CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 18, 2013

H.R. 419
Taiwan Policy Act of 2013

As ordered reported by the House Committee on Foreign Affairs on August 1, 2013

H.R. 419 would authorize the sale of four naval vessels to Taiwan. That authority would expire three years after the bill is enacted. CBO estimates that all four vessels would be sold over that period, for about $10 million each. CBO estimates that enacting H.R. 419 would reduce direct spending by about $40 million over the 2014-2016 period. Under the bill, any additional costs related to the sale, including costs for refurbishment of the vessels, would be paid by the recipient country. Such amounts are typically paid directly to the private shipyard that does the work. Enacting the bill would affect direct spending; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

The bill also would authorize the President to accept a letter from Taiwan requesting data on certain F-16 fighter jets—a preliminary step for a potential sale through the Foreign Military Sales (FMS) program. (Under current law, sales of U.S. defense articles and services to foreign governments are carried out under the FMS program—a direct spending program administered by the Defense Security Cooperation Agency.) However, the President already has the authority to accept such a request and CBO estimates that implementing this provision would not result in additional FMS sales and have no budgetary effect.

Other provisions of the bill would:

- Encourage visits and meetings between the United States and Taiwan by cabinet-level officials,
- Require that the Director of the American Institute in Taiwan be confirmed by the Senate,
- Enhance judicial cooperation with Taiwan,
- Require the Department of State to continue to ensure meaningful participation by Taiwan in international organizations, and
- Require several briefings and reports to the Congress on aspects of U.S. policy towards Taiwan.

Based on information from the Department of State, CBO estimates that implementing those provisions would have an insignificant effect on spending subject to appropriation each year. Such discretionary spending would total $1 million over the 2014-2018 period, CBO estimates, assuming the availability of appropriated funds.

H.R. 419 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Raymond J. Hall (for naval vessel sales) and Sunita D'Monte (for State Department provisions). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.