

# Report for Congress

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## **Taiwan: Major U.S. Arms Sales Since 1990**

**Updated December 12, 2002**

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# Taiwan: Major U.S. Arms Sales Since 1990

## Summary

This CRS Report discusses U.S. arms sales to Taiwan, or Republic of China (ROC), including policy issues for Congress and legislation. The Taiwan Relations Act (TRA), P.L. 96-8, has governed U.S. arms sales to Taiwan since 1979, when the United States recognized the People's Republic of China (PRC) instead of the ROC. There are two other relevant elements of the "one China" policy: the August 17, 1982 U.S.-PRC Joint Communiqué and the "Six Assurances" made to Taiwan. (For more discussion, see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy – Key Statements from Washington, Beijing, and Taipei*, by Shirley Kan.)

Despite the absence of diplomatic relations, U.S. arms sales to Taiwan have been increasingly significant. Moreover, in addition to transfers of hardware, the United States has expanded military exchanges with Taiwan after the PRC's missile exercises in 1995-1996, and the Pentagon has conducted assessments of Taiwan's defense needs.

In 2001, U.S.-Taiwan annual arms sales talks took place on April 24. According to the Administration and news reports, President George W. Bush approved Taiwan's request for: diesel-electric submarines (perhaps a foreign design with U.S. shipbuilding), 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. Since the U.S. decisions on Taiwan's requests in 2001, attention has increasingly turned to Taiwan, where the military, civilian officials, and legislators from various political parties have debated contentious issues about how much to spend on defense and which weapons systems to acquire, despite the increasing threat from the People's Liberation Army (PLA), as described in the Pentagon's annual report to Congress on PRC military power (submitted in July 2002).

Several policy issues are of concern to Congress for legislation, oversight, or other action. One policy issue concerns the effectiveness of the Administration in assisting Taiwan's defense – including arms sales as well as military exchanges – as Taiwan faces the 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 concerns whether trends in the Taiwan Strait are stabilizing or destabilizing and whether the United States should review its policy toward providing advanced arms sales to and enhancing relations with Taiwan's military. A catalyst for this debate arose out of the Bush-Jiang summit in Crawford, TX, on October 25, 2002, when President Jiang reportedly offered in vague terms a freeze or reduction in China's buildup of missiles targeted at Taiwan, in return for restraints in U.S. arms sales to and military relations with Taiwan.

This CRS Report concludes with a table on U.S. 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. This report will be updated as warranted.

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# Taiwan: Major U.S. Arms Sales Since 1990

## 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 and news reports, 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.<sup>1</sup> The TRA specifies a congressional role in decision-making on security assistance for Taiwan. 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. Sec. 3(b) also says that “such determination of Taiwan’s defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.” The TRA set up the American Institute in Taiwan (AIT), a nonprofit corporation, to handle the relationship with Taiwan. AIT implements policy as directed by the Departments of Defense and State, and the National Security Council of the White House.

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

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<sup>1</sup> 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.

## Broad Indicators of Arms Transfers

From worldwide sources, including the United States, Taiwan received \$20.7 billion in arms deliveries in the 8-year period from 1994 to 2001 – with Taiwan ranked 2<sup>nd</sup> behind Saudi Arabia among leading recipients in the developing world. Of that total, Taiwan received \$10.6 billion in arms in 1994-1997, and \$10.1 billion in 1998-2001.<sup>2</sup> (The PRC, by comparison, received \$8 billion in arms during the same 8-year period.) In 2001, Taiwan received \$1.2 billion in arms deliveries, while the PRC received arms deliveries valued at \$2.2 billion.

As for U.S. arms transfers to Taiwan, they have been significant despite the absence of diplomatic relations or a treaty alliance. Deliveries of U.S. defense articles and services to Taiwan totaled \$4 billion in the 1993-1996 period, and \$7.6 billion in 1997-2000, ranking first among Asian recipients. Worldwide, Taiwan ranked third (behind Saudi Arabia and Egypt) in 1993-1996, and second (behind Saudi Arabia) in 1997-2000. In 2000 alone, Taiwan received \$1.2 billion in U.S. defense articles and services.<sup>3</sup>

## Military Exchanges

In addition to transfers of hardware, beginning after tensions in the Taiwan Strait in 1995-1996, the Clinton Administration quietly expanded the sensitive military relationship with Taiwan to levels unprecedented since 1979.<sup>4</sup> 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. These increased exchanges were prompted by U.S. concerns over how well Taiwan has upgraded its capabilities to defend itself.

The Pentagon has also conducted its own assessments of Taiwan’s defense needs. Congress could inquire about these and any other assessments. In September 1999, to enhance cooperation, a Pentagon team was said to have visited Taiwan to assess its air defense capability.<sup>5</sup> 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

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<sup>2</sup> CRS Report RL31529, *Conventional Arms Transfers to Developing Nations, 1994-2001*, August 6, 2002, by Richard F. Grimmett.

<sup>3</sup> CRS Report RL31113, *U.S. Arms Sales: Agreements with and Deliveries to Major Clients, 1993-2000*, September 5, 2001, by Richard Grimmett, compiled from U.S. official, unclassified data as reported by the Defense Security Cooperation Agency (DSCA).

<sup>4</sup> 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.

<sup>5</sup> “U.S. Military Team Arrives in Taiwan for Visit,” *Lien-ho Pao [United Daily News]*, Sept. 19, 1999, in *FBIS*.

rivalries.<sup>6</sup> 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.<sup>7</sup> In January 2001, a Pentagon team reportedly examined Taiwan's command and control, air force equipment, and defense against a first strike.<sup>8</sup> 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.<sup>9</sup> In August 2002, a U.S. military team studied Taiwan's Po Sheng command, control, communication, computers, intelligence, surveillance, and reconnaissance (C4ISR) program.<sup>10</sup> In November 2002, another U.S. team visited Taiwan to assess the marine corps and defense of ports.<sup>11</sup>

The George W. Bush Administration has continued and expanded the closer military ties at different levels, including the following highlights. In April 2001, President Bush announced he would drop the 20-year-old annual arms talks process used to discuss arms sales to Taiwan's military in favor of normal, routine considerations of Taiwan's requests on an as-needed basis – similar to interactions with other governments. In July 2001, after U.S. and Taiwan media reported on a U.S.-Taiwan military meeting in Monterey, CA, the Pentagon revealed it was the seventh meeting (since 1997) held with Taiwan military authorities “to discuss issues of interaction and means by which to provide for the defense of Taiwan.”<sup>12</sup> Another round of such strategic talks took place in July 2002.<sup>13</sup> U.S. military officers observed Taiwan's Hankuang 17 annual exercise in 2001, the first time since 1979.<sup>14</sup> 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.<sup>15</sup>

The Bush Administration granted a visa for Defense Minister Tang Yiau-ming to visit the United States to attend a private conference held by the U.S.-Taiwan

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<sup>6</sup> Ricks, Thomas, “Taiwan Seen as Vulnerable to Attack,” *Washington Post*, March 31, 2000.

<sup>7</sup> 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.

<sup>8</sup> *China Times* (Taiwan), January 14, 2001; *Taipei Times*, January 15, 2001.

<sup>9</sup> *Taipei Times* (Taiwan), September 10, 2001.

<sup>10</sup> *Taiwan Defense Review* (Taiwan), August 27, 2002.

<sup>11</sup> *Taipei Times* (Taiwan), November 21, 2002.

<sup>12</sup> *China Times* (Taiwan), July 18, 2001; *Washington Times*, July 18, 2001; Department of Defense News Briefing, July 19, 2001.

<sup>13</sup> *Central News Agency* (Taiwan), July 17, 2002.

<sup>14</sup> *Chung-Kuo Shih-Pao* [China Times] (Taiwan), July 18, 2001.

<sup>15</sup> *CNN.com*, March 18, 2002.

Business Council on March 10-12, 2002, in St. Petersburg, FL, making him the first ROC defense minister to come to the United States on a non-transit purpose since 1979.<sup>16</sup> Tang met with Deputy Secretary of Defense Paul Wolfowitz, who told the conference that the United States is willing to help Taiwan's military to strengthen civilian control, enhance jointness, and rationalize arms acquisitions.<sup>17</sup> In September 2002, Taiwan's Vice Minister of Defense Kang Ning-hsiang visited Washington and became the first senior Taiwan defense official to have meetings in the Pentagon since U.S.-ROC diplomatic ties severed in 1979, although a meeting with Deputy Secretary of Defense Wolfowitz took place outside the Pentagon.<sup>18</sup> In addition, in 2002, the Administration requested legislation be passed to authorize the assignment of personnel from U.S. departments (including the Defense Department) and agencies to AIT, with implications for the assignment of active-duty military personnel to Taiwan for the first time since 1979. (See the discussion below of the Foreign Relations Authorization Act for FY2003, P.L. 107-228.)

### **April 2001 Arms Requests and Status of Arms Sales**

In 2001, arms sales talks took place on April 24 in Washington, DC, and Taiwan was represented by its Vice Chief of General Staff, General Huoh Shou-yeh. According to the Administration and news reports,<sup>19</sup> President Bush approved Taiwan's request for: 8 diesel-electric submarines (perhaps a German or Dutch design with U.S. technology), 12 P-3C Orion anti-submarine warfare (ASW) aircraft (linked to the submarine sale), 54 Mark-48 ASW torpedoes, 44 Harpoon submarine-launched anti-ship cruise missiles, 144 M109A6 Paladin self-propelled howitzers, 54 AAV7A1 amphibious assault vehicles, AN/ALE-50 electronic countermeasure (ECM) systems for F-16s, and 12 MH-53 mine-sweeping helicopters. Also approved for sale are 4 decommissioned Kidd-class destroyers (considered as Excess Defense Articles (EDA), not FMS). The Administration also decided to brief Taiwan's military on the PAC-3 missile defense 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 missile defense system. An alternative to the Arleigh Burke that retains the Aegis Spy-1D radar, called the Evolved Advanced Combat System (EACS) has been

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<sup>16</sup> In December 2001, the previous ROC Defense Minister, Wu Shih-wen, made a U.S. transit on his way to the Dominican Republic.

<sup>17</sup> Deputy Secretary of Defense Paul Wolfowitz, "Remarks to the U.S.-Taiwan Business Council," March 11, 2002.

<sup>18</sup> *Reuters*, September 10, 2002.

<sup>19</sup> 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.

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. (In May 2002, the Bush Administration approved the request for Apaches, and Taiwan began negotiations to purchase 30 helicopters.<sup>20</sup>)

President Bush denied approval for Taiwan's requests for Joint Direct Attack Munitions (JDAM) and HARM anti-radiation missiles.

In addition, after approval in 1999, the United States reportedly has assisted Taiwan's C4ISR program (named Po Sheng), involving sales of datalink systems and integration of the services into a joint command and control system.<sup>21</sup> In July 2001, the Administration notified Congress of a proposed sale of Joint Tactical Information Distribution Systems (JTIDS) terminals valued at \$725 million.

Despite initial skeptical press reports about the sale of submarines (because the United States no longer manufactures diesel-electric submarines), the Department of Defense has begun the planning process of discussing options for the program with industry and Taiwan. In November 2001, seven companies submitted bids and concept papers to the Department of the Navy. Companies interested in the contract reportedly include U.S. manufacturers, Northrop Grumman (with its Ingalls Shipbuilding) and General Dynamics (with its Electric Boat); Germany's HDW; the Netherlands' RDM (which sold its Zwaardvis-class submarine design to Taiwan in the 1980s for 2 Hai Lung [Sea Dragon]-class submarines); France's DCN; and Spain's IZAR. Taiwan's China Shipbuilding Corporation also is interested in a part of the contract, with support from some of Taiwan's legislators. The Department of Navy discussed options with Taiwan's Navy in July 2002 and may select the manufacturer(s) to design and build the submarines in the latter half of 2003 with the first submarine delivered perhaps in 2010.<sup>22</sup>

In addition to the military and political implications of selling submarines to Taiwan's navy, issues for Congress include potential technology transfers to Taiwan, Europeans, or the PRC involving U.S. submarine secrets and implications for the U.S. Navy. 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

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<sup>20</sup> *Taipei Times*, May 26, 2002; *Jane's Defence Weekly*, June 5, 2002.

<sup>21</sup> *Chung-Kuo Shih-Pao* [China Times] (Taiwan), July 18, 2001; *Defense and Aerospace* (U.S.-Taiwan Business Council), 3<sup>rd</sup> Quarter 2001; *Taiwan Defense Review*, August 27, 2002.

<sup>22</sup> *Central News Agency* (Taiwan), July 30, 2002; *Taipei Times*, July 31, 2002; *Defense Daily*, September 16, 2002.



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.”

Since the U.S. decisions on Taiwan’s requests in 2001, attention has increasingly turned to Taiwan, where the military, civilian officials, and legislators from various political parties have debated contentious issues about how much to spend on defense and which weapons systems to acquire, despite the threat from the People’s Liberation Army (PLA). The Pentagon’s report to Congress submitted in July 2002 said that reforms in Taiwan’s military are needed to achieve a joint service capability to meet “the growing challenge from the PLA’s modernizing air, naval, and missile forces,” but it warned that the steady decline in Taiwan’s defense budget (as a percentage of total government spending) poses a challenge to its force modernization.<sup>23</sup> Taiwan’s defense budget for 2002 was NT\$261 billion (about US\$8 billion).<sup>24</sup> In October 2002, the Defense Committee of Taiwan’s Legislature engaged in a sharp partisan debate over whether to approve funding to buy the Kidd-class destroyers, ultimately ending with 18 lawmakers from the ruling Democratic Progressive Party (DPP) and Taiwan Solidarity Union (TSU) voting in favor, against 16 legislators from the Kuomintang (KMT) and People’s First Party (PPF).<sup>25</sup>

Taiwan’s Ministry of National Defense says that it needs to obtain approval from the legislature for NT\$700 billion (about US\$21 billion) in the next 10 years to spend on arms procurement.<sup>26</sup> The major costs are summarized below.

### Estimated Costs of Taiwan’s Arms Purchases

Major Item	NT\$ billion	US\$ billion
Kidd-class destroyers	28.4	0.8
Submarines	150.0	4.5
Long range radars	47.0	1.4
Apache helicopters	40.0	1.2
P-3 ASW aircraft	96.0	2.9
Patriot PAC-3 missiles	90.0	2.7
Minesweeping helicopters	22.0	0.7

<sup>23</sup> Department of Defense, “Annual Report on the Military Power of the People’s Republic of China,” July 12, 2002.

<sup>24</sup> Taiwan’s Defense White Paper 2002.

<sup>25</sup> *Taipei Times* and *China Post* (Taiwan), November 1, 2002.

<sup>26</sup> *Chung-Kuo Shih-Pao* [China Times] (Taiwan), May 17, 2002; *Taiwan Defense Review*, August 30, 2002.

Major Item	NT\$ billion	US\$ billion
Main battle tanks	27.9	0.8
AAV7 amphibious assault vehicles	7.0	0.2
Signals intelligence aircraft	12.5	0.4
Po Sheng C4ISR program	47.3	1.4
M109A6 Paladin howitzers	28.0	0.8

## Policy Issues for Congress

Since the early 1990s, the PLA has modernized with a missile buildup and foreign arms acquisitions, primarily from Russia.<sup>27</sup> 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 has increasingly asserted its role in determining arms sales to Taiwan before sales are announced.<sup>28</sup> Policy issues center on how effectively the Administration is helping Taiwan's defense, the role of Congress in determining security assistance for Taiwan, and whether aspects of U.S. defense assistance for Taiwan are stabilizing or destabilizing, and should be reviewed or changed.

While there has been much interest among U.S. academic circles and think tanks in pursuing talks with China on its military buildup and U.S. arms sales to Taiwan,<sup>29</sup> a catalyst for this debate among policymakers arose out of the U.S.-PRC summit in Crawford, TX, on October 25, 2002. As confirmed to Taiwan's legislature by its envoy to Washington, C.J. Chen, and reported in Taiwan's media, President Jiang Zemin offered in vague terms a freeze or reduction in China's deployment of missiles

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<sup>27</sup> See CRS Report 97-391, *China: Ballistic and Cruise Missiles*, by Shirley Kan, and CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions*, by Shirley Kan, Christopher Bolkcom, and Ronald O'Rourke.

<sup>28</sup> As for all U.S. arms sales, months or years after the President's decision on Taiwan's requests and Taiwan's subsequent 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). See CRS Report 96-971, *Arms Sales: Congressional Review Process*, December 2, 1996, by Richard Grimmett.

<sup>29</sup> E.g., 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.

targeted at Taiwan, in return for restraints in U.S. arms sales to Taiwan.<sup>30</sup> President Bush reportedly did not respond to Jiang's linkage. Editorials in Taiwan were divided on whether to pursue Jiang's offer. An unnamed PRC official then reiterated Jiang's linkage to the *Washington Post* (December 10, 2002). The issue for congressional oversight is whether and how the Bush Administration may be considering a response to Jiang's overture. One report says that the Pentagon is examining options, including U.S. restraint in missile defense-related sales to Taiwan, which Taiwan has been slow to pursue anyway, if there are real reductions in missile deployments opposite Taiwan.<sup>31</sup>

Policy considerations include the TRA (under which, the United States has based its defense assistance to Taiwan on the threat that it faces), the 1982 Joint Communiqué (which discussed reductions in U.S. arms sales to Taiwan premised on the PRC's peaceful unification policy), and the 1982 "Six Assurances" to Taiwan (which said the United States did not agree to hold prior consultations with the PRC on U.S. arms sales to Taiwan). Some argue that confidence building measures, such as a freeze or reduction in PLA missile and other military deployments, would improve the chances for cross-strait political dialogue and lead to greater stability. They say 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. Others say that a freeze or redeployment of missiles will not eliminate the PRC's continuing military threat against Taiwan and that the PRC still refuses to hold talks with the government in Taipei. They argue that Jiang is not looking to reduce the coercive threat but to weaken the relationship between Washington and Taipei.

## Congressional Action

**105<sup>th</sup> Congress.** In the 105<sup>th</sup> 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.<sup>32</sup> 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.<sup>33</sup>

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<sup>30</sup> *Chung-Kuo Shih-Pao [China Times]*, November 22, 2002; *Taipei Times*, November 23, 2002.

<sup>31</sup> *Taiwan Defense Review*, December 6, 2002.

<sup>32</sup> Department of Defense, "Report to Congress on Theater Missile Defense Architecture Options for the Asia-Pacific Region," unclassified version, May 1999; CRS Report RL30379, *Missile Defense Options for Japan, South Korea, and Taiwan: A Review of the Defense Department Report to Congress*, November 30, 1999, by Robert D. Shuey and Shirley A. Kan.

<sup>33</sup> 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*, (continued...)

**106<sup>th</sup> Congress.** In the 106<sup>th</sup> Congress, Representative Gilman, Chairman of the House International Relations Committee, wrote President Clinton on April 19, 1999, urging approval for the sale of long-range early warning radars to Taiwan. He also wrote Secretary of State 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.”<sup>34</sup> The Pentagon spokesperson also confirmed that the United States “agreed to work with the Taiwanese to evaluate their early warning radar needs, and that will take place over the next year or so, but there is no specific agreement on a specific type of radar, specific sale, or specific terms of sale at this time.”<sup>35</sup> (Taiwan is not reported to have concluded a contract to procure the long-range early warning radars.)

Also, Members debated whether the House-passed “Taiwan Security Enhancement Act (TSEA)” (S. 693, Helms; H.R. 1838, DeLay) was needed to better assist Taiwan or was unnecessary and counterproductive in a delicate situation, as the Clinton Administration maintained. The TSEA also increased attention to U.S.-Taiwan military exchanges, including that on communication and training. The Pentagon is said to have supported the spirit of the bill, although not its passage.<sup>36</sup> 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.<sup>37</sup> 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.<sup>38</sup>

Concerning Congress’ role before the Administration’s decisions on arms sales, the 106<sup>th</sup> Congress passed language, introduced by Senator Lott, in the FY2000

<sup>33</sup> (...continued)

“*The Security Situation in the Taiwan Strait*,” April 30, 1999, by Robert Sutter.

<sup>34</sup> 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.

<sup>35</sup> Defense Department News Briefing, April 30, 1999.

<sup>36</sup> 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.

<sup>37</sup> Department of Defense, “Annual Report on the Military Power of the People’s Republic of China,” unclassified version, June 2000 and July 2002.

<sup>38</sup> Department of Defense, “Report to Congress on Implementation of the Taiwan Relations Act,” unclassified version, December 2000.

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.)

**107<sup>th</sup> Congress.** In the 107<sup>th</sup> 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.<sup>39</sup>

The National Defense Authorization Act for FY2002 (P.L. 107-107), enacted December 28, 2001, authorized the President to transfer (by sale) the four Kidd-class destroyers to Taiwan (Sec. 1011), under Section 21 of the AECA. Also, Section 1221 of the act required a new section in the annual report on PRC military power (as required by P.L. 106-65 discussed above) 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).<sup>40</sup>

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.

The Senate’s Foreign Operations Appropriations bill for FY2003 (**S. 2779**), introduced and placed on the calendar on July 24, 2002, would continue the requirement, from FY2002 into FY2003, for briefings on arms sales to Taiwan. Section 569 would require the Departments of State and Defense to brief Congress within 90 days after the act’s enactment and every 120 days thereafter.

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<sup>39</sup> 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, by James Doran, S. Prt. 107-26.

<sup>40</sup> 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).

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 has deployed the missiles, meeting one of the conditions by which the United States would deliver to Taiwan the AIM-120 Advanced Medium-Range Air-to-Air Missiles (AMRAAMS) – rather than keep them in storage – as approved for sale by the Clinton Administration in 2000. According to *Reuters* (July 10, 2002), Raytheon Co. plans to finalize production by the fall of 2003. On July 16, 2002, Senators Kyl, Helms, Bob Smith, and Torricelli wrote Secretary of State Colin Powell, urging that the Administration 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.”

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.<sup>41</sup> Due to the absence of diplomatic relations, successive administrations used a process in determining arms sales to Taiwan that was institutionalized in the early 1980s as annual rounds of talks with Taiwan defense authorities consisting of several phases leading up to final meetings usually in April.<sup>42</sup> In overseeing the new process, factors or implications to consider included the following:

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

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<sup>41</sup> Milbank, Dana and Mike Allen, “Bush to Drop Annual Review of Weapons Sales to Taiwan,” *Washington Post*, April 25, 2001.

<sup>42</sup> See CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, October 21, 1999, updated June 5, 2001, by Shirley Kan.

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, D.C. – as has been the case.

Finally enacted as P.L. 107-228 on September 30, 2002, the Foreign Relations Authorization Act for FY2003 authorized – at the Bush Administration’s request – the Department of State and other departments or agencies (including the Department of Defense) to detail employees to AIT (Section 326); required that Taiwan be “treated as though it were designated a major non-NATO ally” (Section 1206); required consultations with Congress on U.S. security assistance to Taiwan every 180 days (Section 1263); and authorized the sale to Taiwan of the four Kidd-class destroyers (Section 1701).<sup>43</sup> 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. 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. 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.”

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. The language was similar to that of Section 5(b) in the Taiwan Security Enhancement Act proposed in the 106<sup>th</sup> 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), while the Defense Department considered its

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<sup>43</sup> For more details on proposed House and Senate language, see: “Arms Sales to Taiwan,” in CRS Report RL31046, *Foreign Relations Authorization, FY2003: An Overview*.

stance. 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 legislation (P.L. 107-314) contains a revised section (1210) requiring a Presidential report 180 days after the act’s enactment on the feasibility and advisability of conducting combined operational training and exchanges of senior officers with Taiwan’s military. (High-level and expanding military exchanges have taken place in the United States, while U.S. flag and general officers may not visit Taiwan.)

## **Sales of Major U.S. Defense Articles and Services**

The following table provides information on U.S. sales (not deliveries) of major defense articles and services to Taiwan, as approved by the President, proposed in Letters of Offer and Acceptance, and 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. Major FMS are notified to Congress as required by Section 36(b) of the AECA. 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 institutions and facilities.



<b>Date of Notification</b>	<b>Major Item or Service as Proposed (usually part of a package)</b>	<b>Value of Package (\$ million)</b>
<b>1990</b>		
07/26	Cooperative Logistics Supply Support	\$108
09/06	(1) C-130H transport aircraft	\$45
<b>1991</b>		
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
<b>1992</b>		
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 Enhanced Missiles) <sup>44</sup>	\$1,300
09/18	(12) SH-2F LAMPS anti-submarine helicopters	\$161
<b>1993</b>		
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 <sup>45</sup>	\$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

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<sup>44</sup> Commercial sale. Opall Barbara and David Silverberg, "Taiwanese May Soon Coproduce Patriot," *Defense News*, February 22-28, 1993; *Military Balance 1999-2000*.

<sup>45</sup> *Flight International*, September 1-7, 1993.

<b>Date of Notification</b>	<b>Major Item or Service as Proposed (usually part of a package)</b>	<b>Value of Package (\$ million)</b>
11/23	MK-41 Mod (short) Vertical Launch Systems for ship-based air defense missiles	\$103
<b>1994</b>		
08/01	(80) AN/ALQ-184 electronic counter measure (ECM) pods	\$150
09/12	MK-45 Mod 2 gun system	\$21
<b>1995</b>		
03/24	(6) MK-75 shipboard gun systems, (6) Phalanx Close-In Weapon Systems	\$75
06/07	Supply support arrangement	\$192
<b>1996</b>		
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
<b>1997</b>		
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 <sup>8</sup>	\$479
09/03	(13) OH-58D Kiowa Warrior Armed Scout helicopters	\$172
11/09	Pilot training and logistics support for F-16 fighters	\$280

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<sup>8</sup> 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).

<b>Date of Notification</b>	<b>Major Item or Service as Proposed (usually part of a package)</b>	<b>Value of Package (\$ million)</b>
11/09	Spare parts for various aircraft	\$140
<b>1998</b>		
01/28	(3) Knox-class frigates, <sup>9</sup> (1) MK 15 Phalanx Close-In Weapons System (CIWS)	\$300
06/01	(28) Pathfinder/Sharpshooter navigation and targeting pods for F-16 fighters <sup>10</sup>	\$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
<b>1999</b>		
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	\$400
<b>2000</b>		
03/02	Modernization of the TPS-43F air defense radar to TPS-75V configuration	\$96
03/02	(162) HAWK Intercept guided air defense missiles <sup>11</sup>	\$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

<sup>9</sup> 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).

<sup>10</sup> 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.

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

<b>Date of Notification</b>	<b>Major Item or Service as Proposed (usually part of a package)</b>	<b>Value of Package (\$ million)</b>
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 <sup>12</sup>	\$150
09/28	(71) RGM-84L Harpoon anti-ship missiles	\$240
09/28	Improved Mobile Subscriber Equipment (IMSE) communication system	\$513
<b>2001</b>		
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
<b>2002</b>		
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 for use on AH-1W and OH-58D helicopters	\$60
10/11	(290) TOW-2B anti-tank missiles	\$18
11/21	(4) Kidd-class destroyers	\$875

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<sup>12</sup> In April 2000, the Clinton Administration approved the sale of AMRAAMs to Taiwan, with the understanding that the missiles would be kept in the United States and transferred later to Taiwan, if/when the PLA acquires a similar Russian missile, like the R-77 (AA-12) air-to-air missile, or threatens to attack Taiwan.