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## **Collection:**

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**Folder Title:** 

Taiwan – FX Sale (November 1981-12/16/1981)

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## Ronald Reagan Library

Collection Name		e GREGG, DONALD: FILES				Withdrawer		
File Folder		TAIWAN - FX SALE (NOVEMBER 1981-12/16/198			81)	CAS <b>FOIA</b>	5/15/2007	
						F99-0	56	
Box Number		10				JESPE 27	ERSEN	
ID	Doc Type	Docum	nent Description		No of Pages		Restrictions	
36114	МЕМО	DONA RE TA	LD GREGG TO RI IWAN	CHARD ALLEN	1	11/17/1981	B1	
		. <i>R</i>	8/10/2018	M910/1				
36115	MEMO		N TO THE PRESID ACHMENT TO 361		1	ND	B1	
36116	МЕМО		RAL DAVID C. JO ETARY WEINBER		2	11/10/1981	B1	
		D	12/9/2022	M910/1				
36117	MEMO	SAME	TEXT AS 36115		1	11/25/1981	B1	
36118	MEMO	SAME	TEXT AS 36116		2	11/10/1981	B1	
		D	12/9/2022	M910/1				
36119	MEMO	SAME	TEXT AS 36114		1	11/17/1981	B1	
		R	8/10/2018	M910/1				
36120	МЕМО		S NANCE TO THE ED MEESE RE TA		1	12/3/1981	B1	

## The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

**TEXT AS 36076)** 

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA] B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

## **Ronald Reagan Library**

Collection Name GREGG, DONALD: FILES

CAS 5/15/2007

File Folder TAIWAN - FX SALE (NOVEMBER 1981-12/16/1981)

FOLA

F99-056

JESPERSEN

27

Document Description

No of Doc Date Restrictions

DOX 11	10			27
ID	Doc Type	Document Description	No of Pages	Doc Date Restrictions
36121	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE TAIWAN (ANNOTATED COPY OF 36077)	2	11/27/1981 B1
36122	MEMO	DON GREGG TO NANCE RE TAIWAN (ANNOTATED COPY OF 36075)	1	11/30/1981 B1
36123	MEMO AND REPORT	RE TAIWAN (MEMO AND REPORT PAGINATED TOGETHER) (SAME TEXT AS 36082 AND 31610)		12/14/1981 B1 B3
		PAR 2/21/2023 M910 #361.	23	
36124	MEMO	DONALD GREGG TO BUD NANCE RE TAIWAN	1	12/16/1981 B1
36125	МЕМО	JANET COLSON TO DON GREGG ET AL RE ITEM OF INTEREST	, 1	12/16/1981 B1
36126	CABLE	160219Z DEC 81	1	12/16/1981 B1

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## MEMOR ANDUM

# SECRET

6735 Cluna 36/14

#### NATIONAL SECURITY COUNCIL

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SECRET	

November 17, 1981

ACTION

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MEMORANDUM FOR RICHARD V. ALLEN

FROM:

DONALD GREGG

SUBJECT:

Sale of FX to Taiwan

The Secretary of Defense has forwarded to the President a memorandum from the Joint Chiefs of Staff recommending that the FX not be sold to Taiwan. The JCS recommends extension of the existing F-5E/F acquisition program.

#### RECOMMENDATION

That this memorandum (Tab A) be forwarded to the President under the transmittal at Tab I.

			•	
Approve	Disa	pprove		•
T 4				

C. Shoemaker concurs.

Attachments

Tab I Memo for RVA Signature
A Incoming transmittal

cc: China Office

Review on November 17, 1987

SECRET

M910 #36114 PW = 8/10/18

## **Ronald Reagan Library**

Collection Name Withdrawer

LAUX, DAVID: FILES CAS 5/15/2007

File Folder FOIA

TAIWAN - FX SALE (NOVEMBER 1981-12/16/1981) F99-056

**JESPERSEN** 

Box Number

90385

IDDocument TypeNo of Doc Date Restric-<br/>pagesRestric-<br/>tions

36115 MEMO 1 ND B1

ALLEN TO THE PRESIDENT (ATTACHMENT TO 36114)

- B-1 National security classified information [(b)(1) of the FOIA]
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# SECRET

THE SECRETARY OF DEFENSE WASHINGTON, THE DISTRICT OF COLUMBIA

81 MOV 16 P4: 116 NOV 1981

WHITE HOUSE SITUATION ROOM

Sig/ Hunt Eight

MEMORANDUM FOR THE PRESIDENT

The Joint Chiefs have requested that I convey to you their views, set forth in their attached memorandum, on the FX fighter plane for Taiwan.

Attachment

UPON REMOVAL OF ATTACHMENTS THIS DOCUMENT BECOMES UNCLASSIFIED

SECRET Sec Def Cont Nr. x- 17097

## **Ronald Reagan Library**

Collection Name Withdrawer

LAUX, DAVID: FILES CAS 5/15/2007

File Folder FOIA

TAIWAN - FX SALE (NOVEMBER 1981-12/16/1981) F99-056

**JESPERSEN** 

Box Number

90385

IDDocument TypeNo of Doc Date Restric-<br/>pagesRestric-<br/>tions

36116 MEMO 2 11/10/1981 B1

GENERAL DAVID C. JONES TO SECRETARY WEINBERGER RE TAIWAN

- B-1 National security classified information [(b)(1) of the FOIA]
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Box Number

90385

IDDocument TypeNo of Doc DateRestrictionsDocument Descriptionpagestions

36117 MEMO 1 11/25/1981 B1

SAME TEXT AS 36115

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SECRET

## THE SECRETARY OF DEFENSE WASHINGTON, THE DISTRICT OF COLUMBIA

8 | MAY 16 P4: | 16 NOV 1981

WHITE HOUSE SITUATION ROOM

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MEMORANDUM FOR THE PRESIDENT

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Attachment

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**JESPERSEN** 

Box Number

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IDDocument TypeNo of Doc Date Restric-<br/>pagesRestric-<br/>tions

36118 MEMO 2 11/10/1981 B1

SAME TEXT AS 36116

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#### MEMORANDUM .

#### NATIONAL SECURITY COUNCIL

6735

SECRET

November 17, 1981

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

DONALD GREGG V3

SUBJECT:

Sale of FX to Taiwan

The Secretary of Defense has forwarded to the President a memorandum from the Joint Chiefs of Staff recommending that the FX not be sold to Taiwan. The JCS recommends extension of the existing F-5E/F acquisition program.

### RECOMMENDATION

That this memorandum (Tab A) be forwarded to the President under the transmittal at Tab I.

Approve

Disapprove

C. Shoemaker concurs.

Attachments

Tab I Memo for RVA Signature

A Incoming transmittal

cc: China Office

RW MAID #34119

SECRET

Review on November 17, 1987



China office:

## THE WHITE HOUSE

WASHINGTON

November 27, 1981

Dear Mickey:

Thank you very much for your November 18 letter dealing with the subject of fighter aircraft sales to Taiwan.

As you know, this is a subject in which I have a strong personal interest. We are now drawing together the best analyses from within the Government, upon which we will make our decision. The choice is a delicate one involving a balance of interests. The points in your letter are well taken and I can assure you that they will receive full consideration as we reach our decision.

With warm personal regards,

Sincerely,

Richard V. Allen

Assistant to the President for National Security Affairs

The Honorable Mickey Edwards House of Representatives Washington, D. C. 20515

COMMITTEES:

SUBCOMMITTEE ASSIGNMENTS:
MILITARY CONSTRUCTION
FOREIGN OPERATIONS

208 CANNON HOUSE OFFICE BUILDING WASHINGTON, D.C. 20515 (202) 225-2132

# Congress of the United States House of Representatives

Washington, D.C. 20515

DISTRICT OFFICE:
717 OLD POST OFFICE BUILDING
OKLAHOMA CITY, OKLA. 73102
(405) 231-4541

November 18, 1981

The Honorable Richard V. Allen Assistant to the President for National Security Affairs Executive Office Building Washington, D.C. 20506

Dear Dick:

It is widely anticipated that the Administration will soon reach a decision on advanced fighter sales to Taiwan. As you are aware, the decision will have an important impact on Sino-American relations and our strategic posture in East Asia.

Although deeply concerned about the Soviet threat, I do not feel that it would be in the interest of the United States to seek closer strategic cooperation with the PRC at the expense of Taiwan.

Peking is pursuing improved relations with the West, not because it wants to be our friend, but because it is in its interests to do so. I do not believe that limited fighter sales to Taiwan (even of the F-16) would undermine the larger economic and strategic policies of the PRC or lead, as some have suggested, to a Sino-Soviet alliance. If rapprochement between the two communist governments does occur, it will be based upon factors largely out of our control and certainly not because of commitments spelled out in the Taiwan Relations Act.

I personally favor the sale of a new fighter to Taiwan (see the enclosed article prepared by a member of my staff).

At minimum, if you conclude that the sale of the FX or F-16 is not feasible, I would urge upgrading of the F-5E.

Please let me hear from you in the near future.

Simcerely,

Mickey Edwards

Member of Congress

ME/mll

bу

#### Martin L. Lasater

One of the most difficult foreign policy dilemmas facing the Reagan administration is the issue of advanced fighter sales to the Republic of China on Taiwan. Any discussion of the issue must consider three important questions: (1) Does Taiwan actually need a more advanced air superiority fighter? (2) Is it in U.S. interests to sell Taiwan such a plane? and (3) How will the sale affect U.S.-PRC relations? The following paragraphs will briefly discuss these questions.

#### Does Taiwan need a new fighter?

The Taiwan Relations Act states that "the United States will make available to Taiwan such defensive articles and defense services in such quantities as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." It further provides that "the President and Congress shall determine the nature and quantity of such defensive articles based soley upon their judgement of the needs of Taiwan." (emphasis added)

Using this criteria, it must be recognized that Taiwan's military security is heavily dependent upon air superiority over the Taiwan Strait. ROC air control over the Strait would make any conventional use of force by the People's Republic of China prohibitively expensive, especially in terms of hard-to-replace, relatively sophisticated equipment needed to secure the Sino-Soviet and Sino-Vietnamese borders. The greater the cost, the less likely Peking would exercise one or more of its military options.

These options include the interdiction of Taiwan's sea lines of communications, air attacks against selected strategic targets, blockade or seizure of Quemoy and/or Matsu, massive surprise attacks against ROC air and naval forces, and combined air and amphibious invasion. The invasion option is unlikely to occur, at least in the foreseeable future, but it could be undertaken in successive stages once the air battle over the Strait was determined. The ROC navy, already outmanned and outgunned by PRC submarines and missile boats, could be easily neutralized by air and naval attacks if the PRC gained superiority over the Strait.

Although highly trained and motivated, the pilots of Taiwan's 350 fighter/interceptors face more than 4,500 fighters on the Mainland, approximately 1,000 of which are deployed opposite the island. In the past the ROC enjoyed a degree of qualitative superiority because of its more than 200 F-5A/Es. Recent improvements in the PRC air force, however, including the acquisition of Rolls Royce Spey engine technology and the development of the F-12, have closed the qualitative gap to the point where Taiwan's air force could contest the air space over the Strait for only about two weeks before its inventory of planes and missiles would be exhausted.

In the 1985-1986 time frame, the F-12 will be deployed in significant numbers by the PLA, while roughly two-thirds of Taiwan's current inventory of some 90 F-100s, 70 F-104s, and 200 F-5A/Es will have passed their air frame life.

Unless the ROC is able to replace its outdated fighters with a more modern air superiority aircraft, Taiwan will find itself in an increasingly vulnerable position. The acquisition of additional F-104s and F-5Es is an interim solution only and will not materially affect the qualitative and quantitative advantages enjoyed by the PRC in the post-1985 era.

Since the introduction of new fighters takes three to five years from the time of initial approval of purchase to operational deployment, Taipei is concerned that it receive permission to buy the F-16, FX, or an equivalent plane as soon as possible. The F-16 is preferred because of its superior performance and the fact that the FX, in either its F-5G or F-16/J79 configurations, has not yet come into production. Since the F-16 has already been introduced into Northeast Asia, its purchase by Taiwan would not destabilize the region's balance of power.

No one knows for certain whether the PRC will use force against Taiwan or, if so, when. It is clear, however, that Peking highly values Taiwan for its strategic, political, psychological, and economic importance. In his list of priorities for the 1980s, Teng Hsiao-ping placed the return of Taiwan as second only in importance to the curbing of Soviet efforts to encircle China. He has also stated that the PRC would use force against Taiwan under three conditions: Taipei would refuse over a long period to negotiate with the Mainland; Taiwan would declare itself an independent state; or the Soviet Union would become involved with the island. Recently, official PRC publications have stated that Peking might also use "nonpeaceful methods" to reunify Taiwan with the Mainland if the U.S. carries out the defense provisions of the Taiwan Relations Act.

The current PRC objective is to gain control of Taiwan by peaceful means if possible, that is, by pressuring Taipei into accommodation through political, economic, and military isolation. Should this indirect strategy fail, however, it is likely that Peking would use force if its leaders calculated a high probability of success against an acceptable level of risk and loss.

There is little the West could do in terms of economic or diplomatic sanctions to prevent Peking's use of force against Taiwan. Very few observers expect Washington to intervene militarily given the level of U.S. domestic opposition to an armed conflict with the PRC.

With the abrogation of the U.S.-ROC mutual defense treaty and the increasing ability of the PRC to pursue a military option towards Taiwan, the most important deterrent to Peking in the future is likely to be Taiwan's own defense capability. The backbone of that defense is a new air superiority fighter able to maintain control over the Taiwan Strait.

#### Is it in U.S. interests to sell Taiwan such an airplane?

As long as Washington intends to maintain a military and political presence in Asia, Taiwan is of value to the U.S. There are several compelling reasons for this.

First of all, Taiwan's bases and facilities are able to provide key logistical support to U.S. military operations in the Far East and Indian Ocean. Taiwan's usefulness in this respect has actually grown in recent years because of the rapid growth of Soviet power in the region, the drawdown on U.S. forces due to military cutbacks and permanent deployments to the Indian Ocean, and mounting opposition to U.S. bases in Japan and the Philippines. With only one carrier on station in the Far East and logistical lifelines, especially to the Indian Ocean, stretched to the breaking point, Washington should not neglect the excellent facilities available on Taiwan. Described by various U.S. military leaders and statesmen as "an unsinkable aircraft carrier," worth "about ten aircraft carriers," and a "rather impregnable aircraft carrier," Taiwan could prove to be of immense value in any future war involving American forces in Asia.

Geographically, Taiwan is well-suited to further U.S. interests. The island sits between two of the most important passageways in East Asia, the Taiwan Strait and Bashi Channel, and is centrally located in the island chain along the East Asian littoral. Whoever controls Taiwan has the ability either to protect or interdict sea traffic between Northeast Asia and the rest of Asia, the Middle East, Africa, and Western Europe. If strengthened by American weapons such as the F-16 or FX, Harpoon anti-ship missile, and improved antisubmarine warfare capabilities, Taipei could contribute significantly to regional defense through participation (even informally) in cooperative security arrangements. Taiwan's role in securing local sea and air lines of communications would be especially important.

It is in the interests of the U.S. to support Taiwan for moral and ideological reasons as well. The government and people of the Republic of China have successfully adopted many of the economic, political, and social principles underlying the American way of life. Combined with their own resourcefulness and ingenuity, the Chinese on Taiwan have proven the validity of Western ideals to many developing countries. Thus, in its ideological struggle with communism the U.S. has benefitted from Taiwan's commitment to freedom.

It is most important that the U.S. make clear its own commitment to freedom at this time. With the regional balance of power shifting in favor of the Soviet Union, many American friends and allies in Asia are questioning whether the U.S. is willing or able to defend free world interests in the Western Pacific. There is a trend towards Finlandization, carefully cultivated by the Soviets, which must be arrested before U.S. bases and security alliances are compromised. The sale of an advanced fighter to Taiwan to secure the island's defense would be perceived as a sign of American determination to remain in the region and to protect its friends.

#### How will the sale affect U.S.-PRC relations?

Although uncertain as to degree, there can be little doubt that the sale of advanced fighters to Taiwan would have an adverse effect on relations between Peking and Washington. Economically, there would probably be at least a temporary reduction in the purchase of American goods. Contracts with the Mainland might also suffer. The actual size of the loss of business, however, would be small in comparison to the loss of trade with Taiwan should the island fall under communist control.

Politically, there is the remote possibility that the pro-Teng Hsiao-ping faction of moderate administrators might be toppled from power and replaced by either extremists or a pro-Moscow coalition. At minimum, a toughening of PRC attitudes towards the West, the U.S. in particular, could be expected. On the other hand, the current PRC leadership is not dependent upon U.S. policy towards Taiwan for its political survival. Nor does Washington exercise much influence over Peking's domestic and international policies. The argument that the U.S. should withhold support from Taiwan in order not to undermine the strength of the moderates on the Mainland is misleading. To deny Taiwan the airplanes it needs for its legitimate defense is too high a price to pay for ephemeral influence in Peking. After all, the pragmatism of Teng and his supporters has as its ultimate goal the defeat of the U.S. and the socialization of not only Taiwan but all of Asia.

Strategically, the PRC may move closer to the Soviet Union if the U.S. sells advanced fighters to Taiwan. A meaningful rapprochement with Moscow, however, is far too important a decision than to be reached in retaliation over limited American aircraft sales. The Sino-Soviet split involves long-standing territorial disputes, historical animosities based in part upon racial hatred, major ideological differences, matters of national pride, questions of leadership within the international communist movement, and other issues of great significance to both the PRC and the USSR. If a Sino-Soviet rapprochement does occur, it will not be triggered by fighter sales to Taiwan. It is far more probable that Peking will continue to tie down large numbers of Soviet troops, tanks, missiles, and other equipment along its Russian border, despite whatever relations exist between Washington and Taipei.

As long as friendly relations exist between the U.S. and Taiwan, relations between Washington and Peking are likely to be strained. The PRC will utilize every possible strategy — direct and indirect — to weaken the ties between the people of America and the ROC. It is in U.S. interests to see a just and peaceful resolution of the Taiwan issue; but that objective can best be realized by enabling Taiwan to defend itself against the use of force from the Mainland, not by withholding the defensive equipment Taipei legitimately needs for its security.

Given Taiwan's current defense needs, the probable continuation of the Sino-Soviet split, and U.S. interests in seeing a just resolution of the differences between the two Chinese governments, the United States should approve without delay the sale of an advanced air superiority fighter such as the F-16 or FX to Taiwan.

# # .

Martin L. Lasater is a specialist in East Asian security affairs. He recently returned from a two-year period of study in Taiwan researching the strategic equation in Northeast Asia under a grant from the Pacific Cultural Foundation.

#### NATIONAL SECURITY COUNCIL

November 24, 1981

#### ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

DONALD GREGG

SUBJECT:

Congressman Mickey Edwards' Concern re

Aircraft Sales to Taiwan

Attached is a letter from you to Congressman Mickey Edwards replying to his letter on the subject of aircraft sales to Taiwan.

#### RECOMMENDATION

That you sign the attached letter at Tab I.

Approve

Disapprove \_\_\_\_

Bob Kimmitt and Chris Shoemaker concur.

#### Attachments

Tab I Letter for RVA Signature
Tab II Incoming Correspondence

cc: R. Kimmitt
C. Shoemaker

China Office

## **Ronald Reagan Library**

Collection Name

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LAUX, DAVID: FILES

CAS 5/15/2007

File Folder

FOIA

TAIWAN - FX SALE (NOVEMBER 1981-12/16/1981)

F99-056

**JESPERSEN** 

Box Number

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27

pages

ID Document Type

Document Description

No of Doc Date

Restrictions

36120 MEMO

1 12/3/1981

**B**1

JAMES NANCE TO THE PRESIDENT THRU ED MEESE RE TAIWAN (SAME TEXT AS 36076)

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36122 MEMO

1 11/30/1981 B1

DON GREGG TO NANCE RE TAIWAN (ANNOTATED COPY OF 36075)

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RECEIVED 28 NOV 81 11 FROM HAIG, A DOCDATE 27 NOV 81 8-16 F-16/79 F-5/G TA IWAN E-2 E ENALUCED CM SUBJECT: RESOLVING US - CHINA DIFFERENCES ON TAIWAN ARMS SALES ACTION: PREPARE MEMO FOR ALLEN DUE: 30 NOV 81 STATUS S FILES FOR CONCURRENCE FOR INFO CHINA OFFICE SHOEMAKER KIMMITT COLSON

COMMENTS \*\* URGENT DUE FIRST THING MONDAY MORNING 11/30.

KEYWORDS: CHINA P R

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MEMORANDUM FOR:	Mr. John H. Holdridge	
	Assistant Secretary of State	100
	for East Asian and Pacific Affair	rs.
	Mr. Hugh Montgomery	
	Director, Bureau of Intelligence as Department of State	nd Research
	Department of State	
	Mr. Richard L. Armitage	
	Deputy Assistant Secretary of Defer for East Asian and Pacific Affair	
	• Mr. Donald P. Gregg Office of the Assistant to the Pres	sident
	for National Security Affairs	
FROM :	John H. Stein	
	Deputy Director for Operations	
SUBJECT :	China's Position Regarding U.S. Sa	les of
	Fighter Aircraft to Taiwan	
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1. The at	ached report,	3.3(b)(1)
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U.S. sales of f	ighter aircraft to Taiwan. /	provided the 3.3(b)(1)
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THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE

SUBJECT: China's Position Regarding U.S. Sales of Fighter Aircraft to Taiwan

I. As of 10 December 1981, Chinese officials involved in Sino-U.S. relations believe that China and the U.S. are clearly moving farther apart on the issue of potential U.S sales of fighter aircraft to Taiwan; consequently, these officials are increasingly pessimistic that an acceptable solution to the differences dividing the two countries can be found.

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convey a belief that the U.S. public in general

favors continued U.S. military support to Taiwan.

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has noted that some U.S. Government officials have spoken out in favor of such support to Taiwan, that a number of U.S. newspaper editorials have supported Taiwan, and that some states have declared "Republic of China" days and have otherwise publicly recognized Taiwan.

- 2. Editorials by the official Chinese Communist Party (CCP) paper; "People's Daily," have become increasingly critical of the U.S. attitude toward the problem. Since the F-5E aircraft now possessed by Taiwan are already militarily superior to China's MiG fighters, China regards the issue not as a military one but as fundamentally one of policy and of politics on the U.S. side.

  China thinks the U.S. has delayed to an unreasonable degree in responding to China's request that a time and place he set for the planned bilateral negotiatons on this issue. The Chinese expected that when U.S. Undersecretary of State Stoessel visited Beijing in mid-November and spoke with Chinese Minister of Foreign Affairs Huang Hua the Undersecretary would bring some reply from Washington. Instead, the Undersecretary said the matter was still being discussed and that no decision had yet been reached.
- 3. The Chinese believe that an intense debate over U.S. policy toward China and Taiwan is going on at high levels of the U.S. Administration and that the U.S will not set a date for the negotiations with China until a policy decision has been

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made. China believes there is no question that the U.S. decision ultimately will be made by President Reagan alone. China fears the President is heavily influenced by conservative business interests with substantial investments in Taiwan. China assumes that the lucrative contract to co-produce the F-5E aircraft is an important economic and political consideration bearing on the U.S. decision. At present China sees nothing on the U.S. side which points toward a decision acceptable to China.

- The new tougher position in the Chinese official press can safely be interpreted as the line set by the Politburo. The New China News Agency (NCNA) commentary of 25 November rejecting a compromise which would involve the U.S. selling Taiwan an improved version of the F-5F accurately represents the current Chinese policy. Modification of the F-5E with the AIM 9L missile and the improved "look down" radar would significantly upgrade the aircraft's combat capability. China will not accept the sale by the U.S. to Taiwan of any jet fighter aircraft that represent an improvement over the F-5E which Taiwan and the U.S. now co-produce. Earlier, China would have accepted the sale of a modified F-5E, although under protest, if it felt that the U.S. sincerely intended to reduce its overall military sales to Taiwan over a period of Comment: reported the earlier 3.3(b)(1) Chinese position in China's tougher position is derived from several factors. First, China believes the U.S. Administration and public have no real intention of phasing out U.S. military support to Taiwan and that the U.S. public is still somewhat suspicious of long-term Chinese intentions. Second, China believes the U.S. is taking too long to meet to negotiate over this issue. Originally, China had expected the talks to be held in November or December, certainly before the end of the year. Pinally, China believes the U.S. is not sincere in its earlier stated intention to settle the Taiwan issue amicably with China over a period of time. Instead, China believes the U.S. is simply postponing the issuance of a clear statement of its policy toward China.
- 5. In view of these considerations China has come to believe that if it accepts the U.S. sale of modified F-5E aircraft to

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Taiwan, it will be tacitly accepting an upgrading of the weapons the U.S. sells Taiwan, something which China has stated it fundamentally opposes. Most important, China believes that to permit this sale now would be to establish a dangerous precedent and lead the U.S. to believe that at each successive discussion with China over arms sales to Taiwan, the U.S. can chip away the Chinese position and extract further concessions. China believes that it is important to take a strong stand now. This is not a bluff. The question of "face" is also very important to China. China believes that the U.S. is not treating it fairly or as an equal but is instead trifling with Chinese sensitivities. Consequently, China feels insulted.

- 6. Although Sino-U.S. relations are clearly declining, the Chinese Ministry of Foreign Affairs does not believe that either side will take any unilateral action regarding U.S. aircraft sales to China until the two sides have met to negotiate. Chinese diplomats have noted that both countries want to settle their problems without a downgrading in diplomatic relations which the USSR might seek to exploit. These diplomats point out that when diplomats get together to negotiate, they often manage to find a way around the most thorny problems to reach a solution. Some solution may yet be found which will satisfy both sides. Some Chinese officials believe that the U.S. may simply again postpone a decision on aircraft sales to Taiwan and delay making a clear U.S. statement of its China policy. This at least would defer for the time being any disturbance in diplomatic relations between the two. countries.
- 7. If Sino-U.S. relations continue to deteriorate, China believes it can quite properly look elsewhere, such as to Japan or Western Europe, for alliances. China has not changed its basic atitude toward the Soviet Union and does not intend to play off the Soviet Union against the U.S. However, China recognizes that It the U.S. can no longer be counted on, China must realistically evaluate its foreign policy in order to survive in a world in which the U.S. is no longer its close partner. In this context, it would not be unusual for China to choose to reopen border talks with the Soviet Union. China does not view this possibility as a real of implied threat toward the U.S., but only as a contingent response to political realities.

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#### December 18, 1981

Dear Bob:

This is to acknowledge and thank you for your November 17 letter to the President, which we received on November 24, regarding the Administration's decision on providing modern defensive fighter aircraft to the Republic of China on Taiwan.

Please know that I have requested the President's foreign policy advisers to respond to the points which you and your colleagues have raised in this matter.

Your concerns are appreciated and will be given full consideration.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf Assistant to the President

The Honorable Robert W. Daniel, Jr. House of Representatives Washington, D.C. 20515

MLF/CMP/Lpt(MLF-10:43)

cc: w/copy of incoming, NSC Secretariat -- for DIRECT
 Response (with copy to Max L. Friedersdorf)

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# Congress of the United States Committee on Foreign Affairs

House of Representatives Washington, P.C. 20515

November 17, 1981.

n/X

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

Dear Mr. President:

We are concerned over the long delay in announcing the Administration's decision to provide modern defensive fighter aircraft to the Republic of China on Taiwan.

We are confident that the Taiwan Relations Act of 1979 and your own personal goodwill toward the ROC guarantee that the decision to provide these fighters will be favorable. Nevertheless, we think that the prolonged review of Taiwan's defensive needs has contributed to an inordinate growth of public speculation about the sale and possible PRC objections.

The Taiwan Relations Act gives the full force of law to the American commitment to supply adequate defensive weapons to the ROC. A dynamic and increasingly open society and a major trading partner of the U.S., the ROC is a strategic element in our security network. Its survival as a prosperous, viable nation is of obvious importance to the U.S.

Moreover, the readiness of this nation to keep its commitments to the ROC is viewed as a test case throughout Asia. Fulfillment of its commitments is evidence of U.S. reliability - Japan and several Southeast Asian nations are aware of this fact. The Peoples Republic of China should understand it too. We hope a favorable announcement of the question of fighters to the ROC will be made soon and that the spirit of the Taiwan Relations Act will be positively interpreted by your Administration on all points.

Sincerely,

Robert Wg Daniel, Jr., M.C.

Maril E. Freeze

Dan Lungrey, M.C.

Edward J. Derwinski, M.C.

George M. O'Brien, M.C.

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