

No. 5121

**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

**Exchange of notes (with Memorandum of Understanding)
constituting an agreement relating to the sale of excess
military property in Taiwan. Taipei, 22 July 1959**

Official texts: English and Chinese.

Registered by the United States of America on 4 May 1960.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CHINE**

**Échange de notes (avec Mémorandum d'accord) constituant
un accord relatif à la vente de surplus militaires se
trouvant à Taïwan. Taïpeh, 22 juillet 1959**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 4 mai 1960.

No. 5121. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF CHINA RELATING TO THE SALE OF EXCESS MILITARY PROPERTY IN TAIWAN. TAIPEI, 22 JULY 1959

I

The American Ambassador to the Chinese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 5

Taipei, July 22, 1959

Excellency :

I have the honor to refer to the recent discussions between our two Governments on the subject of the sale of United States excess property located in Taiwan by units of the Armed Forces of the United States of America and to propose, as a result of the discussions, the following understandings :

1. The Government of the Republic of China consents to the disposal by sale of such United States property located in Taiwan in the possession of units of the United States Armed Forces as may be declared excess to their needs.

2. Units of the United States Armed Forces, when planning to dispose of excess materials and equipment located in Taiwan, shall submit fifty (50) copies of a list of such property to a designated agency of the Chinese Government not less than forty (40) days in advance of the proposed disposal. The Chinese Government shall have the right of priority of purchase of all or any part of such property listed for sale at prices and terms to be mutually agreed upon.

3. In the absence of such mutual agreement having been reached within forty (40) days after the submission of such a list, the United States military units may sell excess property in conformance with the following provisions.

4. a) Officers conducting United States disposal activities shall notify prospective bidders and purchasers for import into Taiwan that purchasers shall be required to pay taxes, such as customs duties and commodity taxes, in accordance with Chinese law. Such officers shall also furnish the designated agency of the Chinese Government with ten (10) copies of contracts concerned or, when sale is not made through contracts, ten (10) copies of a properly certified consolidated list of successful bidders or direct purchasers which would include information on the name and address of the purchaser, individual or firm, the items of purchase, the purchase price of each item and the signature of purchaser, to facilitate the collection of customs duties and other taxes; but the United States or its agencies shall not be responsible for the payment of such duties or taxes.

¹ Came into force on 22 July 1959 by the exchange of the said notes.

b) Excess property which is sold for export shall not be subject to customs duties, taxes or other restrictions by the Chinese Government. Excess property sold for export which is exported under a name other than United States Armed Forces shall, however, for the purpose of securing an export permit, be accompanied by a certificate of sale issued by the United States military unit concerned.

5. If the Chinese Government provides notification that, in accordance with Chinese law, the purchase or possession by the civilian population of certain excess property listed for sale is for security or other reasons subject to authorization by the Chinese Government, no sales shall be made thereof for import into Taiwan except in conformity with the provisions of the notification. Such notification shall be furnished to the United States military units concerned within the forty (40) days after submission of the list of property as provided in paragraph 2 hereof, and notations to such effect shall be included, when applicable, in the offerings for sale.

6. a) Sales of excess property located in Taiwan shall be made for Chinese currency if payment is made in Taiwan by citizens or residents of Taiwan. However, in the case of sales to foreign purchasers for export, payment in other currencies may be made, subject to the foreign exchange regulations of the Republic of China if such regulations are applicable.

b) Chinese currency derived from such sales shall be freely usable for any and all United States Government expenditures in Taiwan.

7. It is understood that waste materials, such as garbage, kitchen refuse, empty containers and used packaging materials, not in commercial quantities, may be sold directly without being subject to the procedural requirements set forth in these understandings and that purchasers in such transactions are exempt from customs duties and other taxes. After each sale of waste materials, a list of these materials together with quantities sold shall be furnished to the designated agency of the Chinese Government for reference.

If the above understandings are acceptable to the Government of the Republic of China, this note and Your Excellency's note of acceptance will constitute an agreement between the two Governments on this subject, to enter into effect on the date of Your Excellency's note in reply and to continue in effect until sixty (60) days after either Government gives notice to the other of its desire to terminate or renegotiate it. It may be amended at any time by mutual agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

Everett F. DRUMRIGHT

His Excellency Huang Shao-ku
Minister of Foreign Affairs
Taipei

MEMORANDUM OF UNDERSTANDING TO ACCOMPANY THE
FOREIGN EXCESS PROPERTY DISPOSAL AGREEMENT¹ BE-
TWEEN THE UNITED STATES AND CHINA

Reference is made to the general agreement between the United States and the Chinese Government on the above subject.

Section 6.b) of this agreement states that “ Chinese currency derived from such sales shall be freely usable for any and all United States Government expenditures in Taiwan. ” The United States has no present intention to use the Chinese currency derived from such sales for the purchase of commodities for export provided that if circumstances should change and the United States should desire to use Chinese currency for such purpose, the two governments will consult with a view to agreement on mutually satisfactory arrangements, taking into consideration the desire of both governments to avoid significant adverse effects on the economy of Taiwan.

P. J. S.

Embassy of the United States of America
Taipei, July 22, 1959

¹ See p. 294 of this volume.

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

No. Wai-48-Mei-1-011832

July 22, 1959

Excellency :

I have the honor to acknowledge receipt of Your Excellency's Note No. 5 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 foregoing understandings and to confirm that your note and this reply shall constitute an agreement between our two Governments, effective from today's date.

Accept, Excellency, the renewed assurances of my highest consideration.

[SEAL] HUANG Shao-ku

His Excellency Everett F. Drumright
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.