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Security Information

OGC Has Reviewed

12 November 1953

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MEMORANDUM FOR: [REDACTED] Liaison Officer, OCD

SUBJECT : FOA Liaison

1. I am proceeding with the establishment of a liaison with Dr. Raymond Moyer of the Foreign Operations Administration in connection with legislation proposed for introduction into the Legislative Yuan of the Chinese Government on Formosa to liberalize restrictions on the investment of foreign capital in that country. While the proposed legislation is unclassified, I believe the interest of this Office in it should be considered "Confidential" and not revealed outside of the Agency. Although we have copies of the legislation for discussion with any Agency personnel who might have a legitimate interest, the requests from outside of the Agency should be addressed to the Foreign Operations Administration, which is considering the same draft.

2. Generally, the legislation would permit ownership and control of corporate and other business entities on Formosa, which have heretofore been prohibited. Various conditions and limitations are imposed, particularly on withdrawal of capital or conversion into foreign currencies. The Legislative Yuan is presently in session, but the bill has not been introduced. So far as we know, however, the present draft has been agreed to by all interested administrative agencies and presumably would not be changed by the Chinese. The bill might be introduced in late November, and if so it will probably be passed in its present form. If its introduction is delayed to middle winter or next spring, which we believe probable, the Foreign Operations Administration may make overtures to the Chinese to liberalize the bill further in order to attract further business.

3. The Foreign Operations Administration has \$15,000,000 allocated for Fiscal Year 1954 for the encouragement of business in the area and, consequently, could bring considerable pressure to bear to liberalize the act. On the other hand, negotiations on this might postpone passage indefinitely. As far as I know

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the Foreign Operations Administration has not made up its mind to make any approach, but does not plan to comment officially at this time on the present draft. The Foreign Operations Administration's views and possible moves in this regard are confidential for the present time.

LS
LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb

cc: OGC chrono

✓ OGC subject #110-Cross Ref "legislation

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