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ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301



INTERNATIONAL SECURITY AFFAIRS

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Date: JUN 24 2019

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Taiwan Arms Sales Issue - Packaging Options (C)
-- INFORMATION MEMORANDUM

(S) Taiwan is losing patience with the lack of movement on items we promised to sell them last August. Nine months later, after telling them in December that Congress would be notified of a new sale every two months, and after assuring them in January (and February and March) that our timetable for sales remained basically intact, the only sale we've concluded was for aircraft spare parts.

(S) In discussing this with CCNAA's defense procurement chief last Monday, I got the clear impression that Taiwan might go "on broadcast" if necessary to force some action on our part. At a time when, hopefully, our discussions with the Chinese are driving toward a successful conclusion, the last thing we need is to have Taiwan venting its frustrations in the press or through vocal supporters in Congress.

(S) There is no certain way of keeping sales to Taiwan out of public view, but State would probably be willing to move some of the backlogged items if it could do so without the publicity that inevitably attends formal notification of a sale to Taiwan. We have therefore offered State our thoughts on how individual sales might be packaged to stay below the thresholds (\$50 million total sale/\$14 million in major defense equipment) that require Congressional notification. For example, the resale of FRG F-104s could be split into three tranches, the first of \$10.4 million (aircraft that can be shipped to Taiwan now), a second of \$5.4 million (aircraft that become available between November 1982 and January 1983), and a third of \$13.9 million (aircraft that become available only after the FRG training program ends in April 1983). State will have to prepare Congress for this through consultations, of course, but many in Congress have favored such an approach for some time. We understand that State/EA is preparing a memorandum to obtain Secretary Haig's approval of this course of action.

(S) Innovative packaging won't help us when we have to notify Congress of an extension to the F-5 coproduction line. But we think it can help now, to break the logjam in Taiwan arms sales without seriously threatening US-PRC relations.

This was Cong. Solary's suggestion - second meeting - Sands
Richard A. [unclear]

R. L. Armitage
Deputy Assistant Secretary
East Asia and Pacific Affairs

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330-84-0004, Chen (Note)

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