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Taiwan: Major U.S. Arms Sales Since 1990

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Summary

This CRS Report discusses U.S. arms sales to Taiwan, or Republic of China (ROC), including policy issues for Congress. It also lists sales of major defense articles and services to Taiwan, as approved by the President, proposed in Letters of Offer and Acceptance, and notified to Congress since 1990. Based on unclassified notices, reports, and interviews, this list includes the date of notification, major item proposed for sale, and estimated value of the defense package.

The Taiwan Relations Act 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. There are two other relevant elements of the "one China" policy: the August 17, 1982 U.S.-PRC Joint Communique and the "Six Assurances" made to Taiwan. (For more on policy, see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy – Key Statements from Washington, Beijing, and Taipei.*)

Despite the unofficial nature of relations, U.S. arms sales to Taiwan have been significant. For 2001, U.S.-Taiwan annual arms sales talks took place on April 24. According to the Administration and various news reports, President George W. Bush approved Taiwan's request for: diesel-electric submarines (perhaps a German or Dutch design with U.S. technology), P-3 maritime search/anti-submarine aircraft (linked to the submarine sale), 4 decommissioned U.S. Kidd-class destroyers, and other items. He also deferred approval for Aegis-equipped destroyers and other items, while denying other requests.

Several policy issues are of concern to Congress. One policy issue concerns the effectiveness of the Administration in assisting Taiwan's defense, as it faces the People's Liberation Army (PLA)'s missile buildup and arms acquisitions, primarily from Russia. Another issue is the role of Congress in determining arms sales to Taiwan. A third issue, raised by President Bush on April 24, 2001, is whether and how to revise the process of annual arms talks with Taiwan.

In the 107th Congress, the Foreign Relations Authorization Act for FYs 2002 and 2003 (**H.R. 1646**, Hyde) contains provisions on arms sales to Taiwan. H.R. 1646 includes authority (in Section 851) for the President to sell the 4 Kidd-class destroyers to Taiwan (as Excess Defense Articles). In the House International Relations Committee, an amendment proposed by Representative Brad Sherman resulted in Section 813 to require that Taiwan be treated as the "equivalent of a major non-NATO ally" for defense transfers under the Arms Export Control Act or the Foreign Assistance Act, while the language stops short of designating Taiwan as a major non-NATO ally. Also, Representative Gary Ackerman introduced an amendment (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 to occur at a level not less than that of the Vice Chief of General Staff, as has been the case, and in Washington, D.C.).

Contents

.S. Policy	. 1
Policy Statements	. 1
Broad Indicators and Assessments	. 1
Latest Approvals for Arms Sales	. 2
Policy Issues and Congressional Action	
Arms Sales	
Role of Congress	
Arms Talks Process	
Current Legislation	. 5
ales of Major U.S. Defense Articles and Services	. 6

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U.S. Policy

This CRS Report discusses U.S. arms sales to Taiwan, or Republic of China (ROC), including policy issues for Congress. It also lists sales of major defense articles and services to Taiwan, as approved by the Administration, proposed in Letters of Offer and Acceptance, and notified to Congress since 1990. Based on unclassified notices, reports, and interviews, this list includes the date of notification, major item proposed for sale, and estimated value of the defense package.

Policy Statements

The Taiwan Relations Act (TRA), P.L. 96-8, has governed U.S. arms sales to Taiwan since 1979, when the United States recognized the People's Republic of China (PRC) instead of the ROC. Sec. 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." Sec. 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. The TRA set up the American Institute in Taiwan (AIT), a nonprofit corporation, to handle the unofficial relationship with Taiwan. AIT implements policy as directed by the Departments of Defense and State, and the National Security Council of the White House.

There are two other elements of the "one China" policy relevant to the issue of arms sales to Taiwan. In 1982, President Reagan issued the August 17 Joint Communique on reducing arms sales to Taiwan, but he also stated that those sales will continue in accordance with the TRA and with the full expectation that the PRC's approach to the resolution of the Taiwan issue will be peaceful. In referring to what have been known as the "Six Assurances" made to Taipei, U.S. policy-makers have said that, in 1982, Washington did not agree to set a date for ending arms sales to Taiwan nor to consult with Beijing on arms sales to Taiwan. The "Six Assurances" also included one of agreeing not to revise the TRA.¹

Broad Indicators and Assessments

Despite the unofficial nature of U.S.-Taiwan relations, U.S. arms sales to Taiwan have been significant. As indicators, in the 8-year period from 1992 to 1999, arms

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

transfer *agreements* signed by Taiwan with all suppliers totaled \$15.4 billion, including \$9.5 billion in U.S. agreements for Foreign Military Sales (FMS). During the same period, worldwide arms *deliveries* received by Taiwan totaled \$20.6 billion—with Taiwan ranking 2nd in the developing world (after Saudi Arabia)—including \$11.8 billion in FMS.² As shown below, major FMS notified to Congress totaled over \$15 billion from 1990 to 2000.

In addition to hardware, beginning after tensions in the Taiwan Strait in 1995-1996, the United States quietly expanded the sensitive military relationship with Taiwan to levels unprecedented since 1979. The broader exchanges reportedly have increased attention to "software," including discussions over strategy, training, logistics, command and control, and plans in the event of an attack from the PRC.³ There have been concerns over how well Taiwan has upgraded its capabilities to defend itself. The Pentagon started to conduct its own studies of Taiwan's defense needs. For example, in September 1999, to enhance cooperation, a Pentagon team was said to have visited Taiwan to assess its air defense capability.⁴ 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.⁵ In January 2001, a Pentagon team reportedly examined Taiwan's command and control, and defense against a first strike.⁶

Latest Approvals for Arms Sales

For 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 various news reports, ⁷ President George W.

² CRS Report RL30640, *Conventional Arms Transfers to Developing Nations*, 1992-1999, August 18, 2000, by Richard F. Grimmett; Department of Defense data provided to Grimmett, June 2000.

³ Mann, Jim, "U.S. Has Secretly Expanded Military Ties with Taiwan," *LA Times*, July 24, 1999.

⁴ "U.S. Military Team Arrives in Taiwan for Visit," *Lien-ho Pao [United Daily News]*, Sept. 19, 1999, in *FBIS*.

⁵ Tsao, Nadia, "Pentagon Report Says Taiwan Can Handle AEGIS," *Taipei Times*, Sept. 27, 2000; Michael Gordon, "Secret U.S. Study Concludes Taiwan Needs New Arms," *New York Times*, April 1, 2001.

⁶ China Times (Taiwan), January 14, 2001; Taipei Times, January 15, 2001.

⁷ 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 (continued...)

Bush approved Taiwan's request for: diesel-electric submarines (perhaps a German or Dutch design with U.S. technology), P-3 maritime search/anti-submarine aircraft (linked to the submarine sale), Mark-48 ADCAP anti-submarine torpedoes, Harpoon anti-ship missiles, M109A6 Paladin self-propelled howitzers, AAV-7A1 amphibious assault vehicles, AN/ALE-50 self-defense pods (for F-16s), and mine-sweeping helicopters. Also, 4 decommissioned Kidd-class destroyers (not requested as FMS, but considered as Excess Defense Articles (EDA)) were approved. The Administration also approved a briefing of the PAC-3 lower-tier theater missile defense (TMD) missile.

Deferred for approval were destroyers equipped with the Aegis combat system. (The U.S. Navy currently 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 Theater Wide (NTW) upper-tier, TMD system. An alternative to the Arleigh Burke that retains the Aegis Spy-1D radar, called the Evolved Advanced Combat System (EACS), or "Aegis lite," has been considered.) Also deferred for approval were M1A2 Abrams main battle tanks and AH-64D Apache Longbow attack helicopters, pending a Pentagon assessment of Taiwan's army. Requests for Joint Direct Attack Munitions (JDAM) and HARM anti-radiation missiles were denied.

Policy Issues and Congressional Action

Since the PLA's provocative exercises and missile launches in 1995 and 1996, Congress has increasingly asserted its role vis-a-vis the Administration in determining arms sales to Taiwan, as stipulated by Section 3(b) of the TRA, as well as in exercising its oversight of the TRA, including Section 2(b)(6) on the U.S. capacity to resist any resort to force or other forms of coercion against Taiwan. Policy issues center on how effectively the Administration is helping Taiwan's defense, the role of Congress in determining arms sales to Taiwan, and how to revise the annual arms sales process.

Arms Sales. One policy issue concerns the effectiveness of the Administration in assisting Taiwan's defense, as it faces the People's Liberation Army (PLA)'s missile buildup and arms acquisitions, primarily from Russia.⁸

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 Japan, South Korea, and Taiwan.⁹ In

⁷ (...continued)

^{25, 2001;} and "U.S. Formally Informs ROC of Arms Sales Decision," *Central News Agency* (Taiwan), April 25, 2001.

⁸ See CRS Report 97-391, *China: Ballistic and Cruise Missiles*, and CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions*, October 10, 2000, by Shirley Kan.

⁹ 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 (continued...)

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.¹⁰

In the 106th Congress, Members debated whether the House-passed "Taiwan Security Enhancement Act" was needed to better assist Taiwan or was unnecessary and counterproductive in a delicate situation, as the Pentagon maintained. Also, 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. 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. Congress may also inquire about the Pentagon's reported assessments of Taiwan's military.

In the 107th Congress, some Members opposed the sale of Aegis-equipped Arleigh Burke-class 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 called for President Bush to approve the sale of those destroyers, in letters sent on April 3, 2001, by 83 in the House (led by Representatives Cox and Wu) and 20 in the Senate (led by Senators Helms and Torricelli).

Role of Congress. Another issue is the role of Congress in determining arms sales to Taiwan, in reference to Section 3(b) of the TRA. Concerning Congress' role before the Administration's decisions, 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 (Sec. 581 of 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.) Months or years after the President's decision on Taiwan's requests and Taiwan's subsequent

⁹ (...continued)

Department Report to Congress, November 30, 1999, by Robert D. Shuey and Shirley A. Kan.

¹⁰ Department of Defense, "Report to Congress Pursuant to the FY99 Appropriations Bill, The Security Situation in the Taiwan Strait," unclassified version, February 1, 1999; CRS Report RS20187, *Taiwan's Defense: Assessing the U.S. Department of Defense Report*, "The Security Situation in the Taiwan Strait," April 30, 1999, by Robert Sutter.

¹¹ Department of Defense, "Annual Report on the Military Power of the People's Republic of China," unclassified version, June 2000.

¹² Department of Defense, "Report to Congress on Implementation of the Taiwan Relations Act," unclassified version, December 2000.

decisions on which sales to pursue, the role of Congress includes 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 Arms Export Control Act (AECA) (P.L. 90-629).¹³

Arms Talks Process. A third issue is whether and how to revise the annual process of arms talks with Taiwan. Because of unofficial relations, successive administrations have used a process in determining arms sales to Taiwan that has been institutionalized since the early 1980s as annual rounds of talks with Taiwan defense authorities consisting of several phases leading up to final meetings usually in April. On April 24, 2001, the day of arms talks with Taiwan authorities, President Bush announced he would change the process from one with annual reviews to one with considerations on an "as-needed basis." In examining any new process, factors or implications to consider include the following:

- ! Congress' role in decision-making and ability to exercise oversight
- ! role of arms sales talks in the broader long-range and joint defense strategy for Taiwan (vs. a narrower focus on specific requests)
- ! role of arms sales in U.S. diplomatic policy (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
- ! implications for U.S.-led alliances, especially that with Japan.

Current Legislation

In the 107th Congress, the Foreign Relations Authorization Act for FYs 2002 and 2003 (**H.R. 1646**, **Hyde**) contains provisions on arms sales to Taiwan. The House passed H.R. 1646 on May 16, 2001.

First, H.R. 1646 includes authority (in Section 851) for the President to sell the 4 Kidd-class destroyers to Taiwan (not as FMS, but EDA), under Section 21 of the AECA).

¹³ See CRS Report 96-971, *Arms Sales: Congressional Review Process*, December 2, 1996, by Richard Grimmett.

¹⁴ See CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, October 21, 1999, by Shirley Kan.

¹⁵ Milbank, Dana and Mike Allen, "Bush to Drop Annual Review of Weapons Sales to Taiwan," *Washington Post*, April 25, 2001.

Second, in the House International Relations Committee, an amendment proposed by Representative Brad Sherman resulted in Section 813 to require that Taiwan be treated as the "equivalent of a major non-NATO ally" for defense transfers under the Arms Export Control Act or the Foreign Assistance Act, while the language stops 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 antiterrorism assistance, cooperative research and development projects in the defense area, and expedited review in satellite licensing. Some observers say that authority exists under the TRA to provide defense assistance to Taiwan.¹⁶

Third, Representative Gary Ackerman introduced an amendment (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 to occur at a level not less than that of the Vice Chief of General Staff, as has been the case, and in Washington, D.C.). Congressional calls for regular and senior consultations with Taiwan came after President Bush announced on April 24, 2001, that he would drop the annual arms talks process with Taiwan in favor of considerations on an "as-needed" basis.

Sales of Major U.S. Defense Articles and Services

The following list provides information on U.S. sales (not deliveries) of major defense articles and services to Taiwan, as approved by the President, proposed in Letters of Offer and Acceptance, and notified to Congress since 1990. Based on unclassified notices, reports, and interviews, 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. Major FMS deals are notified to Congress as required by Section 36(b) of the AECA. These deals totaled over \$15 billion from 1990 to 2000. Not all of these approved sales were necessarily purchased by Taiwan. There have been other sales 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, other direct commercial sales licensed for export, and those with classified notifications. There have also been leases of naval vessels and other equipment. Moreover, Taiwan military personnel at different levels (over 1,000 a year) receive training and education at U.S. military institutions and facilities.

¹⁶ Sherman, Jason, "Proposal Gives Taiwan U.S. Defense Privileges," *Defense News*, May 21, 2001.

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
1990		
07/26	Cooperative Logistics Supply Support	\$108
09/06	(1) C-130H transport aircraft	\$45
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	(6) Patriot-derived Modified Air Defense System (MADS) launchers (with PAC-2 Guidance	ф1 200
00/10	Enhanced Missiles) ¹⁷ (12) SH 2FL AMPS anti-submoving heliconters	\$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 ¹⁸	\$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

¹⁷ Commercial sale. Opall Barbara and David Silverberg, "Taiwanese May Soon Coproduce Patriot," *Defense News*, February 22-28, 1993; *Military Balance 1999-2000*.

¹⁸ Flight International, September 1-7, 1993.

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
1995		
03/24	(6) MK-75 shipboard gun systems,(6) Phalanx Close-In Weapon Systems	\$75
06/07	Supply support arrangement	\$192
1007		
1996	Language d Makilla College iller Eurole and	
05/10	Improved Mobile Subscriber Equipment communications system	\$188
05/10	(30) TH-67 training helicopters,	Ψ100
	(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 ⁸	\$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		

⁸ 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).

01/28	 (3) Knox-class frigates,⁹ (1) MK 15 Phalanx Close-In Weapons System (CIWS) 	\$300
06/01	(28) Pathfinder/Sharpshooter navigation and targeting pods for F-16 fighters ¹⁰	\$160
08/27	(58) Harpoon anti-ship missiles	\$101
08/27	(61) Dual-mount Stinger surface-to-air missiles	\$180
08/27	(131) MK 46 Mod 5(A)S anti-submarine torpedoes	\$69
10/09	(9) CH-47SD Chinook helicopters	\$486
1999		
05/26	(240) AGM-114KS Hellfire II air-to-surface missiles	\$23
05/26	(5) AN/VRC-92E SINCGARS radio systems, (5) Intelligence Electronic Warfare systems, (5) HMMWVs	\$64
07/30	Spare parts for F-5E/F, C-130H, IDF, and F-16 aircraft	\$150
07/30	(2) E-2T Hawkeye 2000E airborne early warning aircraft	\$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 ¹¹	\$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

⁹ In 1992, the Bush Administration submitted legislation that Congress passed to lease 3 Knox-class frigates to Taiwan. Reports say that Taiwan leased a total of 6 (and subsequently bought them in 1999) and purchased 2 in 1998 (plus 1 for spares).

¹⁰ 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.

¹¹ On June 23, 2000, the Pentagon notified Congress of a sale of 156 excess HAWK air defense missiles to Taiwan for about \$7 million.

CRS-10

09/28	(200) AIM-120C Advanced Medium-Range Air-to-	
	Air Missiles (AMRAAMs) for F-16 fighters ¹²	\$150
09/28	(71) RGM-84L Harpoon anti-ship missiles	\$240
09/28	Improved Mobile Subscriber Equipment (IMSE)	
	communication system	\$513

¹² In April 2000, the Clinton Administration approved the sale of AMRAAMs to Taiwan, with the missiles to be kept in the United States where Taiwan personnel might be trained to use them. The missiles would be transferred to Taiwan, if the PLA acquires a similar Russian missile or threatens to attack Taiwan.