

**AMENDMENT TO**  
**RULES COMMITTEE PRINT 117-54**  
**OFFERED BY MRS. STEEL OF CALIFORNIA**

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

1 **SEC. 12\_\_\_ . AUTHORITY TO LOAN AND LEASE DEFENSE AR-**  
2 **TICLES TO 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 (b) 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 (b) 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).

