

from the desk of

DAVID LAUX

Tamara US

DOUG

Here is a copy for you
of the letter Cap Weinberger
sent to the President Friday
on the F-16 issue.

Please phone me when
you get a chance.

Best

Dave

USA-ROC ECONOMIC COUNCIL

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August 31, 1992

The President
The White House
Washington, D.C. 20500

Dear Mr. President,

I am writing at the request of our Council's membership to urge your approval of the sale of the F-16 or other advanced fighter to Taiwan.

As you know, when President Reagan approved the August 1982 Taiwan Arms Sale Communique with the PRC, he did so with the understanding that there was a certain military balance in the Taiwan Straits. If this balance were to change significantly in ways detrimental to Taiwan, he was prepared to review the situation and consider the sale of more sophisticated weapons to Taiwan. That balance has now been changed by the PRC purchase of Russian SU-27 aircraft and development of an aerial refueling capacity on the one hand, and the 10-year increase in age of Taiwan's F-104 and F-5 fighter aircraft on the other. Moreover, the other nations of East Asia are becoming disturbed by increasing signs of China's determination to build up its military forces. This decision by us to sell will indicate to them more than any words that we are prepared to help Asian nations keep the strategic balance in the region.

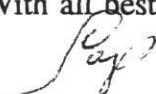
Secondly, the United States has threaded its way rather brilliantly for ten years now between the boundaries of the August 1982 Communique with the PRC, which says we will not sell Taiwan more advanced weaponry than in the past -- and the 1979 Taiwan Relations Act (TRA), which says we will provide Taiwan what they need for their defense. However, in making specific case decisions on military sales to Taiwan, we have always leaned more toward the 1982 Communique than toward the TRA. Yet in any conflict between the two documents, the TRA, as part of the law of the land, of course takes precedence over any communique. On the decision before you, it seems to me, the TRA should govern our thinking more than the 1982 Communique. At the same time, we do not have to scrap the Communique in the process and should not do so. Just as we replaced Taiwan's obsolete C-119's with C-130's, we should be able to replace their obsolete F-104's with F-16's, or other advanced fighters, on a one-for-one basis. The PRC should realize that they brought this on themselves by their own acquisition of superior aircraft and greater offensive capability.

The matters of jobs, political implications, and our increasingly fierce competition in the Taiwan market with the Europeans - especially the French - also bear importantly on this issue. A positive decision on the F-16 or other fighter would mean that General Dynamics can keep their production line going or a substantial boost for U.S. producers of any other advanced fighter selected by Taiwan. With thousands of jobs at stake, this is not an insignificant gesture and would bring benefits to the whole American economy. There is also a huge benefit to be had in Taiwan above and beyond the value of this sale. By approving the sale of an advanced fighter - and hopefully also allowing visits to Taiwan by our cabinet officers, as the French and other European nations are doing - we will reap an enormous sense of gratitude from Taiwan's leadership. This will greatly improve the climate and prospects for major sales there for all U.S. companies in the very tough competition with the French and others. I am thinking especially of Nuclear Power Plant No.4 on which bids are soon to be made (because it is the forerunner of another 8 or 9 nuclear power plants downstream). But, there are many other important contracts also at stake and, of course, their whole \$328 billion infrastructure plan. Many U.S. companies are bidding for some of the contracts to be awarded by Taiwan as part of this plan, also against strong competition.

Finally, these gestures will restore American influence with Taiwan's leadership, which has been waning as they felt we were neglecting them. This influence is very important for the future, when the current regime in China disappears and a new pragmatic leadership there reaches out to Taiwan to help build a truly new China.

For all these reasons I respectfully and strongly recommend that you approve the sale of F-16's or other advanced fighters to Taiwan.

With all best wishes,



Caspar W. Weinberger