

## Tech transfer key to US arms deal

Written by Michael Tsai 田口

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The US Department of State has approved an arms sale to Taiwan totaling about US\$8 billion (NT\$258 billion) and including 66 F-16 aircraft and 75 F110 General Electric engines and other systems. The package would include the latest model of Lockheed Martin Corp's F-16C/D Block 70 aircraft.

The sale was proposed in 2005 by then-president Chen Shui-bian's (陳水扁) administration, when I served as vice policy minister of national defense.

Upon acquiring consent from the US Department of Defense (DOD), I returned to Taiwan to lobby legislators on both sides of the aisle and succeeded in persuading the legislature to pass a special budget. However, then-US president George W. Bush's administration was reluctant to provoke China with an arms sale, so the deal was put aside.

In other words, the arms sale package approved by the US last month is essentially an old deal that was proposed and granted, with a special budget, by the legislature 15 years ago.

The key figures in approving the sale this time were former US national security adviser John Bolton, US Assistant Secretary of Defense for Asian and Pacific Security Affairs Randall Schriver, and US Assistant Secretary of State for East Asian and Pacific Affairs David Stilwell.

Thanks to their support after assuming office, Taiwan has in the past few months been able to successfully upgrade a lot of weaponry and equipment, including the procurement of F-16C/D aircraft.

The importance of the arms sale cannot be overlooked. For more than 20 years, China has played a disproportionately large role in discussions of US arms sales to Taiwan, including the deal turned down by the Bush administration in 2005 — Taiwan's earliest request to purchase the latest F-16 model.

Since then, China has effectively imposed constraints on the items and timetable of US arms

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sales to Taiwan through threats and coercion.

In light of this, as the details of the deal are negotiated with the US, the government should seize the opportunity provided by this major breakthrough and aim for a technology transfer by allowing some components to be manufactured and assembled in Taiwan.

As the deal amounts to US\$8 billion, more than two-thirds of the national defense budget, it is time that the government urged the US to implement the Taiwan-US Industrial Cooperation Plan by including price, training, maintenance and technology transfers for manufacturing major components as required items in the contract to comply with the requirements and spirit of national defense autonomy stipulated in articles 22 and 23 of the National Defense Act (國防法).

The US Defense Security Cooperation Agency (DSCA), a DOD branch responsible for military sales, said in an official notification to the US Congress that the State Department on Aug. 20 “made a determination approving the present arms sale and thereby delivered the required certification notifying Congress of it.”

The news release is publicly available on the DSCA’s Web site, and the sale is expected to take effect next month.

After Taiwan’s air force receives an official draft of the Letter of Offer and Acceptance, the government would confirm the procurement and refer to the special budget quota reviewed and passed by the legislature as the cap.

The government would then conduct studies and discussions with the US about the details of the deal, including items, numbers, timetable and price.

The process will be completed once the Taiwan and the US sign the Letter of Offer and Acceptance.

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When the US sells F-16 jets to Turkey and South Korea, the aircraft are assembled in those countries according to their respective contracts, which makes the price vary. The warplane's core technologies, such as engines and radar, are provided by the manufacturer, and the two countries have the basic maintenance capacity to fix minor problems with components and avionics.

During my term as vice minister of defense, I took part in the US-Taiwan Defense Industry Conference in Washington and met several retired US generals, who told me that the US likes to sell arms to Taiwan because the government never bargains and always makes a lump-sum purchase, paying the US without discussing issues such as technology transfer or local assembly.

They said that Singapore was a headache, because the country not only bargained, but also wanted to send technicians to the US to learn, and they asked the manufacturer to set up a branch company in Singapore. Once the aircraft were delivered, Singaporean engineers could repair some parts when necessary.

However, Taiwan would have to send components back to the manufacturer for repairs, which may take three to more than six months. This explains why probably less than half of the nation's 144 F-16A/B jets are ready for use.

A similar problem could also occur with the F-16C/D jets.

The government should try its hardest to realize the goal of defense industry innovation in its proposed "five plus two" innovative industries plan.

Aerospace Industrial Development Corp, the nation's largest civilian and military aircraft manufacturer, holds the contracts for building 66 advanced trainer jets and upgrading the more than 144 F-16 jets currently in service.

While the company is competent enough to take a leading role in Taiwan's aerospace and defense industries, the government or the legislature should still aim for a transfer of

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technology to have some components of the F-16C/D jets assembled domestically.

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Translated by Chang Ho-ming

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