



RELEASE IN PART B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Thursday, July 14, 2011 9:43 PM
To: H
Subject: Fw: Cable -- Burns Nom

From: Miguel Rodriguez [mailto:
Sent: Thursday, July 14, 2011 09:03 PM
To: Mills, Cheryl D
Subject: Cable -- Burns Nom

B6

Burns's State nomination held up over Texas-Taiwan F-16 sales

Posted By Josh Rogin  Thursday, July 14, 2011 - 5:48 PM



The State Department is engaged in an intensive effort to convince Sen. **John Cornyn** (R-TX) to lift his hold on the **nomination of Bill Burns** as deputy secretary of state, but Cornyn is demanding the administration clarify its policy on Taiwan arms sales before he'll do so.

Cornyn's hold on Burns's nomination has been in place since June 23, and it doesn't look like he will remove it any time soon. Cornyn likes Burns personally, his staff told *The Cable*, and he thinks Burns is right for the job, but Cornyn is using his power to hold up the nomination as leverage to force the Obama administration to do two things: release a long overdue report on Taiwan's air power capabilities to Congress, and finally acknowledge the Taiwan government's letter of request to buy 66 F-16 fighter planes from the United States.

"My primary concern is that the Obama Administration has allowed China to basically wield a veto over a U.S. arms sale that is in our national security interests, and I am troubled by the precedent this might set for the future of U.S.-China relations," Cornyn told *The Cable*. "It is outrageous, but not surprising that they are blocking a trade deal that supports many high-skilled jobs across the nation and would give our stalled economy a much-needed boost."

The F-16 is built by Lockheed Martin and related jobs are spread out over 44 states, but the bulk of the manufacturing and assembly takes place in Texas.

The State Department has been working hard behind the scenes to convince Cornyn to lift his hold. Secretary of State **Hillary Clinton** has personally engaged Cornyn twice on the issue, once in a phone call and once by

approaching him in person at an unrelated event. What's more, the State Department has been calling defense firms to ask them to find projects that could deliver jobs to Texas as a way to compensate Cornyn if the F-16 production line closes due to a lack of orders, according to three sources with direct knowledge of the interactions. One of the options the administration is considering is to offer Taiwan a package of upgrades for their existing fleet of older F-16s, the A and B models, which would provide Texas with a lower amount of jobs.

But Cornyn is not about to lift his hold on Burns in exchange for some Texas defense jobs, his staffer told *The Cable* in an interview.

"They seem to think we can be bought off with jobs on unrelated issues, but this is not a Texas parochial issue. This is about allowing the Chinese to have a veto over U.S. arms sales to anybody," the staffer said. "That's just unacceptable to let them do that, and that's exactly what's happening."

Congress mandated that the Obama administration issue a report on Taiwan's air power capabilities in the fiscal 2010 defense authorization bill, but that report is now several months late. Cornyn's staffer said that the Pentagon completed the report months ago but that the State Department is holding it up, and the report was last seen sitting on the desk of former Deputy Secretary **James Steinberg**.

"The State Department refuses to sign off on it," the staffer said. "It's in final form, it's been sitting there since February at the State Department, and they don't intend to sign it any time soon."

At an event at the Heritage Foundation, Cornyn said that Clinton told him she needed three more months before releasing the report, but the secretary didn't explain why. It's possible the administration wants to wait until after Vice President **Joe Biden** travels to China to meet Chinese Vice President **Xi Jinping**, who is likely the next leader of the country, next month.

Our administration sources tell us that the State Department is not holding up the report unilaterally. Rather, they say that the administration is waiting to release parts of the report in order to have it be accompanied by a new overall approach to the issue, which they are still finalizing.

These sources also say there is some worry inside the administration that Cornyn will not be satisfied until or unless the administration actually agrees to sell Taiwan the planes.

As for Taiwan's letter of request to buy F-16s, the administration has been playing a game with the Taiwanese -- telling them privately not to submit the letter so the administration wouldn't have to formally reject it and can continue to claim that no official request has been made.

But senators and lobbyists working on the F-16 issue have been pressing the Taiwanese to just go ahead and make the request public in order to place pressure on the administration and force them to declare their position on the arms sales, one way or the other.

"We've been encouraging the Taiwanese to tape it to the front door and walk away, like getting served a subpoena," said a Washington lobbyist who works on the F-16 issue. He said the Taiwanese have been trying to get the United States to accept the letter since 2006.

Cornyn also wants the administration to acknowledge publicly that the Taiwanese want to buy the F-16s, and then make clear either that the United States is willing or unwilling to fulfill that request.

"If you think that selling Taiwan new F-16s is not in our interest, then say it. Stop hiding behind this 'we haven't received an LOR from Taiwan' argument. We know they have just intimidated them out of submitting it. It's just a farce," the staffer said. "Come clean and stop playing this game."

There's very little chance the Obama administration would move forward with selling F-16s to Taiwan in the first place. The White House **delayed the delivery** of a \$6.2 billion arms package to Taiwan that was left over from the Bush administration until after President Obama visited Beijing in November 2009. But when the delivery finally went through in January 2010, the Chinese went ballistic and cut off military-to-military relations with Washington. The U.S. government is required by law to provide for the defense of Taiwan under the Taiwan Relations Act, but for years the United States has failed to provide Taiwan with the types of high-end systems that would allow the country to maintain parity with China. Meanwhile, the Chinese continue to stockpile missiles and other weapons on the coast opposite Taiwan.

"We have de facto ceased abiding by the TRA," said Bush administration Pentagon China official **Dan Blumenthal**. "We are supposed to sell arms to Taiwan based on their objective defense needs. Does Taiwan not need an air force? This started under Bush and has continued under Obama."

Heading into the 2012 presidential election season, Taiwan's friends in Washington, both on the Hill and on K Street, are preparing a new push to elevate the F-16 debate from an insider's policy discussion into a political issue. Their argument will be as much about jobs as U.S. national security: They plan to make the case that if Taiwan doesn't get to buy the F-16, the production line will close and thousands of U.S. workers will be out of a job.

"In the absence of the Taiwan order for 66 F-16s, the coming closing of the F-16 line in Fort Worth, Texas heralds a double hit for the interests of the United States that encompasses the strategic tool that the line represents for US national security interests as well as the essential job skills and manufacturing prowess that the F-16 supply chain and production facility represent for the US economy," said **Rupert J. Hammond-Chambers**, the president of the U.S. Taiwan Business Council.

The advocates say that without new orders, the F-16 production line will close in October 2013, and new orders for parts will start to peter out as early as the end of this year. They point to a **report** produced by Lockheed Martin, which makes the F-16, showing a state-by-state breakdown of the thousands of jobs that would be lost if the jet fighter's production line is closed.

"Particularly hard hit are states such as Texas, Florida and Ohio with in excess of 1,000 high paying aerospace jobs per state lost. This will be devastating for communities in these states indeed for all of the 40 plus states in the country whose communities contribute to the production of F-16s," Hammond-Chambers said.

Meanwhile, the Burns nomination remains stalled and the path to a compromise between Cornyn and Clinton remains unclear.

"They want the issue to go away, but we're not going to let it go away," the Cornyn staffer said.

What's more, if Cornyn does lift his hold, that doesn't mean it will be smooth sailing for Burns's nomination. We have confirmed that there is at least one more GOP Senate hold on the Burns nomination due to a separate issue.

Sent from my iPad