IN THE SENATE OF THE UNITED STATES

APRIL 8, 2014

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To affirm the importance of the Taiwan Relations Act, to provide for the transfer of naval vessels to certain foreign countries, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the "Taiwan Relations Act Affirmation and Naval Vessel Transfer Act of 2014".

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—AFFIRMATION OF IMPORTANCE OF TAIWAN RELATIONS ACT AND TRANSFER OF NAVAL VESSELS TO TAIWAN

Sec. 101. Statement of policy relating to Taiwan Relations Act.
Sec. 102. Transfer of naval vessels to Taiwan.

TITLE II—TRANSFER OF NAVAL VESSELS TO CERTAIN OTHER FOREIGN RECIPIENTS

Sec. 201. Findings.
Sec. 202. Transfer of naval vessels to certain other foreign recipients.

TITLE III—ARMS EXPORT CONTROL ACT AMENDMENTS

Sec. 301. Increase in congressional notification thresholds.
Sec. 302. Licensing of certain commerce-controlled items.
Sec. 303. Amendments relating to removal of major defense equipment from United States Munitions List.
Sec. 304. Amendment to definition of "security assistance" under the Foreign Assistance Act of 1961.
Sec. 305. Amendments to definitions of "defense article" and "defense service" under the Arms Export Control Act.
Sec. 306. Technical amendments.

TITLE IV—APPLICATION OF CERTAIN PROVISIONS OF EXPORT ADMINISTRATION

TITLE I—AFFIRMATION OF IMPORTANCE OF TAIWAN RELATIONS ACT AND TRANSFER OF NAVAL VESSELS TO TAIWAN

SEC. 101. STATEMENT OF POLICY RELATING TO TAIWAN RELATIONS ACT.

(a) FINDINGS.—Congress finds the following:

(1) The Taiwan Relations Act has been instrumental in maintaining peace, security, and stability in the Western Pacific since its enactment in 1979, and it is in the political, security, and economic interests of the United States.

(2) The Taiwan Relations Act affirmed that the United States’ decision to establish a diplomatic relationship with the People’s Republic of China was based on the expectation that the future of Taiwan would be determined by peaceful means.

(3) The Taiwan Relations Act also states that “it is the policy of the United States to provide Taiwan with arms of a defensive character and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan”.

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(4) The Taiwan Relations Act also states that “it is the policy of the United States to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area”.

(5) The relationship between the United States and Taiwan has been strengthened with—

(A) Taiwan’s evolution into a free society and a full-fledged, multi-party democracy;
(B) the development of Taiwan’s robust market economy;
(C) Taiwan’s collaboration with the United States to combat terrorism, as demonstrated in part by its participation in the Container Security Initiative; and
(D) the role Taiwan has played in addressing transnational and global challenges, including its active engagement in humanitarian relief measures, public health endeavors, environmental protection initiatives, and financial market stabilization efforts.

(6) The United States is the third largest trading partner and the largest investor in Taiwan, while
Taiwan is the twelfth largest trading partner of the United States and the eighth largest United States agricultural market.

(7) Taiwan’s democracy has deepened with the second peaceful transfer of power from one political party to another after the presidential election in March 2008.

(8) The United States and Taiwan are united in our shared values in free elections, personal liberty, and free enterprise.

(b) STATEMENT OF POLICY.—Congress—

(1) reaffirms its unwavering commitment to the Taiwan Relations Act as the cornerstone of relations between the United States and Taiwan;

(2) reaffirms its support for Taiwan’s democratic institutions;

(3) reaffirms that peace in the Taiwan Strait should be maintained to the benefit of the Asia-Pacific region;

(4) supports the United States commitment to Taiwan’s security in accord with the Taiwan Relations Act, including Taiwan’s procurement of sophisticated weapons of a defensive character, such as F-16 C/Ds aircraft and diesel electric submarines;
(5) reaffirms its commitment to deepen United States-Taiwan trade and investment relations as well as support for Taiwan’s inclusion in bilateral and regional trade agreements at the appropriate time and under the right conditions in which outstanding issues affecting United States exports are being addressed; and

(6) supports the strong and deepening relationship between the United States and Taiwan.

SEC. 102. TRANSFER OF NAVAL VESSELS TO TAIWAN.

(a) Transfer by Sale.—The President is authorized to transfer the OLIVER HAZARD PERRY class guided missile frigates USS TAYLOR (FFG–50), USS GARY (FFG–51), USS CARR (FFG–52), and USS ELROD (FFG–55) to the Taipei Economic and Cultural Representative Office of the United States (which is the Taiwan instrumentality designated pursuant to section 10(a) of the Taiwan Relations Act (22 U.S.C. 3309(a))) on a sale basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761).

(b) Costs of Transfers.—Any expense incurred by the United States in connection with a transfer authorized by this section shall be charged to the recipient notwithstanding section 516(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(e)).
(c) **REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.**—To the maximum extent practicable, the President shall require, as a condition of the transfer of a vessel under this section, that the recipient to which the vessel is transferred have such repair or refurbishment of the vessel as is needed, before the vessel joins the naval forces of that recipient, performed at a shipyard located in the United States, including a United States Navy shipyard.

(d) **EXPIRATION OF AUTHORITY.**—The authority to transfer a vessel under this section shall expire at the end of the 3-year period beginning on the date of the enactment of this section.

**TITLE II—TRANSFER OF NAVAL VESSELS TO CERTAIN OTHER FOREIGN RECIPIENTS**

**SEC. 201. FINDINGS.**

(a) **RELATING TO MEXICO.**—Congress finds the following:

(1) The partnership between the United States and Mexico helps the economic and national security of both countries, including in the area of energy.

(2) The United States and Mexico share a common goal of reducing the flow of narcotics and the influence of transnational gangs in the Hemisphere.
(3) The partnership between the United States and Mexico helps the economic competitiveness and national security of both countries.

(4) The economies of the United States and Mexico are increasingly interdependent, with bilateral foreign direct investment increasing more than six-fold over the past two decades.

(5) In 2012 alone, bilateral trade in goods and services between the United States and Mexico exceeded $500,000,000,000.

(6) The transfer of naval vessels to Mexico authorized under section 202 supports the modernization efforts of the Mexican Navy.

(7) Such naval vessels are suitable to support Mexico’s offshore maritime surveillance, counter trafficking, interdiction, and oil platform security.

(8) The transfer of such naval vessels will contribute to United States interests in promoting increased maritime awareness to support security and protection of the people of the United States and the people of Mexico.

(b) RELATING TO THAILAND.—Congress finds the following:
(1) Thailand was the first treaty ally of the United States in the Asia-Pacific region and remains a steadfast friend of the United States.

(2) In December 2003, the United States designated Thailand as a major non-NATO ally, which improved the security of both countries, particularly by facilitating joint counterterrorism efforts.

(3) For more than 30 years, Thailand has been the host country of Cobra Gold, the United States Pacific Command’s annual multinational military training exercise, which is designed to ensure regional peace and promote regional security cooperation.

(4) The Royal Thai Navy has commanded Combined Task Force 151 (CTF 151) of the Combined Maritime Forces, a multi-national naval partnership consisting of 30 nations operating in and around the Gulf of Aden and off the eastern coast of Somalia.

(5) With the assistance of the Royal Thai Navy’s Counter Piracy Task Group, CTF 151 is helping to expressly disrupt and suppress piracy, protect all vessels in the region and secure their free navigation.

(6) The Royal Thai Navy is also participating in the multilateral Malacca Straits patrols with
other regional partners to promote maritime safety and security.

(7) The transfer of naval vessels to Thailand authorized under section 202 will support enhanced interoperability between the Royal Thai Navy and United States Navy forces.

(8) The transfer of such naval vessels underscores the United States commitment to United States-Thai relations and to peace and security in the Asia-Pacific region.

SEC. 202. TRANSFER OF NAVAL VESSELS TO CERTAIN OTHER FOREIGN RECEPIENTS.

(a) TRANSFERS BY GRANT.—The President is authorized to transfer vessels to foreign countries on a grant basis under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j), as follows:

(1) MEXICO.—To the Government of Mexico, the OLIVER HAZARD PERRY class guided missile frigates USS CURTS (FFG–38) and USS MCCLUSKY (FFG–41).

(2) THAILAND.—To the Government of Thailand, the OLIVER HAZARD PERRY class guided missile frigates USS RENTZ (FFG–46) and USS VANDEGRIFT (FFG–48).
(b) Alternative Transfer Authority.—Notwithstanding the authority provided in subsection (a) to transfer specific vessels to specific countries, the President is authorized, subject to the same conditions that would apply for such country under this section, to transfer any vessel named in this section to any country named in this section such that the total number of vessels transferred to such country does not exceed the total number of vessels authorized for transfer to such country by this section.

(c) Grants Not Counted in Annual Total of Transferred Excess Defense Articles.—The value of a vessel transferred to another country on a grant basis pursuant to authority provided by subsection (a) or (b) shall not be counted against the aggregate value of excess defense articles transferred in any fiscal year under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j).

(d) Costs of Transfers.—Any expense incurred by the United States in connection with a transfer authorized by this section shall be charged to the recipient notwithstanding section 516(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(e)).

(e) Repair and Refurbishment in United States Shipyards.—To the maximum extent pra-
ticable, the President shall require, as a condition of the
transfer of a vessel under this section, that the recipient
to which the vessel is transferred have such repair or re-
furbishment of the vessel as is needed, before the vessel
joins the naval forces of that recipient, performed at a
shipyard located in the United States, including a United
States Navy shipyard.

(f) Expiration of Authority.—The authority to
transfer a vessel under this section shall expire at the end
of the 3-year period beginning on the date of the enact-
ment of this Act.

TITLE III—ARMS EXPORT
CONTROL ACT AMENDMENTS

SEC. 301. INCREASE IN CONGRESSIONAL NOTIFICATION
THRESHOLDS.

(a) Foreign Military Sales.—

(1) In general.—Section 36(b) of the Arms
Export Control Act (22 U.S.C. 2776(b)) is amend-
ed—

(A) in paragraph (1)—

(i) in the matter preceding subpara-
graph (A)—

(I) by striking “$50,000,000”

and inserting “$100,000,000”;
(II) by striking “$200,000,000” and inserting “$300,000,000”; and

(III) by striking “$14,000,000” and inserting “$25,000,000”; and

(ii) in the matter following subparagraph (P)—

(I) by inserting “of any defense articles or defense services under this Act for $200,000,000 or more, any design and construction services for $300,000,000 or more, or any major defense equipment for $75,000,000 or more,” after “The letter of offer shall not be issued, with respect to a proposed sale”; and

(II) by inserting “of any defense articles or services under this Act for $100,000,000 or more, any design and construction services for $200,000,000 or more, or any major defense equipment for $50,000,000 or more,” after “or with respect to a proposed sale”; and

(B) in paragraph (6)—
(i) in subparagraph (A), by striking “$25,000,000” and inserting “$75,000,000”; and

(ii) in subparagraph (B), by striking “$100,000,000” and inserting “$200,000,000”.

(b) COMMERCIAL SALES.—Section 36(c) of the Arms Export Control Act (22 U.S.C. 2776(c)) is amended—

(1) in paragraph (1)—

(A) by striking “$14,000,000” and inserting “$25,000,000”; and

(B) by striking “$50,000,000” and inserting “$100,000,000”; and

(2) in paragraph (5)—

(A) in subparagraph (A), by striking “$25,000,000” and inserting “$75,000,000”; and

(B) in subparagraph (B), by striking “$100,000,000” and inserting “$200,000,000”.

SEC. 302. LICENSING OF CERTAIN COMMERCE-CONTROLLED ITEMS.

Section 38 of the Arms Export Control Act (22 U.S.C. 2778) is amended by adding at the end the following new subsection:
“(k) Licensing of Certain Commerce-Controlled Items.—

“(1) In general.—A license or other approval from the Department of State granted in accordance with this section may also authorize the export of items subject to the Export Administration Regulations if such items are to be used in or with defense articles controlled on the United States Munitions List.

“(2) Other requirements.—The following requirements shall apply with respect to a license or other approval to authorize the export of items subject to the Export Administration Regulations under paragraph (1):

“(A) Separate approval from the Department of Commerce shall not be required for such items if such items are approved for export under a Department of State license or other approval.

“(B) Such items subject to the Export Administration Regulations that are exported pursuant to a Department of State license or other approval would remain under the jurisdiction of the Department of Commerce with respect to any subsequent transactions.
“(C) The inclusion of the term ‘subject to the EAR’ or any similar term on a Department of State license or approval shall not affect the jurisdiction with respect to such items.

“(3) DEFINITION.—In this subsection, the term ‘Export Administration Regulations’ means—

“(A) the Export Administration Regulations as maintained and amended under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); or

“(B) any successor regulations.”.

SEC. 303. AMENDMENTS RELATING TO REMOVAL OF MAJOR DEFENSE EQUIPMENT FROM UNITED STATES MUNITIONS LIST.

(a) REQUIREMENTS FOR REMOVAL OF MAJOR DEFENSE EQUIPMENT FROM UNITED STATES MUNITIONS LIST.—Section 38(f) of the Arms Export Control Act (22 U.S.C. 2778(f)) is amended by adding at the end the following:

“(5)(A) Except as provided in subparagraph (B), the President shall take such actions as may be necessary to require that, at the time of export or reexport of any major defense equipment listed on the 600 series of the Commerce Control List contained in Supplement No. 1 to part 774 of subtitle
B of title 15, Code of Federal Regulations, the major defense equipment will not be subsequently modified so as to transform such major defense equipment into a defense article.

“(B) The President may authorize the transformation of any major defense equipment described in subparagraph (A) into a defense article if the President—

“(i) determines that such transformation is appropriate and in the national interests of the United States; and

“(ii) provides notice of such transformation to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate consistent with the notification requirements of section 36(b)(5)(A) of this Act.

“(C) In this paragraph, the term ‘defense article’ means an item designated by the President pursuant to subsection (a)(1).”.

(b) Notification and Reporting Requirements for Major Defense Equipment Removed From United States Munitions List.—Section 38(f) of the Arms Export Control Act (22 U.S.C. 2778(f)), as amend-
ed by this section, is further amended by adding at the end the following:

“(6) The President shall ensure that any major defense equipment that is listed on the 600 series of the Commerce Control List contained in Supplement No. 1 to part 774 of subtitle B of title 15, Code of Federal Regulations, shall continue to be subject to the notification and reporting requirements of the following provisions of law:

“(A) Section 516(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(f)).


“(C) Section 3(d)(3)(A) of this Act.

“(D) Section 25 of this Act.

“(E) Section 36(b), (c), and (d) of this Act.”.


Section 502B(d) of the Foreign Assistance Act of 1961 (22 U.S.C. 2304(d)) is amended—

(1) in paragraph (1), by striking “and” at the end; and

(2) in paragraph (2)(C) to read as follows:
“(C) any license in effect with respect to
the export to or for the armed forces, police, in-
telligence, or other internal security forces of a
foreign country of—

“(i) defense articles or defense serv-
ices under section 38 of the Armed Export
Control Act; or

“(ii) items listed under the 600 series
of the Commerce Control List contained in
Supplement No. 1 to part 774 of subtitle
B of title 15, Code of Federal Regula-
tions;”.

SEC. 305. AMENDMENTS TO DEFINITIONS OF “DEFENSE AR-
TICLE” AND “DEFENSE SERVICE” UNDER THE
ARMS EXPORT CONTROL ACT.

Section 47 of the Arms Export Control Act (22
U.S.C. 2794) is amended—

(1) in the matter preceding subparagraph (A)
of paragraph (3), by striking “includes” and insert-
ing “means, with respect to a sale or transfer by the
United States under the authority of this Act or any
other foreign assistance or sales program of the
United States”; and

(2) in paragraph (4), by striking “includes”
and inserting “means, with respect to a sale or
transfer by the United States under the authority of
this Act or any other foreign assistance or sales pro-
gram of the United States.”.

SEC. 306. TECHNICAL AMENDMENTS.

(a) In General.—The Arms Export Control Act (22
U.S.C. 2751 et seq.) is amended—

(1) in sections 3(a), 3(d)(1), 3(d)(3)(A), 3(e),
5(e), 6, 21(g), 36(a), 36(b)(1), 36(b)(5)(C),
36(c)(1), 36(f), 38(f)(1), 40(f)(1), 40(g)(2)(B),
101(b), and 102(a)(2), by striking “the Speaker of
the House of Representatives and” each place it ap-
ppears and inserting “the Speaker of the House of
Representatives, the Committee on Foreign Affairs
of the House of Representatives, and”;

(2) in section 21(i)(1) by inserting after “the
Speaker of the House of Representatives” the fol-
lowing “, the Committees on Foreign Affairs and
Armed Services of the House of Representatives,”;

(3) in sections 25(e), 38(f)(2), 38(j)(3), and
38(j)(4)(B), by striking “International Relations”
each place it appears and inserting “Foreign Af-
fairs”; 

(4) in sections 27(f) and 62(a), by inserting
after “the Speaker of the House of Representa-
tives,” each place it appears the following: “the
Committee on Foreign Affairs of the House of Rep-
resentatives,”; and

(5) in section 73(e)(2), by striking “the Com-
mittee on National Security and the Committee on
International Relations of the House of Representa-
tives” and inserting “the Committee on Armed Serv-
ices and the Committee on Foreign Affairs of the
House of Representatives”.

(b) OTHER TECHNICAL AMENDMENTS.—

(1) ARMS EXPORT CONTROL ACT.—The Arms
Export Control Act (22 U.S.C. 2751 et seq.), as
amended by subsection (a), is further amended—

(A) in section 38—

(i) in subsection (b)(1), by redesig-
nating the second subparagraph (B) (as
added by section 1255(b) of the Foreign
Relations Authorization Act, Fiscal Years
1988 and 1989 (Public Law 100–204; 101
Stat. 1431)) as subparagraph (C);

(ii) in subsection (g)(1)(A)—

(I) in clause (xi), by striking “;
or”’’ and inserting ‘‘, or’’; and

(II) in clause (xii)—

(aa) by striking ‘‘section’’

and inserting ‘‘sections’’; and
(bb) by striking “(18 U.S.C. 175b)” and inserting “(18 U.S.C. 175c)”;

(iii) in subsection (j)(2), in the matter preceding subparagraph (A), by inserting “in” after “to”; and

(B) in section 47(2), in the matter preceding subparagraph (A), by striking “sec. 21(a),” and inserting “section 21(a),”.

(2) FOREIGN ASSISTANCE ACT OF 1961.—Section 502B of the Foreign Assistance Act of 1961 (22 U.S.C. 2304) is amended—

(A) in subsection (b), by striking “Wherever applicable, a description” and inserting “Wherever applicable, such report shall include a description”; and

(B) in subsection (d)(2)(B), by striking “credits” and inserting “eredits)”.

TITLE IV—APPLICATION OF CERTAIN PROVISIONS OF EXPORT ADMINISTRATION


(a) PROTECTION OF INFORMATION.—Section 12(e) of the Export Administration Act of 1979 (50 U.S.C. App.
2411(c)) has been in effect from August 20, 2001, and continues in effect on and after the date of the enactment of this Act, pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and notwithstanding section 20 of the Export Administration Act of 1979 (50 U.S.C. App. 2419). Section 12(c)(1) of the Export Administration Act of 1979 is a statute covered by section 552(b)(3) of title 5, United States Code.

(b) TERMINATION DATE.—Subsection (a) terminates at the end of the 4-year period beginning on the date of the enactment of this Act.

Passed the House of Representatives April 7, 2014.

Attest: KAREN L. HAAS,

Clerk.