

Taiwan, US

NATIONAL SECURITY COUNCIL

06-Sep-1992 07:37 EDT

MEMORANDUM FOR:

FROM:

(WHSR_ROUTER@WHSR)

SUBJECT:

TAIWAN PRESS REPORTS AGREEMENT ON MIRAGE

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FM AIT TAIPEI

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TO RUEHBJ/AMEMBASSY BEIJING NIACT IMMEDIATE 5747

RUEHC/AIT WASHDC IMMEDIATE

INFO RUFHFR/AMEMBASSY PARIS IMMEDIATE 1027

RUEHMO/AMEMBASSY MOSCOW PRIORITY 0533

<SUBJ>

TAIWAN PRESS REPORTS AGREEMENT ON MIRAGE

- PURCHASE

<TEXT>

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UNCLAS SECTION 01 OF 03 TAIPEI 06370

BEIJING FOR AMBASSADOR ROY

E.O. 12356: N/A

TAGS: PREL, MASS, TW, FR, US

SUBJECT: TAIWAN PRESS REPORTS AGREEMENT ON MIRAGE

- PURCHASE

1. FOLLOWING ARE AIT TRANSLATIONS OF REPORTS IN THE LOCAL PRESS SEPTEMBER 6 ON SALE OF MIRAGE 2000-5 FIGHTER AIRCRAFT TO TAIWAN. THE TWO LEADING DAILIES,

THE CHINA TIMES AND THE UNITED DAILY NEWS, WERE THE ONLY MAJOR PAPERS TO CARRY THE STORY.

2. UNITED DAILY NEWS, FRONT PAGE LEAD: "SIXTY FRENCH MIRAGE FIGHTERS WILL BE SOLD TO US AT A DISCOUNT OF 20 PERCENT; THE OVERALL PRICE WILL BE US\$2.6 BILLION AND THE AGREEMENT WILL BE SIGNED SOON; WORKERS FROM THE FRENCH COMPANY DASSAULT CALL ON PRESIDENT MITTERAND TO ASSIST IN OBTAINING A PURCHASE ORDER FROM TAIWAN FOR FIGHTER AIRCRAFT."

AFP TAIPEI, SEPTEMBER 5.

THE BROADCASTING CORPORATION OF CHINA (BCC) TODAY REPORTED THAT, IN THE WAKE OF THE U.S. APPROVAL OF THE SALE OF 150 F-16S TO TAIWAN, THE FRENCH WILL SELL 60 MIRAGE 2000-5 FIGHTER PLANES TO TAIWAN AT A PRICE THAT IS 20 PERCENT LOWER THAN THE PREVIOUSLY AGREED-UPON PRICE. ACCORDING TO THE REPORT, THE FRENCH COMPANY DASSAULT AGREED TO REDUCE BY 20 PERCENT THE ALREADY AGREED-UPON PRICE PER FIGHTER OF US\$54 MILLION.

MOREOVER, THE TAIWAN AUTHORITIES WILL VERY SOON SIGN A US\$2.6 BILLION CONTRACT ON THE PURCHASE OF 60 MIRAGE 2000-5 FIGHTER PLANES. THE REPORT QUOTED AN UNNAMED WELL-INFORMED SOURCE AS SAYING THAT, AFTER BUYING AMERICAN AND FRENCH FIGHTER AIRCRAFT, TAIWAN'S AIR DEFENSE CAPABILITY WOULD BE GREATLY IMPROVED. EVERY YEAR THE TAIWAN AIR FORCE LOSES OUTMODED F-104S AND F-5ES IN THE COURSE OF TESTING AND ROUTINE FLIGHT DUTIES.

MINISTER OF FOREIGN AFFAIRS FREDRICK CHIEN AND MINISTER OF NATIONAL DEFENSE CHEN LI-AN HAD NO COMMENT ON THE DEAL. HOWEVER AIR FORCE COMMANDER-IN-CHIEF LIN WEN-LI SAID THAT DIVERSIFYING THE SOURCES OF THE PURCHASE OF MILITARY AIRCRAFT HAS ALWAYS BEEN THE OBJECTIVE OF THE EFFORTS MADE BY THE TAIWAN AIR FORCE. LIN ALSO SAID THAT IF THE PURCHASE OF MIRAGE FIGHTERS FROM THE FRENCH CAN BE FINALIZED THIS WOULD BE AN EVEN GREATER SAFEGUARD TO TAIWAN'S FUTURE SECURITY. LIN SAID THAT THE PRC PURCHASE OF 30 SU-27 AIRCRAFT FROM RUSSIA ALREADY CONSTITUTES A THREAT TO PEACE AND STABILITY IN THE TAIWAN STRAIT REGION. TAIWAN CURRENTLY HAS ABOUT 500 FIGHTER AIRCRAFT, THE BACKBONE OF WHICH ARE OLD STYLE F-104S. MINISTER OF NATIONAL DEFENSE CHEN LI-AN HAS SAID THAT DIVERSIFYING THE SOURCES OF WEAPONS PROCUREMENT IS MND POLICY.

TAIPEI'S UNITED DAILY NEWS HAS SAID THAT TAIWAN HAD ALREADY SIGNED A LETTER OF INTENT (YIYUAN SHU) WITH THE FRENCH TWO WEEKS AGO. THE DOCUMENT STATED THAT

TAIWAN WOULD PURCHASE 60 MIRAGE FIGHTER AIRCRAFT FROM THE FRENCH BUT THE TWO SIDES HAD YET TO REACH A CONSENSUS ON THE PURCHASE PRICE. TAIWAN INITIALLY PLANNED TO PURCHASE AS MANY AS 120 MIRAGE FIGHTER AIRCRAFT FROM FRANCE. IN ADDITION, AS WE UNDERSTAND IT, RUSSIA HAD SAID IT WAS WILLING TO SELL 50 MIG-29 AIRCRAFT TO TAIWAN. THE PRICE OF ONE MIRAGE COULD BE AS HIGH AS US\$50-60 MILLION, WHICH IS HIGHER THAN THE PRICE OF AN F-16. (FULL)

3. REUTERS TAIPEI SEPTEMBER 5, PUBLISHED IN UNITED DAILY NEWS WITHOUT HEADLINE:

BCC TODAY REPORTED IN TAIPEI THAT TAIWAN WILL SOON SIGN AN AGREEMENT WITH THE FRENCH ON THE PURCHASE OF MIRAGE FIGHTER AIRCRAFT. BCC DID NOT REVEAL WHY THE AGREEMENT WOULD BE SIGNED. WHEN ASKED BY A REPORTER ABOUT A SIMILAR REPORT ISSUED BY THE CENTRAL NEWS AGENCY, AN MND SPOKESPERSON REFUSED TO COMMENT. TAIWAN AND FRANCE HAVE BEEN NEGOTIATING THE SALE OF MIRAGES FOR SEVERAL MONTHS NOW, BUT FRANCE, UNDER

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4. CHINA TIMES, FRONT PAGE LEAD, "THE CASE OF OUR PURCHASE OF MIRAGE FIGHTERS HAS ALREADY SEEN CONCRETE PROGRESS; TAIWAN AND FRANCE WILL SOON SIMULTANEOUSLY ANNOUNCE THE SALE TO TAIWAN OF THE FIRST BATCH OF 60 AIRCRAFT; WE ARE DISCUSSING WITH RUSSIA THE POSSIBILITY OF PURCHASING SU-27 OR MIG-29 FIGHTER PLANES."

BY REPORTER WU NAN-SHAN IN TAIPEI.

THE CASE OF OUR PURCHASE OF MIRAGE 2000-5 FIGHTER PLANES FROM FRANCE HAS ALREADY SEEN CONCRETE PROGRESS. WITHIN THE NEXT FEW DAYS IT IS HOPED THAT THE GOVERNMENTS OF THE TWO SIDES WILL SIMULTANEOUSLY ANNOUNCE THE SALE TO TAIWAN OF THE FIRST BATCH OF 60 AIRCRAFT. IN ADDITION, IN ORDER TO DIVERSIFY OUR ARMS PURCHASES, THE MILITARY IS NEGOTIATING WITH RUSSIA REGARDING THE POSSIBILITY OF PURCHASING SU-27 OR MIG-29 FIGHTER PLANES.

TAIWAN AND FRANCE HAVE BEEN DISCUSSING THE PURCHASE OF MIRAGE 2000-5 FIGHTER PLANES FOR A LONG TIME.

HOWEVER, PRIOR TO A FORMAL ANNOUNCEMENT BY THE FRENCH GOVERNMENT IT "HAS BEEN INCONVENIENT" TO MAKE THE CASE PUBLIC. AS WE UNDERSTAND IT THE TWO SIDES COULD VERY SOON MAKE A SIMULTANEOUS ANNOUNCEMENT CONFIRMING THE SALE. AS FAR AS THE PRICE OF THE MIRAGE 2000-5 FIGHTER PLANE IS CONCERNED, WE UNDERSTAND THAT FRANCE IS WILLING TO REDUCE THE PRICE BY ABOUT ONE-FIFTH. THE PRICE OF ONE FIGHTER PLANE WOULD BE CLOSE TO US\$40 MILLION, THEREBY REDUCING THE GAP IN PRICE BETWEEN THE MIRAGE AND THE F-16. ACCORDING TO INFORMATION RELEASED BY AIR FORCE HEADQUARTERS, AIR FORCE PERSONNEL CONSIDER THE PURCHASE OF THE F-16 AND THE PURCHASE OF THE MIRAGE 2000-5 TO BE OF EQUAL IMPORTANCE.

HOWEVER, THERE ARE TWO DIFFERENT VIEWS CONCERNING THE NUMBER OF AIRCRAFT TO BE PURCHASED. THE FIRST VIEW HOLDS THAT WE SHOULD PURCHASE 150 F-16S AND 60 MIRAGE 2000-5S. ACCORDING TO THE SECOND POINT OF VIEW WE SHOULD REDUCE THE NUMBER OF F-16S THAT WE PURCHASE AND INCREASE THE NUMBER OF MIRAGE 2000-5S THAT WE PURCHASE. AS TO HOW MANY MIRAGE 2000-5S WE WILL PURCHASE, AN AIR FORCE GENERAL SAID THAT OUR OBJECTIVE IS STILL TO BUY 60 IN THE FIRST BATCH. THE GENERAL ALSO SAID THAT THE REMAINING NUMBER WILL BE DETERMINED BY THE RESULTS OF OUR DISCUSSIONS WITH THE U.S. ON THE PURCHASE OF THE F-16 A/B AND THAT CURRENTLY IT IS STILL TOO EARLY TO TELL.

ACCORDING TO A HIGH RANKING AIR FORCE GENERAL, AS FAR AS OUR PURCHASE OF THE F-16 A/B FROM THE U.S. IS CONCERNED, IF THE PLANES ARE RESERVE AIRCRAFT OR IF THEY ARE EARLY MODEL A/B AIRCRAFT, THEN WE WILL REFUSE TO BUY THEM OR WE WILL WAIT FOR A FURTHER INVESTIGATION.

GENERAL DYNAMICS CLEARLY UNDERSTANDS THE VIEWS OF OUR AIR FORCE. GORDON ENGLAND, PRESIDENT OF GENERAL DYNAMICS AIRCRAFT SYSTEMS, WHO IS CURRENTLY VISITING TAIWAN, SAID TO OFFICIALS AT AIR FORCE HEADQUARTERS THAT SO LONG AS THE U.S. GOVERNMENT DOES NOT INSIST, GD WILL NOT SELL RESERVE OR EARLY MODEL F-16S. ENGLAND HOWEVER SAID THAT EVERYTHING MUST WAIT TO BE DECIDED AFTER OFFICIAL BILATERAL NEGOTIATIONS.

ANOTHER MND OFFICIAL AND A GENERAL FROM AIR FORCE HEADQUARTERS CONFIRMED THAT OUR CONTACTS WITH RUSSIA REGARDING THE PURCHASE OF FIGHTER AIRCRAFT HAVE BEEN

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GOING ON CONTINUALLY. AS FAR AS OUR PURCHASE OF
FIGHTER AIRCRAFT IS CONCERNED, THE U.S. AND FRANCE
ARE BOTH WILLING TO SELL FIGHTER PLANES TO US. WHY
THEN DO WE STILL WANT TO NEGOTIATE WITH RUSSIA? A
MILITARY SOURCE SAID THAT OUR GOVERNMENT'S POLICY ON
WEAPONS PURCHASES IS TO NOT RULE OUT THE PURCHASE OF
ANY FIGHTER AIRCRAFT. THIS IS ESPECIALLY TRUE IN THE
EVENT OUR NEGOTIATIONS WITH THE U.S. ON THE PURCHASE
OF THE F-16 A/B ARE NOT SUCCESSFUL, IN WHICH CASE
THERE IS THE POSSIBILITY THAT WE COULD BUY RUSSIAN
SU-27 OR MIG-31 FIGHTER AIRCRAFT. MOREOVER, IF WE
BUY RUSSIAN FIGHTER AIRCRAFT, THE RUSSIANS COULD
CONDUCT THE DEAL SO THAT IN ADDITION TO PURCHASING
FIGHTER AIRCRAFT WE COULD ALSO OBTAIN AN ENTIRE
FACTORY. (FULL)

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