

No. 3816

**UNITED STATES OF AMERICA
and
CHINA**

**Exchange of notes constituting an agreement relating to
the construction of military installations and facilities.
Taipei, 21 November 1956**

Official texts: English and Chinese.

Registered by the United States of America on 18 April 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHINE**

**Échange de notes constituant un accord relatif à la construc-
tion d'installations militaires. Taïpei, 21 novembre
1956**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 18 avril 1957.

No. 3816. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CHINA RELATING TO THE CONSTRUCTION OF MILITARY INSTALLATIONS AND FACILITIES. TAIPEI, 21 NOVEMBER 1956

I

The American Ambassador to the Chinese Minister of Foreign Affairs

AMERICAN EMBASSY

No. 31.

Taipei, November 21, 1956

Excellency :

I have the honor to refer to the Mutual Defense Assistance Agreement between the United States of America and the Republic of China, embodied in the Exchanges of Notes at Taipei on January 30 and February 9, 1951,² and on October 23 and November 1, 1952,³ and to propose the following understandings between our two Governments in order to facilitate the provision by the Governments in order to facilitate the provision by the Government of the United States of assistance to the Government of the Republic of China under the terms of the aforesaid Agreement, in connection with the construction in Taiwan of military installations and facilities for the use of the Armed Forces of the Republic of China or for their joint use with the Armed Forces of the United States of America, financed wholly or in part by the Government of the United States, and in particular for the construction of the facility known as Kung Kuan Airfield and the Chinese Navy projects for the development of Tsoying Harbor and construction and development work at existing Chinese naval facilities in Kaohsiung, Keelung and Makung :

1. For purposes of the orderly and economical prosecution of work contemplated by these understandings, and for other projects as may be mutually agreed between the two Governments, the United States Military Assistance Advisory Group (MAAG), Taiwan, shall have attached or assigned to it as part of the MAAG, military and United States civilian personnel of the Okinawa Engineer District Corps of Engineers, United States Army, and of the Bureau of Yards and Docks, United States Navy, who, for purposes of this agreement, shall be treated as "Members of the MAAG".

2. The Government of the Republic of China, at times appropriate to the orderly and economical prosecution of the agreed construction work, and without cost to the United States Government, its Contractors or sub-contractors, will, on request, place

¹ Came into force on 21 November 1956 by the exchange of the said notes.

² United Nations, *Treaty Series*, Vol. 132, p. 273.

³ United Nations, *Treaty Series*. Vol. 184, p. 348.

at the disposal of the Chief, MAAG, areas necessary for carrying out the construction and related work contemplated by these understandings. The term "necessary areas" shall be understood to include, in addition to the real estate on which construction will be performed, rights to use of water available, rights of entry for purposes of survey, and such borrow areas, spoil areas, quarry sites and aggregate production sites in streams or elsewhere as may be necessary, together with rights of ingress and egress and rights to remove such materials or deposit excess materials as may be necessary to the agreed construction work. Such "necessary areas" shall cease to be at the disposal of the Chief, MAAG, upon completion of the construction work contemplated by these understandings.

3. The Government of the Republic of China will hold the Government of the United States, its Contractors and their sub-contractors harmless for such destruction of any buildings, streets, roads, public utilities and improvements of any kind on real property placed at the disposal of the Chief, MAAG, as necessary to the construction work contemplated by these understandings. Should any relocation of facilities be required or resettlement costs be involved, relocation and resettlement shall be accomplished by the Government of the Republic of China at its own expense and at such time as not to interfere with the orderly and economical prosecution of the work.

4. The Chief, MAAG, or his representatives shall have the right to select and engage such individual persons, corporations, companies, and partnerships of United States nationality, herein referred to as "Contractors," as he may deem necessary for purposes of carrying out the functions contemplated in these understandings. It is, of course, understood that the Chief, MAAG, undertakes that local unskilled laborers will be used exclusively and he will engage local Contractors to the maximum practicable extent. Such of the Contractors and their sub-contractors as must be brought into Taiwan shall not be required to hold license or to register in order to perform in Taiwan the work contemplated by these understandings, nor to maintain a resident representative after completion of their contract and after fulfilment of their contractual obligations assumed in their dealings with residents of Taiwan or government agencies of the Republic of China. Terms and conditions of employment of Contractor personnel brought into Taiwan by the Chief, MAAG, or his representatives shall be exempt from the application of laws and regulations of the Government of the Republic of China. It is of course understood that terms and conditions of employment of residents of Taiwan will be subject to Chinese law. When notified by the Chief, MAAG, that it is essential to the prosecution of the agreed construction and that necessary U.S. security clearance has been granted in each case, the Government of the Republic of China will receive employees (together with their dependents) of the Okinawa Engineer District and the Bureau of Yards and Docks who are not United States nationals and of Contractors and sub-contractors, selected or approved and brought into Taiwan by the Chief, MAAG, or his representative. Such employees, unless United States nationals, will be received only with prior approval of the Government of the Republic of China in each case. No fee or charge shall be made by the Government of the Republic of China for the entry or exit of such employees and their dependents or for quarantine, work permits or residence permits. Administrative procedures will be devised to expedite entry into or exit from Taiwan.

5. All property, materials, equipment and supplies imported into or re-exported from Taiwan by the Government of the United States or by its Contractors or their

sub-contractors brought into Taiwan, in connection with the agreed construction or work related thereto and certified to as such by the Chief, MAAG, shall be accorded the same customs and tax exemptions as are accorded MAAG under the Mutual Defense Assistance Agreement. Such property, materials, equipment and supplies, if procured in Taiwan, and services procured in Taiwan, shall be exempt from Commodity Tax, Salt Tax and other readily detectable taxes. In the event that problems arise in effectuating such tax exemptions, the Government of the Republic of China and the Government of the United States shall agree upon procedures which will effect such tax exemptions or similar relief. Such property, materials, equipment and supplies as do not become a part of the completed works shall remain the property of the Government of the United States or its Contractors or sub-contractors brought into Taiwan, and may be removed from Taiwan at any time or may be disposed of in Taiwan by such owners in accordance with measures to be agreed upon by the two governments and, in the case of Contractors and sub-contractors brought into Taiwan, subject to claims resulting from contractual obligations assumed in dealings with residents of Taiwan or the Government of the Republic of China. In event of disposal in Taiwan, any applicable customs duty or tax will be paid by the purchaser in accordance with the laws and regulations of the Republic of China. The Government of the Republic of China will take all reasonable steps within the framework of its laws to prevent any unwarranted increases in the prices of either materials or services, including transportation, and in fees for port facilities, purchased or utilized by the Chief, MAAG, or by his Contractors or their sub-contractors to carry out the functions contemplated by these understandings.

6. All vehicles and equipment imported into Taiwan by the Government of the United States or by its Contractors and sub-contractors brought into Taiwan, to carry out the functions contemplated by these understandings, when certified as such by the Chief, MAAG, shall bear license tags or markings of the same kind as are assigned to MAAG vehicles and equipment of similar types, and such vehicles and equipment shall not be subject to taxes or fees relating to their registration or licensing in Taiwan. Operators of such vehicles and equipment shall carry at all times a valid operator's permit as may be required by the Chinese Government, which, except in the case of residents of Taiwan, shall be issued without charge. Prior consultation with the appropriate authorities of the Republic of China shall be required in regard to movements on land or water of such vehicles and equipment which are necessary to the completion of the work contemplated by these understandings but are in conflict with existing laws or regulations limiting the use of roads or waterways to certain types of vehicles.

7. Employees of the United States Government and their dependents, as well as Contractors and sub-contractors and their employees and dependents, who enter Taiwan to carry out the functions contemplated by these understandings shall be granted the same personal customs and tax exemptions as are granted members of MAAG under the Mutual Defense Assistance Agreement. Not more than one motor vehicle per family may be imported duty free for personal use, with the understanding that such vehicles may not be disposed of in Taiwan, but must be exported upon departure of the owner.

8. Contractors selected by the Chief, MAAG, shall have the right, subject to his approval, to select such sub-contractors, from either within or outside Taiwan, as may be necessary for the performance of the contemplated construction work and the discharge of their contractual obligations to MAAG, again with the understanding that local sub-contractors will be used to the maximum practicable extent and provided that such sub-

contractors as must be brought into Taiwan, unless of U.S. nationality, shall be engaged only with prior approval of the Government of the Republic of China.

On behalf of the Government of the United States, I would appreciate a written assurance from the Government of the Republic of China of its acceptance of the understandings expressed above. This note, together with your Excellency's note in reply, shall be considered as constituting an agreement between the two Governments on the understandings.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

K. L. RANKIN

His Excellency George K. C. Yeh
Minister of Foreign Affairs
Republic of China
Taipei

[TRANSLATION¹ — TRADUCTION²]

No. Wai (45) Mei-1-13077

Taipei, November 21, 1956

Excellency :

I have the honor to acknowledge receipt of your Excellency's Note No. 31, of today's date, which reads as follows :

[*See note I*]

In reply, I have the honor to accept on behalf of the Government of the Republic of China the understandings set forth in your Excellency's Note under reference and to state that this Note and your Excellence'y Note under reference shall be regarded as constituting an agreement between the two Governments, which shall become effective from today's date.

Please accept, Excellency, the renewed assurances of my highest consideration.

George K. C. YEH
[SEAL]

His Excellency Karl L. Rankin
Ambassador of the United States of America
Taipei

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.