

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HM 1293 Taiwan Policy Act of 2011

**SPONSOR(S):** Bernard

**TIED BILLS:** **IDEN./SIM. BILLS:** SM 1486

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Federal Affairs Subcommittee	10 Y, 0 N	Camechis	Camechis
2) State Affairs Committee	13 Y, 0 N	Camechis	Hamby

### SUMMARY ANALYSIS

This memorial urges Congress to pass House Resolution 2918, the Taiwan Policy Act of 2011.

On September 14, 2011, United States Representative Ileana Ros-Lehtinen (R-FL), Chairman of the House Foreign Affairs Committee, introduced H.R. 2918, the Taiwan Policy Act of 2011 (Act). The Act is intended to complement the Taiwan Relations Act of 1979 by strengthening and clarifying commercial, cultural, and other relations between the people of the United States and the people of Taiwan. The resolution is co-sponsored by 29 members of Congress, including Florida Representatives Bilirakis, Diaz-Balart, and Ross. Seven Democrats are among the co-sponsors.

According to the U.S. Department of State, the Obama Administration is already engaged in implementing most of the bill's provisions. Thus, the Congressional Budget Office estimates that implementing the bill will have a discretionary cost of less than \$500,000 a year, totaling \$1 million over the 2012-2016 period, assuming the availability of appropriated funds.

The Congressional Budget Office also asserts that the Act contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The memorial does not have a fiscal impact.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Effect of Proposed Changes

This memorial urges Congress to pass House Resolution 2918, the Taiwan Policy Act of 2011.

#### Current Situation

##### *Background*<sup>1</sup>

Taiwan is an island located in the western Pacific Ocean and is separated from the southeastern coast of China by the 99 mile wide Taiwan Strait. For all practical purposes, Taiwan is a multi-party democracy that has been independent since 1950; however, China regards Taiwan as a rebel region that must be reunited with the mainland.

Taiwan's rapid economic growth in the decades after World War II has transformed it into an industrialized developed country. It is categorized as an advanced economy by the International Monetary Fund and as a high-income economy by the World Bank. Its advanced technology industry plays a key role in the global economy. Taiwanese companies manufacture a large portion of the world's consumer electronics, although most of them are now made in their factories on mainland China.

In 1979, the United States Congress passed the Taiwan Relations Act (TRA) to (1) help maintain peace, security, and stability in the Western Pacific and (2) promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan.<sup>2</sup> In addition, the TRA states that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." The TRA also asserts that the U.S. would "consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States."

The security relationship between Taiwan and the United States has a long history reaching back as early as World War II, and the United States has long been a guarantor of Taiwan's security.<sup>3</sup> In the past, the military threat from the mainland has been partly offset by the pivotal relationship between Taiwan and the United States, which is the main weapons supplier to the island - one of the world's biggest buyers of arms. However, in 2010, when President Obama announced an agreement to sell \$6.4 billion in arms to Taiwan, including missiles, Black Hawk helicopters and mine-clearing ships, China broke off military contact with Washington for months. China later called the proposed sale of new F-16s a "red line" that must not be crossed.<sup>4</sup> In September 2011, Rep. Ileana Ros-Lehtinen (R-FL), Chairman of the House Foreign Affairs Committee, said, "Taiwan needs our help. China is on the march in Asia, and its primary target remains democratic Taiwan."<sup>5</sup>

Also in September 2011, Andrew N.D. Yang, Taiwan's vice minister of national defense, said, "These years, China is showing stronger and stronger reaction to U.S.-Taiwan arms sales," which he said has made the United States "more wary with arms sales." His comments were made in response to the Obama Administration's September 2011 offer to sell Taiwan supplies to upgrade aging Taiwanese warplanes

<sup>1</sup> Taiwan country profile, BBC News, found at [http://news.bbc.co.uk/2/hi/americas/country\\_profiles/1285915.stm](http://news.bbc.co.uk/2/hi/americas/country_profiles/1285915.stm).

<sup>2</sup> Taiwan Relations Act, Public Law 96-8, 96th Congress, Jan. 1, 1979.

<sup>3</sup> The Brookings Institution Taiwan-U.S. Quarterly Analysis, *The United States and Taiwan's Defense Transformation*, Feb. 2010, [http://www.brookings.edu/opinions/2010/02\\_taiwan\\_defense\\_huang.aspx](http://www.brookings.edu/opinions/2010/02_taiwan_defense_huang.aspx)

<sup>4</sup> Information in this paragraph obtained from *Obama administration defends decision not to sell new F-16s to Taiwan*, William Wan and Keith B. Richburg, The Washington Post, Sept. 19, 2011.

<sup>5</sup> Ros-Lehtinen Opening Statement at Hearing on Taiwan, Committee on Foreign Affairs, Oct. 04, 2011, found at [http://policyhttp://foreignaffairs.house.gov/press\\_display.asp?id=2006](http://policyhttp://foreignaffairs.house.gov/press_display.asp?id=2006).

rather than 66 F-16 fighter jets as requested. Taiwan's government said it would continue to request the later generation jets to help defend itself against potential aggression against China.

### *Current Situation*

On September 14, 2011, United States Representative Ileana Ros-Lehtinen (R-FL), Chairman of the House Foreign Affairs Committee, introduced H.R. 2918, the Taiwan Policy Act of 2011 (Act). The Act is intended to complement the Taiwan Relations Act of 1979 (TRA) by strengthening and clarifying commercial, cultural, and other relations between the people of the United States and the people of Taiwan. The resolution is co-sponsored by 29 members of Congress, including Florida Representatives Bilirakis, Diaz-Balart, and Ross. Seven Democrats are among the co-sponsors. As of January 12, 2012, a companion measure to HR 2918 had not been introduced in the U.S. Senate.

On November, 17, 2011, the House Committee on Foreign Relations adopted HR 2918. The resolution has been referred to the House Judiciary Committee, the Subcommittee on Immigration Policy and Enforcement, and the House Ways and Means Committee, but has not been heard in those committees.

The Act specifies that it shall be the policy of the United States to:

- Support Taiwan and the human rights of its people;
- Permit senior leaders of Taiwan to enter the United States under conditions of appropriate respect and permit meetings between high level Taiwanese and U.S. officials in all U.S. executive departments;
- Sign a comprehensive extradition agreement;
- Accept a letter of request from Taiwan for price and availability data or for a formal sales offer regarding the F-16C/D Fighting Falcon aircraft; and
- Include Taiwan in the visa waiver program.<sup>6</sup>

The Act also states that, in conducting relations with Taiwan and China, the United States continues to assent to the six assurances provided to Taiwan in 1982. The Six Assurances are that the United States: has not agreed to set a date for ending arms sales to Taiwan; has not agreed to hold prior consultations with China regarding arms sales to Taiwan; will not play a mediation role between China and Taiwan; will not revise the Taiwan Relations Act; has not altered its position regarding sovereignty over Taiwan; and will not exert pressure on Taiwan to enter into negotiations with the China.

The Act also authorizes the President to make available to Taiwan defense items or defense services, including air, maritime, and ground capabilities.

According to the Congressional Budget Office (CBO), the Act will affect various aspects of U.S. policy with respect to Taiwan by:

- Requiring the Department of State to ensure Taiwan's meaningful participation in certain international organizations and provide annual reports and briefings to the Congress on its progress;
- Authorizing the President to transfer defense articles and services to Taiwan and require detailed briefings and annual reports to the Congress on such transfers; and
- Requiring reports to the Congress regarding an extradition agreement between the two countries, current security policy toward Taiwan, and the potential for Taiwan's inclusion in the Visa Waiver Program.

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<sup>6</sup> The Visa Waiver Program (VWP) enables nationals of 36 participating countries to travel to the United States for tourism or business (visitor [B] visa purposes only) for stays of 90 days or less without obtaining a visa. The program was established to eliminate unnecessary barriers to travel, stimulating the tourism industry, and permitting the Department of State to focus consular resources in other areas. VWP eligible travelers may apply for a visa, if they prefer to do so. Nationals of VWP countries must meet eligibility requirements to travel without a visa on VWP, and therefore, some travelers from VWP countries are not eligible to use the program. VWP travelers are required to have a valid authorization through the Electronic System for Travel Authorization (ESTA) prior to travel, are screened at the port of entry into the United States, and are enrolled in the Department of Homeland Security's US-VISIT program. See U.S. State Department, found at [http://travel.state.gov/visa/temp/without/without\\_1990.html#vwp](http://travel.state.gov/visa/temp/without/without_1990.html#vwp).

According to the Department of State, the Administration is already engaged in implementing most of the bill's provisions. Thus, the CBO estimates that implementing the bill will have a discretionary cost of less than \$500,000 a year, totaling \$1 million over the 2012-2016 period, assuming the availability of appropriated funds.<sup>7</sup>

The CBO also asserts that the Act contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.<sup>8</sup>

B. SECTION DIRECTORY: Not applicable.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.
2. Expenditures: None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.
2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS: None.

## **III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: Not applicable.
2. Other: None.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

## **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.

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<sup>7</sup> Congressional Budget Office Cost Estimate, H.R. 2918 Taiwan Policy Act of 2011, November 30th, 2011. Available at: <http://www.cbo.gov/ftpdocs/125xx/doc12579/hr2918.pdf>.

<sup>8</sup> See footnote 1.