

U.S. SENATE COMMITTEE ON FOREIGN RELATIONS

Business Meeting

Thursday, June 8, 2023

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U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:34 a.m., in Room 116, The Capitol Building, Hon. Robert Menendez, chairman of the committee, presiding.

Present: Senators Menendez [presiding], Cardin, Shaheen, Coons, Kaine, Merkley, Booker, Schatz, Van Hollen, Duckworth, Risch, Romney, Ricketts, and Paul.

**OPENING STATEMENT OF HON. ROBERT MENENDEZ,
U.S. SENATOR FROM NEW JERSEY**

The Chairman: This business meeting of the Senate Foreign Relations committee will come to order. Today, we are considering several important pieces of legislation and a handful of nominations. We have requests for holdovers on the Taiwan Tax Act and the Harm Act, both which I intend to honor.

I will be speaking to Senator Risch. Hopefully we can hold another business meeting soon so that we can move those items as quickly as possible. Let me then turn to nominations. We have a number of important ones on the agenda, Sierra Leone, Laos, the Asia-Pacific Economic Cooperation, Cabo Verde, and Micronesia.

These posts are each strategically important to the United States, especially in the face of the China challenge, and I hope all of our colleagues can support the nominations before us today. Turning to legislation, we will vote on three bills and four resolutions that represent the good bipartisan work of many members of the committee and the Senate. I will speak to just a few.

First, I am pleased that we are taking up the International Trafficking Victims Protection Reauthorization Act. Last year, this bill passed out of the committee, and subsequently the Senate, both times by voice vote.

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Along with Senator Risch, with the support of Senators Kaine, Rubio, and others, I have reintroduced this critical legislation to reauthorize and strengthen U.S. tools to fight the scourge of human trafficking around the world. I hope we can all support it again, as we did last year.

Let me just say, even though we are not going to be voting on it today, a few words about the Taiwan Tax Agreement Act, despite the hold over. I am grateful for the superb collaboration with Senator Risch and his staff, as well as the support from Senator Van Hollen and Senator Romney, who are our original co-sponsors on this legislation. The legislation comes at a critical time.

The tax agreement with Taiwan that the bill authorizes will facilitate investment in key strategic industries such as semiconductors, support U.S. businesses active in Taiwan, and deepen our economic engagement with Taiwan. The administration concluded the U.S., Taiwan Initiative, the 21st Century Trade, just last week and this is a necessary complement to those efforts.

It is something that Taiwan has requested. It is something the administration has asked to work with us on. It is something that the U.S. business community supports. Just today, the Chamber of Commerce wrote to the committee expressing its strong support for this bill in recognition of the importance of a tax agreement between the United States and Taiwan, and so I ask unanimous consent that that letter be included in the record. Without objection, it shall be included.

[The information referred to is located at the end of this transcript.]

The Chairman: This committee needs to act to move this bill forward quickly. We are also taking up other important bills sponsored by Senators Rubio and Romney, and resolutions sponsored by Senators Coons, Merkley, and Peters.

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I appreciate the work of all these members. I will note briefly the Peter's resolution on Paul Whelan. All of us are unified in condemning Russia's unlawful detention of Mr. Whelan and urge the administration to continue to do everything possible to ensure his return.

Finally, I also want to note that I expect to be able to notice a markup for June 21st for the State Department authorization bill. This is one of the most important responsibilities of this committee, and I am pleased that we have reinvigorated the function during my chairmanship.

A State authorization bill has been inactive two years in a row, after nearly a two-decade lapse. I deeply appreciate the work of Senator Risch and his team, along with many members here, and I am confident that we will move forward with a strong bipartisan product.

With that, let me turn to Senator Risch for his opening remarks.

**STATEMENT OF HON. JAMES RISCH,
U.S. SENATOR FROM IDAHO**

Senator Risch: Well, thank you, Mr. Chairman. I understand also we are not going to take up Taiwan tax agreement, but the agreement is an important step towards strengthening our economic relationship with Taiwan.

I do hope we can get a business meeting and move it on quickly. Specifically, this would allow the President to start negotiating an agreement that would encourage increased investment between the U.S. and Taiwan by eliminating duplicative tax structures.

Also, perhaps just as importantly, the agreement has the potential to encourage other nations to increase their economic relations with Taiwan. Very important.

I am also glad we are able to find a path forward to consider Senator Rubio's and Senator Romney's stand-alone China related bills outside the larger China to bill negotiations. These bills address important issues related to China's continued abuse of the developing nations status and identifying gaps in Taiwan's resiliency planning that could be exploited by China. It is important to move these bills expeditiously.

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We also have a number of important Russia related items on today's agenda, including the Harm Act, to designate the Wagner Group a foreign terrorist organization. I understand that will be held until the next business meeting but hope to move it forward.

Wagner's activities on behalf of the Kremlin continue to destabilize entire governments, cut natural resources in vulnerable countries, and commit war crimes in Ukraine, Syria, and Libya.

Russian malign influence is bigger than Wagner, but this is a start. Also, I would like to thank Senator Coons for his partnership on Senate Res. 174, condemning the government of Eswatini for its human rights record.

On the nomination for the Asia-Pacific Economic Cooperation position, the United States will host the APEC Leaders' Summit later this year. APEC is a great forum to cooperate with close partners and connect Asia to our own hemisphere.

However, under no circumstances should the administration waive or remove sanctions on Hong Kong officials to facilitate their participation in this meeting. Hong Kong officials want to tell the international business community that everything is back to normal, and that is far from the truth.

We should not normalize their behavior. We must stand firm and not put engagement, for engagement's sake, ahead of our own interest or U.S. support for Hong Kong human rights. Beyond the APEC nominee, I plan to support each of the career nominees on the agenda.

And lastly, as always, I would ask that members be permitted to file a no on items. Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Risch. Without objection, we will now consider en bloc several nominations and two FSO lists. All the nominations on the agenda have been listed. You have them.

Would any member like to speak to any of these nominations before we vote? Senator Paul.

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Senator Paul: As we discussed previously, I have been holding these nominees. I think I have 30 of them now, and it will take a bit of time to go through them, if we have to go through them one at a time. I am more than willing to release any hold on all of these nominees, if I can see some unclassified documents.

The documents are predominantly from one program called PREDICT. PREDICT was a 10-year program that had \$200 million appropriated to at the time. \$65 million of those dollars went to one entity, EcoHealth Alliance.

Several million dollars went to one lab, Wuhan Lab. And when we had the head of the USAID in recently, she said that we never funded any gain of function research. However, if you look at a 2015 PREDICT grant that went to Wuhan, it funded the development of what are called chimeric viruses.

These are viruses where they take the S protein off of the coronavirus and they stick it on another unknown, but then they run it through humanized mice that have human lungs. And as you run it through repeatedly, you make the virus more adaptable. You select out of that which grows best in human cells.

So, you take a virus that might be more adapted originally to bats, and over serial passage over time through humanized mice, you make it more adaptable to humans. This is the very definition of gain of function research.

So, there is a debate. The head of USAID says, we never did gain of function, because they know that there are risks to that, and they know that there is opposition out there. But in order to have oversight, we would like to read those PREDICT grants and make our own mind up. Let the public make up their mind of whether or not they were gain of function.

To my knowledge, none of this is classified. We still are talking directly with both State Department and USAID, but it would be of great benefit if the Chairman would help in getting this information released.

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And we have a letter to present to Chairman Menendez talking about trying to get help to get some of these unclassified records.

[The information referred to follows:]

[COMMITTEE INSERT]

The Chairman: Are there any other comments on the nominations?

[No response.]

The Chairman: If not, I will entertain a motion that the nominees be approved en bloc.

Senator Cardin: So, moved.

Voice: Second.

The Chairman: Is there a second? Moved and seconded. All those in favor will say aye.

[Chorus of ayes.]

The Chairman: All those opposed will say no.

[No response.]

The Chairman: The ayes have it. And a majority of the members having voted in the affirmative, and the ayes have it, and the items -- all of those nominations are favorably reported to the Senate.

Now, without objection, we will consider en bloc three bills and four resolutions. They are all resolutions and legislation that are on the agenda, except for those that have been held.

And I appreciate that we finally got Senator Merkley's Mekong Delta resolution on, and I think he has been working on it for a while, so I appreciate that. Happy to entertain anyone who wishes to speak on any of these items. If there is --

Senator Paul: -- which items again?

The Chairman: The resolution and legislation, except for the two that were held.

Senator Paul: Everything that we are talking about today.

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The Chairman: Everything, yes. Except for the two that were held. The hold on the Taiwan tax act, the hold on the Wagner designation. Everything else is up for consideration.

Senator Paul: And we are going to have amendments on 1074?

The Chairman: We can --

Senator Paul: That is the one -- I think there were two Murphy amendments.

The Chairman: Yes --

Senator Paul: But are they are included --?

The Chairman: Yes, they are in a manager's package.

Senator Paul: Okay -- all right, well, I guess I would like to speak to that one, if we are doing everything all at once. I just wanted to make sure we --

The Chairman: Absolutely. Senator Paul.

Senator Paul: You know, our policy towards China and towards Taiwan for 50 years has been this idea of strategic ambiguity. My fear is that each time we attempt to display bellicosity and our might and our displeasure, we become less ambiguous. And the lesson being we become less strategic is the value of policy.

Murphy's amendments, both concluded I guess, one that says, nothing in this act may be construed as authorizing use of force. I support that. And then also his amendment, I think, is important because it says that nothing in the act may be construed as a change to the one-China policy.

The problem is, is if you think you have to add that amendment, it is because you think there is stuff in here that may be changing the one China policy and maybe making it less ambiguous.

So, I think we can say all we want that we believe in one China policy, but at the same time, every time we make it more explicit what we are going to do, or you know. The thing is we have all kinds of military contingency plans that are discussed.

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Many of them we do not discuss in public, many of them we do not saber rattle in these different bills. But none of this, I think, works to deter China. You could make that argument, but you can equally as well make the opposite argument that it may serve to provoke a situation as well.

So, I for one am opposed to the passage of this particular piece of legislation, the Taiwan Protection and National Resilience Act of 2023, even with the amendment.

The Chairman: Thank you. Is there anyone else who seeks recognition? Senator Coons.

Senator Coons: Very briefly. I would appreciate the bipartisan support for a resolution that is essentially focused on ensuring a competent investigation of the brutal murder of a human rights activist, Thulani Maseko, in Eswatini, and draws attention to the human rights situation in Eswatini.

On the resolution related to Paul Whelan, who is being held unjustly in Russia, I just briefly wanted to reference, Senator Rounds and I produced a bill whose name explains its purpose, stop tax penalties on American hostages.

When Americans are held overseas inappropriately, the first thing they get when they come home is often tax penalties from the IRS. Jason Rezaian, a Washington Post reporter, came to meet with me to say, after 500 days in an Iranian prison, he came back home to a \$30,000 tax bill because he had not paid his taxes on time, despite it being front page news that he was a prisoner in Iran.

So, this would simply authorize the IRS to take note that when the State Department publicly identifies someone as wrongfully detained overseas, they have the power to waive their penalty. I would appreciate the support of members who might be interested in that topic.

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Thank you, Mr. Chairman.

The Chairman: Thank you. Senator Merkley.

Senator Merkley: Thank you, Mr. Chairman. And I appreciate that the Mekong Delta resolution is on the agenda. And really appreciate the support and partnership of Senator Sullivan on this effort.

This really came out of the geostrategic considerations of how important the Mekong Delta is. It is basically five key nations, all of which collectively produce some -- well significantly, a little more than 25 percent of the freshwater fish in the world and an enormous amount of rice. It is critical to those economies.

This understanding is very closely related to our support for ASEAN. It is important to both Vietnam and Thailand specifically, and they have weighed in to say they appreciate our understanding of the economic importance of the Delta.

And it just fits very well with our concern about creating a closer relationship with key nations. Thank you.

The Chairman: Any other members seeking recognition on either the resolutions or the legislation?

[No response.]

The Chairman: If not, I would entertain a motion that the agenda, the legislative agenda would be considered en bloc.

Senator Paul: That includes the manager's amendments --

The Chairman: Including the manager's amendments.

Voice: So, moved.

Voice: Second.

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The Chairman: Moved and seconded. All those in favor will say aye.

[Chorus of ayes.]

The Chairman: All those opposed say no.

[No response.]

The Chairman: The ayes have it. The majority of the members having voted in the affirmative, the legislation is favorably reported to the Senate. That completes the committee's business.

I ask unanimous consent the staff be authorized to make technical and conforming changes. Without objection, so ordered. Thank you all for your appearance.

[Whereupon, at 10:49 a.m., the meeting was adjourned.]

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Additional Information Submitted for the Record



U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

June 8, 2023

The Honorable Bob Menendez
Chair
Committee on Foreign Relations
United States Senate
Washington, DC 20510

The Honorable Jim Risch
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, DC 20510

Dear Chairman Menendez and Ranking Member Risch:

The U.S. Chamber of Commerce supports S. 1457, the "Taiwan Tax Agreement Act of 2023," a bipartisan bill to authorize the Administration to negotiate and conclude a tax agreement with Taiwan.

Due to the complexity of the U.S. tax system, it is not uncommon to see double taxation of income earned by U.S. companies doing business abroad. For more than eight decades, international tax agreements have helped to promote foreign direct investment by providing relief from double taxation in circumstances where two economies might otherwise assert the right to levy income tax.

International tax agreements make the United States a more attractive destination for foreign investment, and they promote economic growth while fostering fairness and certainty in international tax treatment. These agreements establish clear rules to avoid double taxation and provide administrative procedures for U.S. taxpayers, taxpayers in the partner economy, and the United States and foreign taxing authorities themselves to resolve disagreements and assist in the enforcement of tax laws.

Taiwan is the 10th largest U.S. trading partner, and U.S. direct investment in Taiwan topped \$16 billion in 2021. In the same year, Taiwanese investment in the United States reached \$17 billion. These commercial ties support growth, jobs, and innovation in both the United States and Taiwan.

A U.S.-Taiwan tax agreement would help reduce unnecessary double taxation, prevent tax evasion, and remove barriers to trade between our two economies. The Chamber urges the Committee to expeditiously report this bill.

Sincerely,



Neil L. Bradley
Executive Vice President, Chief Policy Officer, and
Head of Strategic Advocacy
U.S. Chamber of Commerce

cc: Members of the U.S. Senate Committee on Foreign Relations