

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: HOWARD H LANGE
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DATE/CASE ID: 01 OCT 2008 200702086

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INFO SWO-01 ED-01 X-01 SS-01 EAP-01 OES-01 SNP-01
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ACTION SS-00

INFO LOG-00 ADS-00 /000 W
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FM AIT TAIPEI
TO AIT WASHDC PRIORITY

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AIT/W PASS STATE FOR OES/NTS AND S/NP

E.O. 12356: DECL: OADR -
TAGS: KNNP, TW, TRGY
SUBJECT: VISIT TO TAIWAN/CSIST FACILITIES

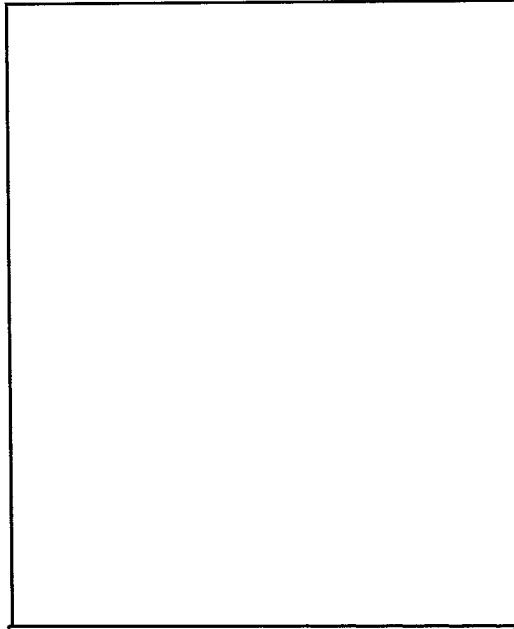
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1. SECRET - ENTIRE TEXT.

2. AIT TEAM CARRIED OUT FIRST DAY'S VISIT TO CHUNG SHAN INSTITUTE OF SCIENCE AND TECHNOLOGY (CSIST) ON OCT. 17, AS SPECIFIED REFTEL. TEAM WAS ESCORTED TO CSIST MAIN ADMINISTRATION BUILDING BY MR. ANTHONY WU OF THE CSIST PLANNING DIRECTOR'S STAFF. MR. WU HAD SPENT 12 YEARS IN WASHINGTON IN TWO SEPARATE STRETCHES, FIRST STUDYING NUCLEAR PHYSICS AND AS SCIENCE ATTACHE WITH THE ROC EMBASSY AND CCNAA/W. TEAM WAS MET BY VICE ADM LIU (TECHNICAL BACKGROUND IN ELECTRONICS ENGINEERING); WU'S BOSS, ADMIRAL JACKSON CHUNG (ELECTRONICS ENGINEERING, OREGON STATE); "POLITICAL WARFARE" DIVISION HEAD (AIR FORCE) COLONEL LU (PRONOUNCED WITH UNLAUTED U: LU HAS A BS IN INDUSTRIAL ENGINEERING FROM U. OF PITTSBURGH AND A HARVARD MBA; HE WAS RECENTLY PROMOTED FROM HEAD OF CONSTRUCTION AND PROCUREMENT; ADM LIU INFORMED HIM IN THE TEAM'S PRESENCE THAT HE WOULD BE PROMOTED TO THE RANK OF GENERAL AFTER THE FIRST OF THE YEAR. LU IS IN CHARGE OF ALL SECURITY OPERATIONS!) ADM HSIA ARRIVED SHORTLY IN SUMMER KHAKI UNIFORM.

cc: SS
cc: JH
cc: file

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DR. HSU SHU-EN, HAS BEEN INVITED TO THE U.S. NEXT WEEK

BOTH HE AND HIS DEPUTY, DR. YANG SHENG-JENN, WERE EDUCATED AT STANFORD.

6. FINALLY, AN HOUR BEHIND SCHEDULE AT 1600, THE TEAM RETURNED TO THE MAIN ADMINISTRATION BUILDING TO WRAP-UP THE DAY, AS HAD BEEN AGREED EARLIER, ON TWO TOPICS: 1) THE SEPARATION BETWEEN INER AND CSIST, AND 2) EXPORT-RELATED QUESTIONS. BY ASKING SO MANY QUESTIONS DURING THE TOUR, THE TEAM HAD

ALREADY KEPT ADM HSIA BEYOND HIS SCHEDULED DEPARTURE TIME, SO ADM LIU SUGGESTED WE START DIRECTLY WITH THE FIRST TOPIC. AS IT TURNED OUT, ADM HSIA STAYED FOR THE ENTIRE DISCUSSION, WHICH LASTED UNTIL WELL AFTER 1700.

7. BOTH ADM'S HSIA AND LIU EMPHASIZED THAT THEY HAD ALREADY MADE THE DECISION TO SEPARATE CSIST AND INER AND WERE CARRYING THAT DECISION OUT. LIU POINTED OUT THAT THE ONLY REASON CSIST AND INER HAD BEEN TOGETHER FROM THE BEGINNING WAS THAT TAIWAN ATOMIC ENERGY COUNCIL (TAEC) CHAIRMAN YEN HAD STARTED THEM BOTH 20 YEARS AGO. AS OF OCT. 1, 1988, THEY NO LONGER HAVE ANY CONNECTION, EXCEPT FOR WHAT LIU DESCRIBED AS "GENERAL ADMINISTRATION" SUPPORT, FOR WHICH HE GAVE AS EXAMPLES BUS TRANSPORTATION, DINING ROOM AND THE TELEPHONE SWITCHBOARD. IN THE PAST, CSIST HAD CARRIED OUT PROCUREMENT FOR INER; ON OCT. 1, THAT STOPPED AND PROCUREMENT FOR INER IS NOW SOLELY TAEC'S RESPONSIBILITY. ON PHYSICAL PROXIMITY, HSIA AND LIU SAID THAT INER WAS TO BE OPEN TO THE PUBLIC LIKE A UNIVERSITY, WHICH CSIST COULD NOT DO, SO THEY WERE IN THE PROCESS OF ERECTING A FENCE AND DEVISING NEW SECURITY PROCEDURES. INER WILL BE RESPONSIBLE FOR ITS OWN SECURITY. LIU SAID THAT IN PLACES WHERE CSIST AND INER BUILDINGS ARE INTERSPERSED, THE TWO ORGANIZATIONS PLAN TO TRADE BUILDINGS. IN REGARD TO THE JOINT CSIST/INER COMPUTER CENTER, LIU POINTED OUT THAT THEIR CENTER CAN BE REACHED THROUGH TERMINALS AT INER, TAIPOVER

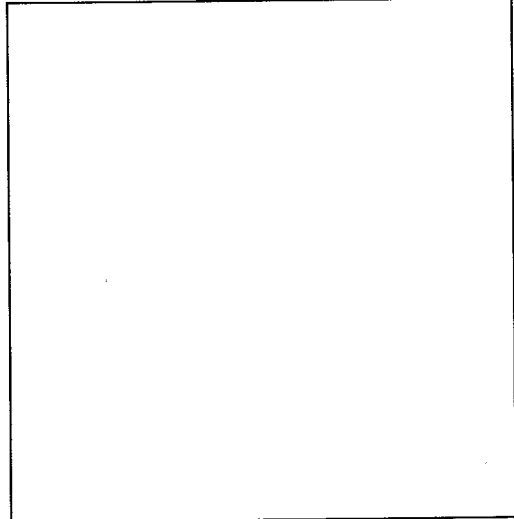
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AND SEVERAL UNIVERSITIES; INCLUDING TSING HUA
UNIVERSITY AND TAIWAN UNIVERSITY, BUT INER SHOULD
GET ITS OWN COMPUTER, WHICH WAS OF COURSE UP TO THE
TAEC:

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WE SHOULD BE ABLE TO FACILITATE THE REMAINDER. WITH
THIS, HSIA AND LIU SEEMED VERY SATISFIED WITH THE
DAYS' EFFORTS. THIS ASSESSMENT WAS LATER CONFIRMED
BY WU. DEAN

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8. SHIPLEY TOLD HSIA THAT THE TEAM WAS ENCOURAGED BY THE CONTENT AND TONE OF THE VISIT AND BY THE ACTIONS AND PLANS TOWARD INER/CSIST SEPARATION. HE WISHED HSIA TO UNDERSTAND THE NEED FOR CLARITY HERE: IT IS IN BOTH OUR INTERESTS FOR THE MUTUALLY BENEFICIAL TECHNICAL ASSISTANCE AND COOPERATION TO CONTINUE AND IMPROVE. THE U.S. HAS NONPROLIFERATION-RELATED LAWS AND PROCEDURES THAT CAN ADVERSELY AFFECT OUR ABILITY TO DO THAT OTHERWISE. PRESIDENT LEE TENG-HUI HAS MADE A COMMITMENT AGAINST ACQUIRING NUCLEAR WEAPONS. WE TAKE THAT AT FACE VALUE, WITHOUT QUESTION. AT THE SAME TIME, THOSE WHO CONTROL EXPORTS AND WORRY ABOUT NONPROLIFERATION MATTERS MUST BE CONVINCED THAT THIS CONTINUES TO BE THE CASE. ANYTHING CSIST CAN DO TO HELP IN THIS EFFORT WOULD BE BENEFICIAL. BOTH HSIA AND LIU SAID THEY UNDERSTAND CLEARLY AND WOULD WELCOME ANY FURTHER SUGGESTIONS WE MIGHT HAVE. TEAM CLEARLY STATED U.S. UNDERSTANDING WITH WHICH ADMIRAL HSIA AGREED: THERE IS CURRENTLY AND IN THE FUTURE NO NUCLEAR OR NUCLEAR RELATED RESEARCH AND DEVELOPMENT AT CSIST. AND THERE IS CURRENTLY AND IN THE FUTURE NO CLASSIFIED MILITARY R&D AT INER.

9. SHIPLEY THEN TURNED THE DISCUSSION TO EXPORT MATTERS. SEVERAL TIMES DURING THE DAY'S BRIEFINGS, CSIST HAD RAISED VARIOUS COMPONENTS AND TECHNOLOGIES THAT HAD BEEN UNABLE TO ACQUIRE FROM THE U.S. THE TEAM HAD ASKED FOR SOME INDICATION OF THEIR NATURE, WHICH WAS PROVIDED AT THIS TIME IN THE FORM OF A 13-ITEM TABLE, PLUS SPECS ON ECG SPARK GAPS THAT HAD BEEN REQUESTED EARLIER.

10. MENZEL NOTED THAT EXPORT REQUESTS ARE SUSCEPTIBLE TO ONE MAJOR PROBLEM: THE END-USE STATEMENTS ARE OFTEN INSUFFICIENT TO ALLOW A VALID JUDGEMENT TO BE MADE, IN WHICH CASE THE TENDENCY IS TO DELAY, DEFER OR DENY THE EXPORT. THE INSUFFICIENCY MAY OCCUR BECAUSE OF POOR VENDOR PREPARATION, WHICH IN TURN MAY STEM FROM LACK OF INFORMATION FROM CSIST OWING TO SECURITY CONCERNS, FOR EXAMPLE, MENZEL SUGGESTED A TWO-FOLD REMEDY: 1) PROVIDE BETTER END-USE STATEMENTS FOR THE VENDOR TO USE, AND 2) USE A PARALLEL CHANNEL, PERHAPS IN WASHINGTON, TO APPROPRIATE U.S. CONTACTS TO PROVIDE SUPPLEMENTARY INFORMATION ON THE EXPORT REQUEST AND ITS PURPOSE, INCLUDING CLASSIFIED INFORMATION.

11. BOTH HSIA AND LIU WERE HIGHLY PLEASED AT THIS POSSIBILITY. LIU STATED THAT THERE IS NO PROBLEM WITH 99.8 PERCENT OF THEIR IMPORT REQUESTS, PARTICULARLY IN THE MILITARY AREA. LIU NOTED THAT OFTEN CSIST HAS NO

IDEA THAT A REQUESTED EXPORT WOULD BE DIFFICULT IN SOME WAY FOR THE U.S., NOR DO THEY UNDERSTAND WHY SOME ARE DENIED, SOME NOT. SHIPLEY REPLIED THAT ANY EXPORT APPLICANT OUGHT TO HAVE THE RIGHT TO KNOW THE REASONS BEHIND ANY PARTICULAR EXPORT DECISION. FINDING THAT OUT COULD BE DONE THROUGH THE PARALLEL CHANNEL OUTLINED BY MENZEL. SHIPLEY ALSO POINTED OUT THAT, ALTHOUGH WE HOPED TO BE ABLE TO MAKE IMPROVEMENTS IN THE EXPORT PROCESS TO CSIST, HE DIDN'T WANT HSIA TO GET THE IMPRESSION THAT ALL PROBLEMS WOULD NOW BE SOLVED. THERE WOULD ALWAYS BE SOME ITEMS THAT THE U.S. COULD NEVER EXPORT TO ANYONE, INCLUDING CSIST. NONETHELESS,

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