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:

SEC. 13. LOAN AND LEASE OF DEFENSE ARTICLES TO GOVERNMENT OF TAIWAN.

(a) AUTHORITY TO LEND OR LEASE DEFENSE ARTICLES TO GOVERNMENT OF TAIWAN.—

(1) AUTHORITY.—Notwithstanding section 503(b)(3) of the Foreign Assistance Act of 1961 (22 U.S.C. 2311(b)(3)) or section 61 of the Arms Export Control Act (22 U.S.C. 2796), the President may lend or lease defense articles to the Government of Taiwan to assist in the bolstering of the defensive capabilities of such Government or the protection of the citizen population of Taiwan from potential aggression carried out by the People’s Liberation Army of China against Taiwan (including through one or more of the means described in paragraph (2)) if, as a condition of such loan or lease, the President requires—
(A) the payment by the Government of Taiwan of the cost of restoring or replacing the defense article, in the case that the defense article is damaged; and

(B) the payment by the Government of Taiwan of an amount equal to the replacement cost (less any depreciation in the value) of the defense article, in the case that the defense article is lost or destroyed.

(2) MEANS OF AGGRESSION BY PEOPLE'S LIBERATION ARMY.—The means described in this paragraph are the following:

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

(B) An amphibious assault and ground invasion of Taiwan.

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

(D) Kinetic or non-kinetic operations against military targets or critical infrastructure in Taiwan.

(E) A seizure, or attempted seizure, of one or more of the outlying islands controlled by Taiwan.
(3) DEFENSE SERVICES AND DEFENSE CONSTRUCTION SERVICES.—

(A) IN GENERAL.—The President may finance the procurement of defense services and design and construction services by the Government of Taiwan in connection with a loan or lease of a defense article to such Government under paragraph (1), if, as a condition of such financing, the President requires that, not later than 12 years after the date on which the agreement with the Government of Taiwan for such financing is signed on behalf of the United States Government, the Government of Taiwan pay to the United States Government (in United States dollars) an amount equal to the sum of—

(i) the value of such services; and

(ii) any interest on the unpaid balance of the obligation for payment under clause (i), at a rate that, except as provided in subparagraph (B), is equivalent to the average interest rate, as of the last day of the month preceding the date on which such agreement is signed, that the United States Government pays on outstanding
marketable obligations of comparable maturity.

(B) EXCEPTION TO INTEREST RATE REQUIREMENT.—If the President submits to Congress a certification containing a determination that national security requires a lesser rate of interest than the rate calculated pursuant to subparagraph (A)(ii), a justification for such determination, and an identification of such lesser rate, the lesser rate so identified shall apply in lieu of the rate calculated pursuant to subparagraph (A)(ii).

(b) DELEGATION OF AUTHORITY.—The President may delegate the authority under subsection (a) only to an official appointed by the President by and with the advice and consent of the Senate.

(c) PROCEDURES FOR DELIVERY OF DEFENSE ARTICLES.—Not later than 60 days after the date of the enactment of this Act, the President shall establish expedited procedures for the delivery of any defense article loaned or leased to the Government of Taiwan under subsection (a) to ensure the timely delivery of the defense article to such Government.

(d) REPORT ON DETERMINATION OF DEFENSE NEEDS OF TAIWAN.—
(1) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense, in collaboration with the Commander of the United States Indo-Pacific Command, shall submit to Congress a report on the potential loan and lease of defense articles to the Government of Taiwan under subsection (a). Such report shall include the following:

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

(B) An assessment of any supply chain or other logistical challenges associated with the loan or lease of defense articles identified pursuant to subparagraph (A).

(C) A discussion of expected timeframes for the provision to the Government of Taiwan of defense articles identified pursuant to subparagraph (A), including—

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

(ii) expected timelines for the full integration of such defense articles by the military of Taiwan, such that the military of Taiwan is able to effectively use defense
articles so delivered in the event of a conflict with the People’s Republic of China.

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

(2) FORM.—The report under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

(e) DEFINITIONS.—In this section, the terms “defense article”, “defense service”, and “design and construction services” have the meanings given those terms in section 47 of the Arms Export Control Act (22 U.S.C. 2794).