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UNITED STATES-TAIWAN RELATIONS ACT

MARCH 8, 1979.—Ordered to be printed

Mr. ZABLOCKI, from the Committee on Foreign Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2479]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs to whom was referred the bill (H.R. 2479) to help maintain peace, security, and stability in the Western Pacific and to promote continued extensive, close, and friendly relations between the people of the United States and the people on Taiwan, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

BACKGROUND AND COMMITTEE ACTION

On December 15, 1978, President Carter announced agreement by the United States and the People's Republic of China to recognize each other and to establish diplomatic relations as of January 1, 1979. In a joint communique, the United States recognized the government of the People's Republic of China as "the sole legal government of China," but stated that "the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan." The exchange of Ambassadors and estblishment of embassies was set for March 1, 1979.

In furtherance of a policy of maintaining relations with Taiwan without official government representation and without diplomatic relations, and pending enactment of legislation on the subject, the President issued a Memorandum to all U.S. Government departments and agencies. The Presidential Memorandum directed the departments and agencies to continue to conduct programs, transactions and other

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relations with Taiwan; it stated that existing international agreements and arrangements with Taiwan would remain in force; it ordered that laws, regulations or orders of the United States which refer to a foreign country, state, government or similar entity be construed to apply to Taiwan; and it directed that U.S. interests will be represented, as appropriate, by an unofficial instrumentality in corporate form. On January 16, 1979, an entity was incorporated under the laws of the District of Columbia to serve as this instrumentality. It was named "The American Institute in Taiwan."

The President subsequently, on January 26, 1979, transmitted to Congress a draft bill to provide for legislative implementation of the above policy in regard to continuing relations with Taiwan. The purpose of the proposed legislation was "to promote the foreign policy of the United States through the maintenance of commercial, cultural and other relations with the people on Taiwan on an unofficial basis, and for other purposes." The President asked for prompt enactment of the legislation. The bill was introduced on January 29, as H.R. 1614, by Chairman Zablocki, by request, and referred to the Committee on Foreign Affairs.

The full Committee heard initial Administration testimony on Taiwan legislation from Secretary of State Vance on February 5, On February 7 it received testimony from Warren Christopher, Deputy Secretary of State. Deputy Secretary Christopher was accompanied by Herbert J. Hansell, State Department Legal Adviser, John M. Thomas, Assistant Secretary for Administration, and Harvey Feldman, State Department Taiwan Coordinator. On February 8, in morning and afternoon sessions, the Committee heard testimony from the Honorable George Hansen, Member of Congress from Idaho, from Ambassador Leonard Unger, former Ambassador to the Republic of China, from Ambassador David Kennedy, Chairman of the USA-ROC Economic Council, and from Ray S. Cline, Executive Director, World Power Studies, The Center for Strategic and International Studies, Georgetown University.

Following the hearings of the full Committee on Foreign Affairs, the Subcommittee on Asian and Pacific Affairs held public sessions on February 14 and 15, at which Executive branch and public witnesses testified. On February 14, Richard Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs, Michael Armacost, Deputy Assistant Secretary of Defense for East Asia, Pacific and Inter-American Affairs, and Lee Marks, State Department Deputy Legal Adviser, appeared. On February 15, the Honorable Jim Leach, Member of Congress from Iowa, Dr. Peng Ming-min, Director of the Taiwanese-American Society, Winston Lord, President of the Council on Foreign Relations, and Ambassador Walter P. McConaughy, former Ambassador to the Republic of China, appeared. Additionally, extensive material was received for the record by the full committee and the subcommittee in the course of the hearings.

During the hearings, various shortcomings in the Administration legislation were discussed and additional and alternative provisions were suggested. Chairman Zablocki subsequently circulated among Committee Members a new draft bill which was designed to remedy the deficiencies and reflect views expressed by Members, while also providing the President with the requested authority.

On February 27, the full committee met in morning and afternoon markup sessions, using the new draft as its markup document. The following day, February 28, H.R. 2479, a clean bill reflecting the Committee's action in markup, was introduced by Chairman Zablocki with 28 co-sponsors. The bill was ordered reported by the Committee on that date, a quorum being present.

Purpose of the Bill

The purpose of H.R. 2479, the United States-Taiwan Relations Act, is to help maintain peace, security, and stability in the Western Pacific and to promote continued extensive, close and friendly relations between the American people and the people of Taiwan.

Principle Features of the Bill

The bill combines in one package a declaration of principles governing U.S. policy toward Taiwan, protection of Taiwan security, and a legislative framework for carrying forward the full range of U.S. relationships with Taiwan in the absence of diplomatic ties. It stresses continuity of U.S. dealings with Taiwan in the future in the same manner as before January 1, 1979, with the exception of formal government-to-government relations.

Provisions and declarations in the bill include:

—Peace and stability in the Western Pacific are in the U.S. political, security, and economic interest and must be maintained. Continued close and friendly commercial, cultural and other relations with the people of Taiwan must be assured.

—Taiwan's future must be determined by peaceful means without prejudice to the well-being of the people on Taiwan. Any armed attack against Taiwan, or use of force, boycott, or embargo, would be a threat to the peace and stability of the Western Pacific area and of grave concern to the United States.

—The United States will make available to Taiwan defense articles and services for its defense against armed attack. If Taiwan's security is threatened, the President shall promptly inform the Congress of any danger to U.S. interests, and the President and Congress shall determine appropriate action in accord with Constitutional processes.

—U.S. laws and programs will continue to apply with respect to Taiwan as if derecognition had not taken place. These include laws relating to rights, obligations, standing to sue and be sued, legal capacity, or eligibility for Taiwan to take part in programs and other activities under U.S. laws.

—All treaties and international agreements between the United States and the Republic of China which were in force on December 31, 1978, will continue in force unless terminated under their own terms or otherwise in accordance with U.S. laws.

—All interests in property, tangible or intangible, which the Republic of China acquired before January 1, 1979, shall not be affected by derecognition.

—U.S. Government dealings with Taiwan shall be conducted through a nongovernmental entity which the President designates.

U.S. laws may be applied to the designated entity by the President as if it were a U.S. Government agency.

—Taiwan dealings with the U.S. Government shall be conducted through an instrumentality established by Taiwan in agreement with the President.

—Privileges and immunities for the personnel of the Taiwan instrumentality in the United States and its personnel may be extended reciprocally for such privileges and immunities provided by Taiwan to the employees of the U.S. entity on Taiwan.

—U.S. Government personnel may be temporarily separated from Government service to work for the U.S. entity on Taiwan, without disadvantage to their government careers upon returning to government service and without loss of benefits.

—Employees of the U.S. entity on Taiwan are authorized to perform services for protection of U.S. citizens and businesses which would be performed by U.S. consular officers in countries with which the United States has diplomatic relations.

Taiwan is defined in the bill as including, as the context requires: The islands of Taiwan and the Pescadores; the inhabitants of those islands corporations and other entities and associations created or organized under the laws applied there; and the authorities exercising governmental control on those islands, including their agencies and instrumentalities.

Committee Comment

The establishment of full diplomatic relations between the United States and the People's Republic of China (PRC), which has been widely welcomed in the Congress and by the American people generally, has been accompanied by concern that this action not affect adversely the future well-being of the people on Taiwan or the wide range of non-diplomatic relationships between the United States and Taiwan. Such concern was reflected by the President when, in his December 15, 1978, announcement of the agreement with Peking, he stated that the American people will continue to have "extensive, close, and friendly relations" with the people of Taiwan. The intention of the Committee in approving H.R. 2479 is to give legislative embodiment to the policy of continuing and promoting the extensive range of nongovernmental relations between the United States and Taiwan within a framework of peace and stability in the Western Pacific area.

The draft legislation submitted by the Executive branch provided for the continuation of daily relationships between the United States Government and Taiwan previously handled through embassies, through new instrumentalities set up as private entities. The executive branch legislation specified that, for the United States, the entity is to be the "American Institute in Taiwan," a non-profit corporation incorporated under the laws of the District of Columbia. In the committee's view, the executive branch bill, H.R. 1614, did not address the broader concern for future peace and security of Taiwan, particularly in view of the President's announcement of intent to terminate, as of December 31, 1979, the U.S.–ROC Mutual Defense Treaty; nor did it give sufficient emphasis to assuring a strong legal foundation for continuing, as if derecognition had not taken place, the broad

scope of private commercial, cultural, and other nongovernmental activities that constitute the great bulk of relationships between the United States and Taiwan. Accordingly, the committee drafted and approved a clean bill, H.R. 2479, which addresses future U.S. policy toward Taiwan as a package: it deals with policy, with security, and with the legal foundation for continuing business and other relationships with Taiwan, as well as providing for a nongovernmental entity to handle matters previously handled by the American Embassy in Taipei.

SECURITY FOR TAIWAN

Since continued security for Taiwan and peace in the Western Pacific are in the U.S. national interest and are a necessary condition for maintaining United States-Taiwan relationships, the Committee gave particular attention to security provisions in the bill.

Two principles in the bill's policy declaration specifically address the question of protection for Taiwan. The fourth principle states that the future of Taiwan must be determined through peaceful means in a way that will not prejudice the well-being of the people on Taiwan. The fifth principle declares that an armed attack against Taiwan or use of force, boycott or embargo to prevent Taiwan from engaging in foreign trade would threaten peace and stability in the region and be of grave concern to the United States.

These principles are followed in the bill by a section for protection of U.S. security interests. This section stipulates that the United States will supply Taiwan with defense articles and services for its defense against armed attack. Secondly, it requires the President to inform Congress promptly of any danger to U.S. interests arising from threats to Taiwan and for joint Presidential-congressional determination of appropriate action in response.

The security provisions are designed to make clear, among other things, that settlement of issues involving Taiwan by use of military force or coercion, such as through interference with economic relationship, by boycotts, embargoes, or other means, is unacceptable to the United States. The committee has taken into account policy statements made by the executive branch at the time of establishment of diplomatic relations with the People's Republic of China. In the President's statement on last December 15, for example, he said "the United States is confident that the people of Taiwan face a peaceful and prosperous future. The United States continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue will be settled peacefully by the Chinese themselves." The parallel Chinese statement of the same date did not contradict the U.S. stand on a peaceful settlement of the Taiwan question.

The committee also notes various political and military factors that help insure the security of Taiwan and encourage a peaceful resolution of issues affecting Taiwan likely. Executive branch witnesses testified that an armed attack on Taiwan is unlikely, that militarily the PRC is not now capable of mounting a successful invasion across the 100-mile-wide Taiwan Strait, and that any PRC attempt to mount an invasion of Taiwan would require the PRC to weaken important defenses on its borders with the U.S.S.R. and Vietnam. From a political standpoint,

the administration witnesses stated that such an attack would undermine the PRC's modernization effort and particularly jeopardize the active cooperation required of the United States, Japan and the West in general for the modernization to succeed. It would also undermine Chinese relations with many countries in Asia which remain extremely sensitive to Taiwan's fate. Also, in the judgment of executive branch witnesses, a PRC blockade of trade with Taiwan would pose prohibitive costs and risks while offering little assurance of success.

These judgments, while not in themselves a guarantee of security for Taiwan in future years, do indicate that military action against Taiwan is unlikely in the near term and would be readily detected by the United States and other countries of the world and that appropriate response would be possible. In the meanwhile, the committee is making clear in this legislation that the United States will continue to sell arms to Taiwan for its defense. The United States currently is preparing to deliver previously ordered defense equipment in the pipeline valued at more than $850 million. It is the committee's intent that the United States will continue to make available modern weapons for Taiwan, and not shift to a policy of supplying only obsolete weapons. In fact the United States should make available those types of conventional weapons and equipment needed for Taiwan's defense and not upon the reaction that supplying such defense articles or defense services might stimulate.

If, nonetheless, an armed attack or use of force against Taiwan were to occur, the legislation makes clear that there should be a prompt response by the United States. What would be appropriate action, including possible use of force in Taiwan's defense, would depend on the specific circumstances. The committee does not attempt to specify in advance what the particular circumstances or response might be; and in any event, U.S. action is to be according to Constitutional processes. In the committee's opinion, at the very least, the United States should seriously consider withdrawing recognition of the PRC.

Finally, the committee takes particular note of recent statements by Chinese leaders, most notably by Chinese Vice Premier Teng Hsiao-p'ing, which indicate that the PRC will accept a Taiwan, that will maintain its present economic and social system, that will continue foreign trade and investment and people-to-people contact, and maintain its own armed forces. These policy statements are welcomed and are of some consultation to the many Americans concerned about the future security of Taiwan.

MAINTENANCE OF COMMERCIAL, CULTURAL, AND OTHER RELATIONS WITH TAIWAN

The bill is intended to assure that the many commercial, cultural, and other relations between the United States and Taiwan continue as they had prior to the establishment of diplomatic relations with the People's Republic of China and that there be no hiatus in such relations nor inadequate protection given to such relations by U.S. law. Title II of the bill contains provisions which continue the applicability of U.S. law with respect to Taiwan and continue the validity of Taiwan law with respect to the United States. Under the title, provision is also made for continuation of relations through a nongovern-

mental entity. Measures regarding employment with the entity and functions of the entity are also stipulated.

Commercial, cultural, and other relations with Taiwan are important to the people on Taiwan and of the United States. Trade, investment, and a broad range of private dealings of the United States and Taiwan should not be jeopardized by the action of establishing formal diplomatic relations with the People's Republic of China. Diverse American relationships with Taiwan, such as those formalized in approximately 55 international agreements, should not be broken.

In conclusion, the committee emphasizes that the intention of this legislation is to demonstrate its concern for the welfare and security of the people on Taiwan, and to provide a necessary legal framework which will permit the continuation and expansion of the many commercial and other nongovernmental activities which are the backbone of United States-Taiwan relations.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title

This section cites the Act as the "United States-Taiwan Relations Act."

Section 2—Declaration of principles governing United States policy with regard to Taiwan

This section states that the following principles shall govern U.S. policy with regard to Taiwan:

First, the United States desires to preserve and promote friendly relations with the people on Taiwan, as well as the people on the China mainland, and all other peoples of the Western Pacific area.

Second, peace and stability in the Western Pacific are in the U.S. political, security and economic interest, are of international concern, and must be maintained.

Third, continued extensive, close, and friendly commercial, cultural, and other relations between the American people and the people on Taiwan must be assured.

Fourth, the future of Taiwan must be determined through peaceful means without prejudice to the well-being of the people on Taiwan.

Fifth, any armed attack against Taiwan, or use of force, boycott, or embargo to prevent Taiwan from trading with other nations, would be a threat to the peace and stability of the area and of grave concern to the United States.

TITLE I—PROMOTION OF SECURITY IN THE WESTERN PACIFIC: PROTECTION OF UNITED STATES SECURITY INTERESTS

Section 101(a).—This section states that the United States will make available to Taiwan defense articles and services for its defense against armed attack. The provision would continue U.S. arms supply policy which was in effect under the Mutual Defense Treaty with the Republic of China prior to the President's notification of intent to terminate the treaty.

Section 101(b).—This section requires that the President promptly inform Congress of any dangers to U.S. interests arising from any

threat to the security of Taiwan. Where possible, the President should inform Congress of anticipated dangers and should not await their actual occurrence. Information relevant to this section would include information about development of military capability that might threaten Taiwan, deployment of armed forces in positions that could threaten Taiwan and any perceived intentions to undermine continued peace and prosperity on Taiwan. Such information would also include information about actions or anticipated action of an economic nature, such as boycott or embargo, which also would be a threat to Taiwan.

This section also specifies that in the event such information is received, the President and Congress shall determine an appropriate response in accordance with Constitutional processes. This section is not intended to supersede other statutory requirements. In particular, all of the provisions of the War Powers Resolution, including its provisions regarding consultation and reporting, remain fully applicable with respect to Taiwan.

TITLE II—MAINTENANCE OF COMMERCIAL AND OTHER RELATIONS

Title II is designed to provide legislative implementation for the purpose, as stated in the title of the bill, of promoting continued extensive, close, and friendly relations between the people of the United States and the people on Taiwan. Paragraphs (1), (2), and (3), of the Declaration of Principles in section 2, are particularly applicable to this title.

Section 201—Application of United States laws to Taiwan

This section deals with U.S. domestic law as it affects or relates to Taiwan. It is designed to continue the application of all U.S. laws, both Federal and State, with respect to Taiwan, as if derecognition had not occurred. In other words, derecognition is to be legally irrelevant in deciding issues involving Taiwan under U.S. law. In particular, this section preserves the rights and obligations of Taiwan under U.S. law.

Section 201(a) provides that no U.S. legal requirement, explicit or implicit, concerning existence of diplomatic relations or governmental recognition shall apply with respect to Taiwan. This provision makes clear that any legal requirements for maintenance of diplomatic relations with the United States or for recognition of a foreign government by the United States shall not apply to, or be a bar to, Taiwan participation in activities of any kind under United States law, including government programs. For example, provisions of laws such as section 620(t) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(t)), which prohibits U.S. assistance to any country with which U.S. diplomatic relations have been severed, will not apply to Taiwan. The provision is also intended to make inapplicable the requirements for diplomatic relations with, or recognition by, the United States which might be implied by terms such as "friendly country" contained in various statutes. One such provision of particular importance is section 4A of the Export Administration Act of 1969 which prohibits U.S. persons from complying with a foreign boycott directed against a friendly country. The bill will ensure that those prohibitions would apply with respect to any boycott against Taiwan.

Section 201(b)(1) provides that the absence of diplomatic relations and recognition shall not affect the application of U.S. laws with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979. This section continues the application of U.S. laws to Taiwan after January 1, 1979, the date of derecognition, in the manner that U.S. laws applied prior to that date. This section expressly provides that among the laws which shall continue to apply are those relating to rights, obligations, standing to sue and be sued, legal capacity, or eligibility to take part in U.S. Government programs and other activities. Accordingly, the legal rights and obligations of the Republic of China remain valid under U.S. law and are unaffected by derecognition. The rights and obligations of corporations and other entities established under the laws of Taiwan are similarly protected. Legal rights assured by this section include both contract rights and property rights. They include rights involving bank assets and other intangible assets. Obligations which will remain binding under this section include the obligations of the Republic of China with respect to loans and guarantees, obligations that will continue unaffected by derecognition. Regarding rights and obligations, the bill is applicable both to those which existed prior to January 1, 1979, the date of derecognition of the Republic of China by the President, and the rights and obligations which might arise subsequent to that date.

In providing that the U.S. laws will continue to apply with respect to Taiwan without regard to the presence of diplomatic relations or recognition, this section will also insure that the Republic of China will continue to have standing to sue and be sued in U.S. Federal and State courts as before. Similarly, the ability to sue and be sued of corporations and other entities established under the laws of Taiwan remains unchanged. The laws of Taiwan will have the same validity under U.S. laws as before. For example, marriages performed under Taiwan law will continue to be recognized as valid in the United States. Likewise, a business contract entered into under Taiwan law will continue to be dealt with under U.S. law as before. Judgments rendered by the courts of Taiwan will continue to be enforceable in U.S. courts.

Furthermore, derecognition will not affect the applicability to Taiwan of U.S. laws referring to foreign countries, governments, states, nations, and similar entities. Similarly, restrictions applicable to communist countries will not apply to Taiwan. Thus Taiwan will continue to be eligible under such U.S. laws as the Arms Export Control Act, the Atomic Energy Act of 1954, the Export-Import Bank Act, the Foreign Assistance Act of 1961 (including its provisions authorizing overseas private investment insurance), the Mutual Educational and Cultural Exchange Act of 1961, and the trade laws of the United States (including nondiscriminatory trade treatment (most-favored-nation status) and the generalized system of preferences (GSP)). Exports from Taiwan to the United States will not be combined with those from the People's Republic of China in determining GSP or orderly marketing agreement limits.

Because Taiwan continues to be treated as a foreign country, taxes imposed by Taiwan will be treated as taxes imposed by a foreign

country. Thus, Taiwan real property taxes would generally be deductible (Section 164 of the Internal Revenue Code) and income taxes would be deductible or creditable (Section 33 of the Internal Revenue Code) for Federal income tax purposes if the other requirements of the Internal Revenue Code are met.

Moreover, any U.S. source income of the governing authority on Taiwan would be exempt from Federal income taxation to the same extent as the income of a foreign government (Section 892 of the Internal Revenue Code). (The exemption from tax for foreign governments would not apply to the people governed by that governing authority.) Similarly, employees of the governing authority on Taiwan could qualify for exemption from Federal income taxation under the same rules which apply to employees of a foreign government (Section 893).

Because section 205(2) of the bill provides that the term "Taiwan," when used in a geographical sense, includes the islands of Taiwan and the Pescadores, that definition will apply under the provisions of the internal revenue laws of the United States which refer to foreign countries in a geographic sense. Thus, for example, residence or presence in Taiwan would be treated as residence or presence in a "foreign country" to determine eligibility for the deduction for excess foreign living costs (Section 913 of the Internal Revenue Code).

This section of the bill does not "freeze" the application of U.S. law with respect to Taiwan. It affects application of future laws as well as existing laws. Likewise, this section does not affect the future resolution of legal issues based on changed circumstances; it simply makes the fact of derecognition irrelevant to the resolution of those issues. For example, under this section the Nuclear Regulatory Commission will be able to make the required findings and determinations under the Atomic Energy Act of 1954 in order to permit continued nuclear exports to Taiwan, and derecognition will not constitute a basis for not making those findings and determinations. At the same time, nothing in this bill will prevent the Commission from taking into account subsequent changes in circumstances in its application of the statutory criteria in particular cases.

Section 201(b)(2) creates a specific exception to continue unchanged application of U.S. laws with respect to Taiwan. This exception is made for the first sentence of section 202(b) of the Immigration and Nationality Act of June 27, 1952. The exception makes it possible for Taiwan to be granted a U.S. immigration quota of 20,000 annually, rather than sharing such a quota with the People's Republic of China as has been the case in the past.

Section 201(b)(3) provides that pursuant to section 201(b)(1) above, dealing with the continued unchanged application of U.S. laws with respect to Taiwan, all interests in real or intangible property acquired by the Republic of China prior to January 1, 1979, shall not be affected by U.S. recognition of the People's Republic of China. Claims of the People's Republic of China will not affect property rights or assets of the Republic of China in the United States. This section applies to real property used for diplomatic purposes as well as all other property owned by the Republic of China before derecognition.

Section 201(c) is designed to make clear that all treaties and other international agreements between the United States and the Republic

of China which were in force before derecognition will continue to be in force. For example, the U.S.-ROC Treaty of Friendship, Commerce and Navigation, which provides a legal foundation for commercial relations between the United States and Taiwan, will continue without interruption. No United States-Republic of China treaty or international agreement would be terminated except that which is terminated under its terms or otherwise, pursuant to U.S. law.

The President has given notice of termination of the United States-Republic of China Mutual Defense Treaty under terms of the treaty. However, this provision is not intended to deal with that issue. It is intended to confirm as a matter of U.S. law the President's statement of December 30, 1978, that all other treaties and agreements then in force shall continue in force.

Section 202—Maintenance of relations

This section provides the modalities under which dealings between the United States Government and the authorities on Taiwan shall be conducted. Nothing in this bill requires that dealings by private parties be conducted through the entities described below.

Section 202(a)(1) provides that U.S. Government dealings with Taiwan shall be by or through a nongovernmental entity to be designated by the President after consultation with Taiwan. The Executive branch has indicated its intention to use, for this purpose the "American Institute in Taiwan," a nonprofit corporation incorporated under the laws of the District of Columbia. The committee would have preferred an entity with a name such as a "Commission," because of the Committee's desire to continue United States-Taiwan relations on as close to a government-to-government basis as possible. The language of this section, by not naming the designated entity, leaves flexibility for the choice of an entity other than, or with a name other than, "American Institute in Taiwan."

Section 202(a)(2) provides that Taiwan dealings with the United States shall be by or through a similar instrumentality established by Taiwan in agreement with the President for dealings with the United States. The Taiwan entity must hold whatever authority is necessary under Taiwan laws to act on Taiwan's behalf. It must be able to provide assurances as may be required of foreign governments by such U.S. laws as the statute governing exports of nuclear materials. In general, stipulations in U.S. laws for dealing with a "foreign government" will be satisfied, with respect to Taiwan, by dealing with this instrumentality. The authorities on Taiwan have established a Coordination Committee for North American Affairs as a nongovernmental entity to act on Taiwan's behalf in this regard.

Under the exception clause prefacing section 202(a), the President is given broad power to provide for dealings between the United States Government and the authorities on Taiwan without use of the designated entities. Thus he is not precluded by this bill from dealing on a government-to-government basis generally, or in specific instances, if he so chooses. Also, the provision for existence of the two entities is not intended as a requirement that they be the exclusive channel for dealings between the U.S. Government and private persons on Taiwan. For example, the U.S. Export-Import Bank will be able to continue activities on Taiwan, as it has in the past, without going through either of the new entities.

Under this legislation, existing provisions of law concerning reporting to Congress and Congressional review in relation to international agreements and other transactions continue to apply to agreements and transactions made by or on behalf of the United States Government in relation to Taiwan. For example, agreements entered into by the designated entity with the Taiwan instrumentality will be subject to the reporting requirements of the Case-Zablocki Act (1 U.S.C. 112b) and other applicable congressional review provisions, such as section 123 of the Atomic Energy Act. Statutory procedures applicable to other types of transactions such as various provisions of the Nuclear Non-Proliferation Act of 1978 and the Arms Export Control Act, continue to apply.

Section 202(b) is intended to provide the U.S. designated entity with all attributes necessary to function in the absence of a diplomatic mission in Taipei. Under Section 202(b)(1) U.S. laws applying to U.S. Government agencies shall apply to the designated entity, to the extent the President may specify, as if it were an agency of the U.S. Government. For example, under this provision the designated entity may be audited by the General Accounting Office and would not be subject to antitrust action.

Also, the designated entity, its property, and its income could be exempted from all taxation imposed by the United States or by any State or local taxing authority of the United States. The only exception to this rule would be for Social Security taxes of certain employees of the designated entity, as discussed below. In addition, contributions to or for the use of the designated entity could qualify (within the limits otherwise applicable) as deductions for Federal income, estate, and gift tax purposes.

If the designated entity is treated as a Federal agency for social security purposes, the designated entity and its employees generally will not be subject to social security (FICA) taxes and service for the designated entity generally will not earn its employees quarters of coverage toward qualification for social security benefits. However, under section 203(a)(3) of the bill, employees of the designated entity who have been separated from Federal service are entitled to continue to participate in any benefit program in which they were covered prior to employment by the designated entity. This includes the Social Security program. Thus, in the event that an employee of the designated entity was covered by Social Security in his Federal employment immediately prior to separation, he will continue while employed by the designated entity. In that situation, both the designated entity and the employee will be subject to FICA taxes on wages paid by the designated entity, and his service for the designated entity will be covered employment under title II of the Social Security Act. Treatment of the designated entity as a Federal agency would not prevent its former employees from using their service for the designated entity toward qualification for coverage under State unemployment compensation programs. This coverage would be pursuant to the right of employees of the designated entity separated from Federal service to continue to participate in two benefit programs, Unemployment Compensation for Federal Civilian Employees and Unemployment Compensation for Ex-Servicemen. The designated entity would not be subject to taxation under the Federal Unemployment Tax Act (FUTA).

Under Section 202(b)(2) any U.S. Government agency may sell, loan, or lease property to and perform support functions and services for the designated entity as the President may direct. Reimbursements to the agencies under this subsection shall be credited to the current applicable appropriation of the agency concerned.

Under Section 202(b)(3) any U.S. Government agency may acquire and accept services from the designated entity on such terms and conditions as the President directs, notwithstanding laws and regulations normally applicable to federal procurement.

Section 202(c) authorizes the granting of privileges and immunities for the Taiwan instrumentality, including both property and personnel, to the extent needed for it to carry out its functions in the United States. The granting of such privileges and immunities is conditioned on comparable privileges and immunities being accorded by Taiwan to the U.S. designated entity and its personnel. It is the Committee's expectation that the President will accord extensive privileges and immunities to the Taiwan instrumentality on a reciprocal basis, including secure pouch communications, inviolability of premises, exemption from property and income taxes, exemption from foreign agent registration requirements, and immunity of personnel with respect to the performance of their functions.

Section 203—Separation of Government personnel for employment with the designated entity

Section 203(a)(1) provides that a federal officer or employee who accepts employment with the Institute may be separated from his or her agency.

Section 203(a)(2) provides that any officer or employee so separated is entitled, upon termination of employment with the designated entity, to be reemployed or reinstated in the Federal service. Normally, reemployment for an employee in the classified service will be to the position from which the employee was separated. However, the President is authorized to determine the appropriateness of the position for reemployment. It is anticipated that, especially in personnel systems based on the rank in person concept, reemployment could be in a higher class.

Section 203(a)(3) provides for continuity of federal benefits during service with the designated entity, including compensation for job related death, illness, or injury; health and life insurance, leave, and retirement. Contributions, where required, must be paid in order to preserve these benefits. This section also provides that death or retirement by a federal employee separated under subsection (a) while employed by the designated entity shall be considered a death in or retirement from the Federal service for purposes of benefit entitlement.

The provision for continuation of eligibility to participate in Federal benefit programs is intended to permit the affected individuals to retain the opportunities they would have as Federal employees to elect changes in those benefits, as in the case of "open season" for changes in health insurance coverage.

Section 203(a)(4) authorizes the extension of the benefits of this section of the bill to Federal employees serving with the designated entity on leave without pay prior to the bill's enactment.

Section 203(b) authorizes the transfer to the designated entity of alien employees of the U.S. Government and preserves their benefits under the local compensation plan applicable in Taiwan under section 444 of the Foreign Service Act of 1946 (22 U.S.C. 889). It is expected that the designated entity will adopt this plan for its alien employees. This section also authorizes the continued participation in U.S. Government retirement systems by those transferred alien employees who have heretofore been covered by such systems, subject to continued payment of contributions and deductions to the appropriate fund.

Section 203(c) stipulates that employees of the designated entity shall not be U.S. Government employees and, in representing the designated entity, shall be exempt from section 207 of title 18, United States Code, which otherwise would prohibit employees of the entity from dealing with their former agencies in representing the entity.

Section 203(d) provides that the salaries and allowances paid to employees of the designated entity are to be treated the same way for tax purposes under the Internal Revenue Code of 1954 as salaries and equivalent allowances paid by agencies of the U.S. Government. Thus, employees of the designated entity will be exempt from tax on overseas allowances and benefits they receive which are equivalent to the tax-exempt overseas allowances and benefits received by civilian officers and employees of the U.S. Government (under section 912 of the Internal Revenue Code). As a corollary, compensation paid to employees by the designated entity will not be "earned income" qualifying them for the deduction or exclusion provided to individuals working in the private sector (under sections 911 and 913 of the Internal Revenue Code).

The Committee on Post Office and Civil Service has advised the Foreign Affairs Committee that, from the standpoint of its jurisdiction over the Civil Service, it has no objection to consideration of this section of H.R. 2479. The exchange of letters between Chairman Zablocki and Chairman Hanley follows:

MARCH 1, 1979.

Hon. JAMES M. HANLEY,
Chairman, Post Office and Civil Service Committee,
Room 309, Cannon Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing with reference to H.R. 2479, the United States-Taiwan Relations Act, which was ordered favorably reported by the Committee on Foreign Affairs on February 28, 1979.

In order to maintain relations with Taiwan to the maximum extent possible on a nongovernmental basis in view of the President's action in shifting U.S. governmental recognition to Peking, the bill authorizes the creation of a nongovernmental entity to conduct dealings of the United States Government with Taiwan. Section 203 of the bill provides authority for the President to separate from the Government any officer or employee who accepts employment with the new entity without advantage or disadvantage to such officer or employee's rights, privileges, and benefits as a government employee. Section 203 will affect, for the most part, Foreign Service officers and employees. The bill does not create a new class of Federal employees nor does it change in any way the rights, privileges, and benefits now available to such employees.

Since Section 203 of the bill does deal with Federal employee matters, the Committee on Post Office and Civil Service could request sequential referral of the bill. However, in order to facilitate action on this important legislation which is urgently required to insure uninterrupted relations between the United States and Taiwan, I respectfully request that your Committee forgo formal consideration of this measure. If you agree to this request, I would be happy to include in our Committee's report on the bill or in the record of debate on the House Floor a letter from you stating that your Committee is agreeable to the consideration of the bill as reported by the Committee on Foreign Affairs without prejudice to your Committee's jurisdiction with respect to Federal employees.

Thank you for your consideration.

With warm personal regards, I am

Sincerely yours,

CLEMENT J. ZABLOCKI, *Chairman.*

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., March 2, 1979.

Hon. CLEMENT. J. ZABLOCKI,
Chairman, Committee on Foreign Affairs,
U.S. House of Representatives, Washington, D.C.

DEAR CLEM: Thank you for your letter of March 1, 1979, concerning certain provisions of H.R. 2479 ("United States-Taiwan Relations Act") which pertain to matters within the jurisdiction of this Committee.

Under section 203 of the bill, any employee of a Federal agency may be separated from Government service for a specified period for the purpose of accepting employment with the nongovernmental entity established under the bill to conduct dealings of the United States Government with Taiwan. An employee who is so separated is entitled to be reemployed by his former agency in an appropriate position without loss of rights or benefits. While employed with the new entity, the employee may continue to participate in any employee benefit program, such as retirement, life insurance and health insurance programs, but only to the extent that the appropriate employee and employer contributions to the programs are made.

As you pointed out in your letter, our Committee could request the Speaker to sequentially refer H.R. 2479 to this Committee for the purpose of considering those provisions which pertain to matters under our jurisdiction. However, I understand that expeditious consideration of this legislation is necessary to ensure uninterrupted relations between the United States and Taiwan and that consideration of the measure by the House has been scheduled for next week. In view of these facts, our Committee will interpose no objection to consideration of H.R. 2479, provided that such action is not construed as relinquishment of jurisdiction over the employees to whom section 203 of the bill applies.

I would appreciate the inclusion of this letter in your Committee's report on H.R. 2479.

With kind regards.

Sincerely,

JAMES M. HANLEY, *Chairman.*

Section 204—Services to United States Citizens in Taiwan

This section authorizes employees of the designated entity to perform services for American citizens and businesses on Taiwan of a nature normally performed by U.S. consular officials. It is intended to permit such services to U.S. citizens and businesses to be performed as if a U.S. consulate were in Taiwan.

Section 204(a)(1) authorizes any employee of the designated entity to administer or take oaths, affirmations, affidavits, or depositions, and to perform any act a notary public may perform in the United States. Section 204(a)(2) authorizes such employees to act as provisional conservator of the personal estates of deceased U.S. citizens. Section 204(a)(3) authorizes them to perform other functions which are performed by U.S. consular officers. These include a wide range of functions such as authenticating foreign documents and assisting American vessels and seamen.

Section 204(b) provides that acts performed by employees of the designated entity under this section shall be valid under U.S. law.

Section 205—Definitions

"Laws of the United States" are defined as including any statute, rule, regulation, ordinance, order, or common law rule of the United States Government or of any of its political subdivisions including State, county and city governments.

"Taiwan" is defined as including, as the context may require, the islands of Taiwan and the Pescadores, the inhabitants of those islands, corporations and other entities and associations created or organized under the laws applied on those islands, and the authorities exercising governmental control on those islands (including agencies and instrumentalities thereof).

The above definitions are illustrative, not limiting. The terms "laws of the United States" and "Taiwan" are to be construed expansively to carry out the purposes of this act. Thus, for example, the term "Taiwan" may in some contexts appropriately encompass the islands of Quemoy and Matsu, as well as other islands governed by authorities exercising government control on Taiwan.

Section 206—Implementing regulations

This section authorizes the President to issue regulations necessary to implement this act.

Section 207—Effective date

This section makes this Act effective starting January 1, 1979, thus assuring that there will be continuity of United States-Taiwan relations on all matters covered by the act.

Cost Estimate

H.R. 2479 does not authorize the appropriation of any funds. Therefore, enactment of the legislation will have no cost impact as indicated in the letter from the Congressional Budget Office below.

Inflationary Impact Statement

The enactment of H.R. 2479 will have no inflationary impact.

Statements Required by Clause 2(1)(3) of House Rule XI

(A) OVERSIGHT FINDINGS AND RECOMMENDATIONS

As indicated earlier in this report, the Committee on Foreign Affairs conducted extensive hearings on the issues involved in the formulation of H.R. 2479. Based on those hearings and other relevant oversight activities, the committee recommends the passage of H.R. 2479.

(B) BUDGET AUTHORITY

H.R. 2479 does not create any new budget authority.

(C) COMMITTEE ON GOVERNMENT OPERATIONS SUMMARY

No oversight findings and recommendations which relate to this measure have been received from the Committee on Government Operations under clause 4(c)(2) of rule X of the rules of the House.

(D) CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The committee has received the following letter from the Congressional Budget Office:

March 2, 1979.

Hon. Clement J. Zablocki,
Chairman, Committee on Foreign Affairs,
House of Representatives,
Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 2479, the United States-Taiwan Relations Act, as ordered reported on February 28, 1979. This bill is designed to help maintain peace, security, and stability in the Western Pacific and to promote continued extensive, close, and friendly relations between the people of the United States and the people on Taiwan. This bill is estimated to have no cost impact.

Sincerely,

Alice M. Rivlin, *Director.*

ADDITIONAL VIEWS OF THE HONORABLE WILLIAM S. BROOMFIELD

I would like to commend my good friend, the distinguished Chairman of the Committee on Foreign Affairs, Clement J. Zablocki, for his leadership in developing H.R. 2479. This bill reflects the deep concern for the security needs and economic freedom of the people on Taiwan, as well as the national security interests of the United States in the Western Pacific. Under his leadership, the legislation drafted by the Committee remedies many of the deficiencies of the Administration's original legislative request.

In particular, H.R. 2479 strengthens the Administration's legislation in relation to the legislative provisions concerning threats to the security of Taiwan. In this regard, I personally offered an amendment, which received broad bipartisan support, stating that beyond an armed attack, any economic boycott or embargo to prevent Taiwan from engaging in trade with other nations would also be a threat to the security of Taiwan. Other distinguished Members of our Committee were constructive in strengthening the Administration's legislation by providing language to better protect America's commercial interests on Taiwan as well as the embassy property of the Republic of China.

I have never questioned the right of the Administration to normalize relations with the People's Republic of China. What I do question, however, is the Administration's specific arrangements—or lack thereof—in normalizing relations including the lack of consultation with the Congress and with our ally, Taiwan. Moreover, the Administration not only failed to consult the Congress in relation to the specific normalization arrangement but also in relation to proposed changes affecting the continuation of the Mutual Defense Treaty with Taiwan, a consultative procedure called for by Section 26(b) of the P.L. 95–384, the International Security Assistance Act of 1978.

I am also deeply concerned about the kinds of signals which the Administration has been sending to our friends and allies abroad. In particular, the Administration, which has always made human rights the keystone of its foreign policy, has abandoned the diplomatic recognition of more than 17 million people and formally recognized an oppressive Communist dictatorship. Moreover, because of the way in which the Administration treated an ally I am very much concerned over the reactions of other countries—small and large—with whom we have mutual security interests. In particular, I am deeply disturbed over recent events in Southeast Asia which could complicate the Administration's announcement that the United States will make no new arms sales agreements in 1979 with Taiwan, an ally which has been totally dependent on the United States for its defense equipment.

In conclusion, I believe that the Committee on Foreign Affairs—and its staff—have developed a bill which is a significant improvement over the Administration's request. In light of these legislative improvements, I urge my colleagues to favorably consider H.R. 2479.

WM. BROOMFIELD.

ADDITIONAL VIEWS ON H.R. 2479.

The Administration has played its China Card but without the positive effects it hoped for either at home or abroad. The Administration seems to have under-estimated the lack of enthusiam—indeed resentment—in the Congress and the country at large for its treatment of the Republic of China. Teng Hsiao-ping's deftly managed trip to the United States cleverly drew the Administration, albeit unwillingly, into China's dispute with the USSR. Also in allowing itself to be associated with Teng's calls for united action against "hegemonism," the Administration seems to have forgotten that only a short time ago the People's Republic of China (PRC) was condemning both the USSR and the U.S. for the same offense. The constitution of the PRC approved unanimously on August 18, 1977, only a year and a half ago, stresses China's opposition to "the hegemonism of the *two* superpowers, the Soviet Union *and* the United States, to overthrow imperialism, modern revisionism and all reaction." (The constitution also calls for the "liberation" of Taiwan.)

This bill reflects the strong sentiment in the Congress that the President should have consulted with the Congress, in compliance with the law, before taking such a controversial foreign policy step as he has. It also demonstrates the strong desire to undo as much of the Administration's damage as possible in this legislative vehicle. It goes a long way to improve a poor situation.

We understand that recognition doesn't mean approval of a particular form of government. But what troubles us, in addition to its lack of caution, is the Administration's excessive pretense that normalization is anything more than it actually is. Despite all the hoopla and claims to the contrary, normalization of relations with the PRC is *not* the greatest event since Georgia statehood.

Given the circumstances with which the Administration has presented us, we cannot be certain that even the efforts of this bill sufficiently protects Taiwan from attempts by the PRC to strangle her economically. There have already been reports that American firms have been told by Peking that they must stop trading with Taiwan to be able to trade with the Mainland. We must resolve here to act to thwart Chinese Communist trade embargoes and secondary boycotts against Taiwan. We must uphold our laws and take the timely and effective action required to protect Taiwan's flourishing economy.

To abandon a free society of more than 17 million persons to one of the most oppressive dictatorships of all time, would be a human rights disaster. The People's Republic of China has one of the worst human rights records in history and if, as the President has said, "human rights is the soul of our foreign policy," not much could be said for our national soul, if we were to let that happen. No one says the Administration seeks that end, only that it has been careless in its machinations and hasty in implementing its ill-conceived decisions.

We strongly believe that the flow of material in the defense pipeline to Taiwan should not be interrupted. Our supply of weapons to Taiwan should be based on the latter's own assessment of its defensive needs and should not be influenced by negative Administration attitudes reflecting PRC views.

There are many unanswered questions about the way our new arrangement with Taiwan will be handled. Since the Republic of China does not exist anymore in the new Carter Administration and Taiwan is only a province of the PRC we will not be dealing directly with a government but through unofficial institutions with—as the Administration insists—"the people on Taiwan." To use the administration's pet term "the reality of the situation is that there are two Chinese states.

Administration witnesses before the Foreign Affairs Committee stressed the absolute need that our future representation in Taipei be unofficial in nature. They said the American Foreign Service personnel, temporarily on duty as non-official diplomats in Taiwan, would not be representing the United States government in their dealings with the "people on Taiwan," as they are pleased to put it. Does this mean that our unofficial officials will accost individuals on the streets and by-ways of Taiwan asking to be of service to them? It will be interesting to watch their progress. A commercial non-officer, for example, (or perhaps a non-commercial officer) will leave the American unofficial institute established by our government for these non-governmental connections. He will approach the first person he sees to discuss a purchase by Taiwan of American electrical machinery, let's say, "I would like to talk about the deal," the local will say, "but I'm not sure you exist." Through the Looking Glass provides the most apt model for this Administration dream.

This bill, fortunately, preserves for the Republic of China its embassy property of Twin Oaks in Washington. Largely symbolic, this provision is, nonetheless, important. Congressman Lagomarsino's amendment, adopted in the full Committee, provides that in this case the property of the Republic of China—including its real property—its embassy, remains in its possession.

There remains a nagging suspicion that there are still secret agreements in this affair since details of both the Panama Canal treaty and the Camp David accords somehow failed to surface immediately. In those cases too the Administration claimed that everything had been made public only to provide some errant detail later. In the case of US/PRC normalization, only sometime after the President's announcement did an important aspect of the agreement work its way to the surface. We had forgotten to mention, it seems, that we had agreed with the PRC not to allow any Free China purchases of arms during the remaining years of our Mutual Defense treaty. Were there any other lapses of memory?

There will be further perfecting amendments to this bill offered on the Floor.

EDWARD J. DERWINSKI.
ROBERT J. LAGOMARSINO.
GUS YATRON.
TENNYSON GUYER.
BILL GOODLING.
LARRY WINN, Jr.

ADDITIONAL VIEWS OF THE HONORABLE ROBERT J. LAGOMARSINO ON H.R. 2479

The new China policy of the United States, which was proudly proclaimed by President Carter on December 15, 1978, clearly has a serious effect upon the parties which were directly affected by the recognition of the People's Republic of China (PRC), and upon the United States foreign policy toward the rest of the world. The Administration's legislative proposal (H.R. 1614) concerning this development reflected the naivete of this Administration's view of Congress and the world. The new legislation (toward which these comments are specifically directed) is still an inadequate statement of proper American policy, but it is certainly a substantial improvement over the initial executive proposal.

Although Congress is constitutionally prohibited from determining which countries this nation recognizes, it clearly possesses a number of ways in which it can offer its suggestions and directives to the executive branch. One of those areas which is of great concern to me and to many of the Taiwanese who are directly affected by the President's action, concerns the disposition of the Taiwanese Embassy in Washington, D.C. Because of the concerns that the Embassy not be permitted—as the Carter Administration has advocated—to be relinquished to the People's Republic of China, I offered an amendment permitting the Taiwanese government to maintain its interest in that Embassy. Two reasons, discussed below, prompted me to introduce the amendment which was inserted in the legislation reported to the House.

My first concern was that in allowing the Taiwanese to maintain ownership of their Embassy, Congress can demonstrate that Taiwan still has allies in the United States, despite President Carter's discourteous behavior toward the Taiwanese diplomats. The affirmation of the Taiwanese ownership of the Twin Oaks Embassy is a clear congressional signal to Taiwan, and other U.S. allies, that the United States is still extremely interested in the safety and protection of Taiwan.

A second reason to maintain Taiwanese interest in the Washington, D.C. Embassy involves the actual occupation of the building by the new PRC officials. By disallowing the Carter/PRC intention to occupy the former Taiwanese premises, Congress is underscoring its understanding that there is absolutely no continuity between the policies of Taiwan and those of the PRC. Essentially, it is an affirmation that the occupation should not be regarded as a continuation of relations, as some might conclude when observing the PRC in the old Taiwanese offices.

Another amendment which I introduced relates to the possibility of an eventual embargo and/or attack on Taiwan by the PRC. Although administration officials have insisted that these "unlikely" events should not concern Congress, the recent PRC invasion of Vietnam

raises serious questions about this possibility. Although the Committee rejected this amendment, I support it for two important reasons which I still believe are pertinent to our new relationship with the PRC.

The first concerns the emphasis upon the fact that U.S. recognition of the PRC should not be construed as an irreversible process. By indicating to the PRC that such hostile action would, at the very least, mandate that the President consider "derecognition," it would properly demonstrate the legitimate U.S. concern about the attitude toward reunification of the PRC. It would effectively serve to remind the PRC that the U.S. is extremely interested in reminding the PRC that such actions would have a serious impact upon our relations with them and with Taiwan.

The United States has withdrawn recognition from various nations in the past to demonstrate our disapproval of certain action; in light of the new southeast Asian hostilities the proposed language would be particularly applicable.

A second concern which I have relates to comments made by some of my colleagues that "derecognition" would be the minimum in the list of U.S. responses to hostile PRC actions. Although I share the hope that the U.S. react with a positive response in the event that Taiwan were invaded by the PRC, the experience of watching the reaction of this administration to a number of foreign policy developments does not suggest that we would have the hoped-for result.

The amendment certainly would not limit the options available to the U.S. response in this scenario. It is simply another indication of the concern for the safety and protection of Taiwan.

I would like to join with several of my colleagues who have expressed their opposition to the manner in which the recognition process was managed by the President. Carter's failure to consult with Congress again demonstrates the view which the Executive branch has of Congress. It is no wonder that the President continues this policy in light of the feeble response of many Members to pass legislation to demonstrate the outrage over the presidential attitude toward Congress.

Another concern which I have involves President Carter's referral to both Presidents Nixon and Ford in his December 15 statement of recognition. Although the President was attempting to demonstrate that he was continuing a process which these two Republican Presidents had initiated, he neglected to mention that both Nixon and Ford were extremely concerned that the interests of Taiwan be protected. Either of those Presidents could have obtained recognition on the terms Carter has, but did not because of the paramount concern for Taiwan's safety. All of their efforts in Taiwan's behalf, however, have been lost by a President who did not even ask for a "no force" agreement on Taiwan.

Finally, I would like to directly address the issue concerning the military defense of Taiwan. The defense of that island and the others which are part of the Republic of China is primarily dependent upon deterrence, which in the past has been directly attributable to United States interests in that part of the world. Without our specific interests, the effect of deterrence is lost, and increases the likelihood of foreign pressures on Taiwan. For this reason, I supported the Quayle

amendment in the Committee hearings which would have inserted language in the bill which spoke to the United States "security interests," in Taiwan.

Few would dispute the fact that the U.S. commitment to Taiwan has been the cornerstone of that country's defense for the past thirty years. Congress can contribute to this defense of Taiwan, and of the other friendly Asian regimes, if it inserts language in the legislation which more properly reflects our interest in the safety and autonomy of those countries.

ROBERT J. LAGOMARSINO.

ADDITIONAL VIEWS OF REPRESENTATIVE DAN QUAYLE, INDIANA, ON H.R. 2479, DEALING WITH THE MAINTENANCE OF U.S. COMMERCIAL, CULTURAL, AND OTHER RELATIONS WITH TAIWAN

For the past 30 years the United States has recognized and maintained full diplomatic relations with a government on Taiwan and its 17 million citizens. Suddenly, and with little notice, a decision was made by the President of the United States in concert with the government of the People's Republic of China that a government does *not* exist on Taiwan. This is not a realistic approach for a responsible American foreign policy, and, in fact, smacks of hypocrisy.

We have had a liaison office for nearly seven years with the People's Republic of China, and we maintained full diplomatic relations with Taiwan. Since our government now has established full diplomatic relations with the PRC, it is only common sense that we reverse the situation and have at least a liaison office with Taiwan. A liaison office is less than full diplomatic recognition.

Regretfully the committee bill remains silent on this vital point regarding our continued relations with our friends in Taiwan. While the bill is improved over the Administration draft proposal, I am opposed to the retreat to unofficial, nongovernmental relations with Taiwan. We should recognize the realities of the situation.

First, we can not justify nonrecognition of Taiwan anymore than we could the nonrecognition of the PRC. Both are functioning and viable governments with whom the United States wishes to carry on important trade and cultural relations. We do not have the right to cede Taiwan to the PRC, but do have a responsibility to maintain strong relations with Taiwan along with the normalization of relations with the PRC.

Secondly, we will be engaging in a game of political charades in the very nature of the proposed nongovernmental instrumentality, which was labelled by the Administration as an Institute. Its functions will be those of a liaison office—the primary difference being its lack of official status. In fact, it will be staffed by State Department personnel who will be "temporarily separated" for the purpose of maintaining this charade.

I do not believe the U.S. Government, whose current international status is shaky at best, should be openly playing such games. The entity will function as a liaison office and should bear its just title and recognition.

If the Administration refuses to deal honestly with the government of Taiwan, then the Congress must. There are strong arguments for the maintenance of government-to-government relations with Taiwan in the form of a liaison office.

1. Taiwan has a viable government which has been in power for over 30 years. It has jurisdiction over 17 million people. The country is economically viable and ranks in the top ten of our trading partners.

We recognize the need to continue our trade with Taiwan, to guarantee the security of the people and the islands, to continue in force all other treaties with Taiwan, and yet this legislation attempts to put in question the legitimacy of Taiwan and its governing authority.

2. There is no reason why the establishment of a liaison office in Taiwan, with a corresponding Taiwanese office in Washington, should undermine our relations with the People's Republic of China. We were able to conduct a similar relationship with the PRC for nearly 7 years without terminating our relationship with Taiwan.

3. For the United States to remove the security umbrella provided by our formal relationships and Mutual Security Treaty, we are, in effect, cutting Taiwan diplomatically adrift. Once allied to and recognized by the strongest economic and military power on earth, Taiwan will now become a political outcast. This separation from the political mainstream of the rest of the world can hardly be reassuring to other nations planning investments or other forms of long-term dealings with Taiwan.

4. In the absence of some form of official relations between Taiwan and the United States it will prove difficult for the U.S. to legally come to Taiwan's aid in the event of an attack or blockade by the PRC. Having recognized Peking as the sole legitimate Chinese Government, U.S. aid to Taiwan in those circumstances would amount to interference in China's internal affairs, Taiwan being no more (by our admission) than a rebellious Chinese province. Should the United States decide to limit its ties to Taiwan to a corporate framework, the resulting political isolation of Taiwan will constitute a standing invitation to eventual mainland aggression.

The establishment of a liaison office in Taiwan need not, and should not, undermine the normalization process. President Carter could advise Vice Premier Teng that Congress wholeheartedly endorses normalization and that trade agreements and other necessary negotiations will be dealt with expeditiously. However, the Legislative Branch, which is elected by the people of the United States and is a partner in the implementation of foreign policy, does not endorse, and can not accept, the nonrecognition of Taiwan. We, therefore, insist on the maintenance of government-to-government relations with Taiwan as one of the U.S. conditions for normalization.

It can be made clear that we do not seek full diplomatic standing for Taiwan—but feel that it is entitled under American standards to a similar relationship of liaison status which was enjoyed previously by the PRC.

While the President has stated that he would veto any legislation which would differ with his secretly-concluded agreements with the People's Republic of China, the Congress surely has a responsibility to place its imprint on any foreign agreements reached by the Executive Branch.

Mr. Carter, on December 15, 1978, played what was described as his "China card," without promised consultation with the Congress. The general consensus in both the House and the Senate is that the President's proposed legislation and the terms of his agreement with the PRC are inadequate to protect U.S. interests in Taiwan and to honor our long-standing commitment to Taiwan.

It is now time for Congress to play the American card and assure government-to-government relations with Taiwan as we move into a new period of relations with the People's Republic of China.

In recent years, we have heard much about the need for "honesty in government." America's credibility and standing in the world now depend on its "honesty in foreign policy."

DAN QUAYLE.

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