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DEFENSE SECURITY ASSISTANCE AGENCY  
AND  
DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA  
WASHINGTON, D.C. 20301

18 FEB 1973  
In reply refer to:  
I-1824/73

Folder "China (Note) 1973"  
Box 65 75-0001

MEMORANDUM FOR THE SECRETARY OF DEFENSE

THROUGH THE ACTING ASSISTANT SECRETARY OF DEFENSE  
(INTERNATIONAL SECURITY AFFAIRS)

SUBJECT: Memorandum of Understanding Between the Government of the Republic of China (GRC) and the USG Relating to the Acquisition of F-5B Aircraft and the Co-Assembly/Co-Production of F-5E Aircraft in Taiwan.

CHINA (MATS) 452

For your information, subject Memorandum of Understanding was signed at 1500 hours, Friday, 9 February 1973 in Taiwan by General Lai, Chief of the General Staff for China and Major General Barnes, Chief, Military Assistance Advisory Group. This Memorandum of Understanding, which was negotiated by members of my staff in Taiwan during the week of 22-31 January 1973, calls for GRC to procure 12 F-5B aircraft from the USG and to co-assemble/co-produce 100 F-5E aircraft in Taiwan. The estimated total value of the U.S. content of this program is \$230 million.

The type of funds required for the U.S. portion of the program (\$230 million), which are multi-year and therefore subject to Congressional authorization and appropriations, are as follows:

	USG Funds	US FMS Credit (US Millions)	GRC Cash	Total
FY 1973	\$ 17.6	\$ 5.0	\$ 5.0	\$ 27.6
FY 1974	28.3	20.5		48.8
FY 1975		65.2	5.0	70.2
FY 1976		60.8		60.8
FY 1977		21.6		21.6
FY 1978		.6		.6
	<u>\$ 45.9</u>	<u>\$173.7</u>	<u>\$ 10.0</u>	<u>\$ 229.6</u>

The providing of \$45.9 million in U.S. funds is the result of agreements reached between the Premier of the GRC and the U.S. Ambassador to the GRC, i.e., the U.S. furnishing 28 F-5E aircraft to replace 28 F-5A aircraft released by the GRC in support of Enhance Plus.

DECLASSIFIED IN FULL  
Authority: EO 13526  
Date: 10/20/2018

AUG 24 2018

Office of the Secretary of Defense  
Chief, OASD/ISA, W-1189  
Date: 24 Mar 73 Authority: EO 13526 + 6 U.S.C. 9502  
Declassify in Part:  Duty in Full:   
Reasons:  
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DEF CONTR No. X-

*[Signature]*  
RAY PEET  
Vice Admiral, USM  
Director, Security

18-M-1639

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