

AMENDMENT TO
RULES COMMITTEE PRINT 118-10
OFFERED BY MRS. STEEL OF CALIFORNIA

At the end of subtitle A of title XIII, insert the following new section:

1 **SEC. 13__ . LOAN AND LEASE OF DEFENSE ARTICLES TO**
2 **GOVERNMENT OF TAIWAN.**

3 (a) **AUTHORITY TO LEND OR LEASE DEFENSE ARTI-**
4 **CLES TO GOVERNMENT OF TAIWAN.—**

5 (1) **AUTHORITY.**—Notwithstanding section
6 503(b)(3) of the Foreign Assistance Act of 1961 (22
7 U.S.C. 2311(b)(3)) or section 61 of the Arms Ex-
8 port Control Act (22 U.S.C. 2796), the President
9 may lend or lease defense articles to the Government
10 of Taiwan to assist in the bolstering of the defensive
11 capabilities of such Government or the protection of
12 the citizen population of Taiwan from potential ag-
13 gression carried out by the People’s Liberation Army
14 of China against Taiwan (including through one or
15 more of the means described in paragraph (2)) if, as
16 a condition of such loan or lease, the President re-
17 quires—

1 (A) the payment by the Government of
2 Taiwan of the cost of restoring or replacing the
3 defense article, in the case that the defense ar-
4 ticle is damaged; and

5 (B) the payment by the Government of
6 Taiwan of an amount equal to the replacement
7 cost (less any depreciation in the value) of the
8 defense article, in the case that the defense ar-
9 ticle is lost or destroyed.

10 (2) MEANS OF AGGRESSION BY PEOPLE'S LIB-
11 ERATION ARMY.—The means described in this para-
12 graph are the following:

13 (A) The full or partial naval blockade of
14 Taiwan.

15 (B) An amphibious assault and ground in-
16 vasion of Taiwan.

17 (C) A missile strike (whether conducted
18 alone or as a part of a broader campaign).

19 (D) Kinetic or non-kinetic operations
20 against military targets or critical infrastruc-
21 ture in Taiwan.

22 (E) A seizure, or attempted seizure, of one
23 or more of the outlying islands controlled by
24 Taiwan.

1 (3) DEFENSE SERVICES AND DEFENSE CON-
2 STRUCTION SERVICES.—

3 (A) IN GENERAL.—The President may fi-
4 nance the procurement of defense services and
5 design and construction services by the Govern-
6 ment of Taiwan in connection with a loan or
7 lease of a defense article to such Government
8 under paragraph (1), if, as a condition of such
9 financing, the President requires that, not later
10 than 12 years after the date on which the
11 agreement with the Government of Taiwan for
12 such financing is signed on behalf of the United
13 States Government, the Government of Taiwan
14 pay to the United States Government (in
15 United States dollars) an amount equal to the
16 sum of—

17 (i) the value of such services; and
18 (ii) any interest on the unpaid balance
19 of the obligation for payment under clause
20 (i), at a rate that, except as provided in
21 subparagraph (B), is equivalent to the av-
22 erage interest rate, as of the last day of
23 the month preceding the date on which
24 such agreement is signed, that the United
25 States Government pays on outstanding

1 marketable obligations of comparable ma-
2 turity.

3 (B) EXCEPTION TO INTEREST RATE RE-
4 QUIREMENT.—If the President submits to Con-
5 gress a certification containing a determination
6 that national security requires a lesser rate of
7 interest than the rate calculated pursuant to
8 subparagraph (A)(ii), a justification for such
9 determination, and an identification of such
10 lesser rate, the lesser rate so identified shall
11 apply in lieu of the rate calculated pursuant to
12 subparagraph (A)(ii).

13 (b) DELEGATION OF AUTHORITY.—The President
14 may delegate the authority under subsection (a) only to
15 an official appointed by the President by and with the ad-
16 vice and consent of the Senate.

17 (c) PROCEDURES FOR DELIVERY OF DEFENSE ARTI-
18 CLES.—Not later than 60 days after the date of the enact-
19 ment of this Act, the President shall establish expedited
20 procedures for the delivery of any defense article loaned
21 or leased to the Government of Taiwan under subsection
22 (a) to ensure the timely delivery of the defense article to
23 such Government.

24 (d) REPORT ON DETERMINATION OF DEFENSE
25 NEEDS OF TAIWAN.—

1 (1) REPORT.—Not later than 90 days after the
2 date of the enactment of this Act, the Secretary of
3 Defense, in collaboration with the Commander of the
4 United States Indo-Pacific Command, shall submit
5 to Congress a report on the potential loan and lease
6 of defense articles to the Government of Taiwan
7 under subsection (a). Such report shall include the
8 following:

9 (A) An initial assessment of the defense
10 articles that are appropriate for such loan or
11 lease.

12 (B) An assessment of any supply chain or
13 other logistical challenges associated with the
14 loan or lease of defense articles identified pur-
15 suant to subparagraph (A).

16 (C) A discussion of expected timeframes
17 for the provision to the Government of Taiwan
18 of defense articles identified pursuant to sub-
19 paragraph (A), including—

20 (i) expected timelines for the delivery
21 of such defense articles; and

22 (ii) expected timelines for the full in-
23 tegration of such defense articles by the
24 military of Taiwan, such that the military
25 of Taiwan is able to effectively use defense

1 articles so delivered in the event of a con-
2 flict with the People's Republic of China.

3 (D) Such other matters as the Secretary
4 may consider appropriate.

5 (2) FORM.—The report under paragraph (1)
6 shall be submitted in unclassified form, but may in-
7 clude a classified annex.

8 (e) DEFINITIONS.—In this section, the terms “de-
9 fense article”, “defense service”, and “design and con-
10 struction services” have the meanings given those terms
11 in section 47 of the Arms Export Control Act (22 U.S.C.
12 2794).

