

## France to close military liaison office in Taiwan

Written by Taipei Times

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France said it would close a low-key military liaison office in Taiwan in retaliation over a ruling in a controversial arms deal, local media said yesterday.

The Chinese-language Liberty Times (the Taipei Times' sister paper) reported that the office, which arranges visits by military personnel and facilitates Taiwan's acquisition of French-made weaponry, would be shut down next month.

The office is part of the French Institute in Taiwan, the de facto embassy of France in the absence of formal diplomatic ties.

The report came after a decision by an international court last month ordering French group Thales to pay back a large sum that it overcharged Taiwan in a 1991 frigate sale.

A Paris-based court of arbitration said the money was to make up for unauthorized commissions paid to help Thomson-CSF, which later became Thales, win a deal to sell six Lafayette frigates to Taiwan.

Lawyers at the Ministry of National Defense said Thales would pay an estimated US\$861 million to Taiwan, including US\$591 million in damages and US\$270 million in interest and legal expenses.

The arbitration results also led France to scrap its plan of arming the six Lafayette frigates with the French-made Aster air defense system, the Liberty Times said.

Thales spearheaded the sale, but the main stake in the contract was held by French state-owned shipbuilder DCN. Several sources said the French state would have to pay 70 percent of the penalty.

In 2001, Taiwan's highest anti-graft body concluded that as much as US\$400 million in kickbacks may have been paid throughout the course of the deal.

In 2008, a French judge ordered the dismissal without trial of one of France's biggest graft cases involving massive kickbacks in the frigate sale to Taiwan, citing a lack of evidence.

The Liberty Times reported that Taipei and Paris reached a consensus in April to settle the matter out of court, with France providing Taiwan with military equipment, upgraded functions and technological services.

The two sides had decided to go ahead with the new cooperation plan after the international court delivered the ruling, but the plan fell flat following the surprising ruling last month, the report said.

National Security Council Adviser Ke Kuang-yeh (柯煌業) indirectly confirmed that the French Institute in Taiwan had decided to close its technical team, saying "a replacement was being

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worked on.”

The withdrawal of the technical team would not influence future technical and military ties, Ke told Chinese Nationalist Party (KMT) Legislator Chang Hsien-yao (張顯耀) at a question-and-answer session at the legislature.

Minister of Foreign Affairs Timothy Yang (楊毅) told the legislature’s Judicial and Organic Laws and Statutes Committee yesterday he was unaware of the matter.

Yang said the ruling would not affect relations between Taiwan and France.

Last night, the Ministry of Foreign Affairs said the French government had plans to pull out the technical team as part of efforts to streamline its overseas personnel and cut government costs.

The French government has been deliberating the matter for years and it has kept the Taiwanese government informed, it said.

Since the matter was an internal affair of the French government that has yet to be finalized, the ministry said it was in no position to further comment.

Approached by the Taipei Times, the French Institute in Taiwan refused to comment.

Democratic Progressive Party (DPP) Legislator Chen Ting-fei (陳亭妃) said she was concerned that any falling outs in military ties with France would undermine the military’s ability to counter a growing Chinese threat.

“If there is a lapse in US military sales and then France also stops its sales, the Taiwanese military will be in a serious crisis,” Chen said.

“President [Ma Ying-jeou (馬英九)] must fight harder to prevent this from happening,” she said.

Source: [Taipei Times - 2010/06/01](#)