



Michael R. Splinter
Chairman of the Board

Senator Robert Menendez
Honorary Co-Chairman

Senator Lisa A. Murkowski
Honorary Co-Chairman

Rupert J. Hammond-Chambers
President

PRESS RELEASE

FOR IMMEDIATE RELEASE

September 25, 2018
Arlington, Virginia, USA

The US-Taiwan Business Council Comments on the September 24, 2018 U.S. Arms Sale to Taiwan

The US-Taiwan Business Council today welcomed the decision by the U.S. Department of State to announce its approval of a possible Foreign Military Sales Order (FMSO) to Taiwan for an estimated value of US\$330 million. The Defense Security Cooperation Agency (DSCA) delivered the required certifications notifying Congress of the proposed Taiwan arms sale on September 24, 2018.

The published Congressional Notification (transmittal number 18-09) is for an FMSO II that would provide funds for blanket order requisitions - under a Cooperative Logistics Supply Support Arrangement - for stock replenishment supply of standard spare parts and repair/replace of spare parts in support of the F-16, C-130, F-5, Indigenous Defense Fighter (IDF), all other aircraft systems and subsystems, and other related elements of logistics and program support.¹

The US-Taiwan Business Council is encouraged by this Congressional notification, which appears to move away from the previous “bundling” method for Taiwan arms sales. Notifying each sale when it is ready is a positive development, and indicates more potential activity at the end of this year and into early 2019. It is the approach the Council has advocated for since the original bundling began in 2008.

Real issues remain, however, with Taiwan’s ability to ask for the defensive systems it wants and needs. Since 2011, U.S. arms sales have focused almost exclusively on sustainment and maintenance of Taiwan’s existing military capabilities. There has seemingly been no willingness by the U.S. to assess new capabilities for Taiwan, with requests for new systems apparently rejected or deterred prior to the initial stages of evaluation.

New arms sales requests by Taiwan should be subject to an interagency assessment that includes the National Security Council, the U.S. Department of Defense, the U.S. Department of State, the Indo-Pacific Command, the American Institute in Taiwan, and other organizations. All such requests should be evaluated on their merits only, with potential Chinese reactions to a sale not a part of the calculus.

“Intelligent” Requests

In speeches and other statements, the State Department has discussed the need for “intelligent” arms sales, which leave unanswered questions both about the criteria for arms sales and the existing process. Is Taiwan free to make any request, or only those deemed “intelligent?” Who makes the determination of what is “intelligent,” and at what stage in the review process does this determination take place?

Council President Rupert Hammond-Chambers noted that *“the Trump Administration’s stated policy is that Taiwan may submit a Letter of Request (LoR) for Pricing & Availability (P&A) data for any platform or system Taiwan feels they need to mount a credible defense, and it is entitled to receive a full assessment and timely response to their request by the full interagency review process.”*

¹ See the DSCA website at <http://www.dsca.mil/major-arms-sales>



Michael R. Splinter
Chairman of the Board

Senator Robert Menendez
Honorary Co-Chairman

Senator Lisa A. Murkowski
Honorary Co-Chairman

Rupert J. Hammond-Chambers
President

PRESS RELEASE

Hammond-Chambers added, *“This gets at the heart of normalizing the arms sales process. Will Taiwan be able to ask for all that it feels it needs, to then have that LoR accepted - not deterred if deemed “unintelligent” - and assessed on its merits? If the U.S. deems that a request is not doable at the moment, will they offer an alternative solution? It is not for any one department to determine what is “intelligent,” but for the full interagency review process to be employed to ensure that Taiwan can mount a credible and full defense as required by U.S. law under the Taiwan Relations Act.”*

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.

Press Contact:

Lotta Danielsson
LottaDM@us-taiwan.org

Tel: (703) 465-2930