this sale will require the assignment of five (5) contractor representatives to the recipient to provide engineering and technical support for the first two years of the program. Additionally, approximately two trips per year will be required for U.S. Government personnel and contractor representatives for the duration of the program for program and technical support.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law and does not mean the sale has been concluded.



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Transmittal No. 11-34

**Taipei Economic and Cultural Representative Office in the United States -
Foreign Military Sales Order II (FMSO II)**

WASHINGTON, September 21, 2011 -- The Defense Security Cooperation Agency notified Congress today of a possible Foreign Military Sales Order II (FMSO II) to the Taipei Economic and Cultural Representative Office in the United States for an estimated cost of \$52 million.

The Taipei Economic and Cultural Representative Office in the United States has requested a FMSO II to provide funds for blanket order requisitions, under the Cooperative Logistics Supply Agreement (CLSSA) for spare parts in support of F-16A/B, F-5E/F, C-130H, and Indigenous Defense Fighter (IDF) aircraft. The estimated cost is \$52 million.

This sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic, and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capability. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region.

The recipient requires continuing procurement and repair of aircraft spare parts through the USG's FMSO II program in order to sustain and keep flyable its military fleets of F-16, F-5, C-130, and IDF aircraft. The spare parts to be procured and/or repaired under this proposed sale are critical for maintaining their fighter and transport aircraft in operational condition.

Procurement of these items will be from many contractors providing similar items to the U.S. forces. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this sale will not require the assignment of any additional U.S. Government personnel or contractor representatives to the recipient.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law and does not mean the sale has been concluded.