

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Proposed Appropriation Language

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act (Public Law 96–8), \$23,320,000

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Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 23,158 | 21,174 | 23,320 |

Program Description

To support U.S. interests in Taiwan, the American Institute in Taiwan (AIT) serves as the advocate to Taiwan authorities for U.S. political, economic and security interests and analyzes and reports on political and economic events critical to U.S. interests. AIT advances U.S. economic, commercial and agricultural interests in Taiwan, including the promotion of U.S. exports. AIT provides the full range of consular services, including both immigrant and non-immigrant visas as well as American citizen services, and supports border protection and anti-terrorism efforts. AIT participates in cultural, scientific, and information exchange programs, and facilitates U.S. arms sales to Taiwan. In addition, AIT negotiates agreements on behalf of the United States with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office in the United States (TECRO).

AIT's Washington headquarters carries out executive functions and acts as the liaison between various U.S. Government agencies and TECRO. In particular, the Washington office provides executive and administrative direction for AIT, financial oversight and contract administration of all agency agreements, and coordination of negotiations and agreements. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the Washington office also issues identity and tax exemption cards to TECRO employees and their dependents, and serves as the liaison between TECRO, the Department of State, and the Department of Homeland Security regarding visas and adjustments of status.

Support for AIT operations comes from three funding sources: this Department of State appropriation; reimbursements by U.S. Government agencies such as the Departments of Commerce, Agriculture, Defense, Energy and Homeland Security for specific staff positions; and visa processing fees charged by AIT under Department of State authority. These FY 2012 sources amount to approximately \$21.9 million in reimbursements from other agency contracts and compensation associated with supporting the Foreign Service Institute's Chinese Language School, as well as approximately \$19.8 million in visa processing fees.

Before FY 2009 visa processing fees were sufficient to fund consular service upgrades and incrementally fund a capital projects account. Visa processing fees have also covered shortfalls in the appropriation and adverse exchange rate changes. However, visa processing receipts dropped 28 percent in 2009 at the same time that State, Commerce and Agriculture Foreign Service salaries increased by more than 7 percent. Visa processing fee collections continue to be substantially lower than previous highs and this trend is anticipated to continue in the future. Of the estimated \$19.8 million in visa processing fees, approximately \$16.3 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. A portion of the remaining funds will be set aside for consular upgrades. The remainder will be added to capital projects.

In late 2009, Taipei municipal authorities gave final approval for the construction of a New Office Compound (NOC) for AIT Taipei, which is in dire need of a new facility. Phase I construction of the new \$226 million state-of-the-art facility was begun in March 2010 and is scheduled to be completed in 2012.

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If funding for Phase II becomes available in FY 2011, AIT expects that the NOC can be completed by the end of 2015. When finished, the NOC will serve as a symbol of the enduring strength of the commercial, cultural and other ties between the United States and Taiwan and will provide a secure environment in which AIT's work can be accomplished.

Justification of Request

The Department's FY 2012 request of \$23.32 million includes increases to maintain current services and support several key initiatives. The request includes an increase of \$162,000 over the FY 2010 Actual amount which included a transfer of \$1,984,000 from the D&CP account.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-------------------------|-------------------|---------------|--------------------|
| Agriculture Services | 695 | 635 | 649 |
| Commercial Services | 1,622 | 1,483 | 1,843 |
| Consular Services | 5,096 | 4,659 | 5,499 |
| Economic Services | 2,085 | 1,906 | 2,204 |
| Other Services | 9,617 | 8,793 | 8,319 |
| Public Affairs Services | 2,169 | 1,983 | 2,979 |
| Washington Headquarters | 1,874 | 1,715 | 1,827 |
| Total | 23,158 | 21,174 | 23,320 |

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-----------------------------|-------------------|---------------|--------------------|
| 1100 Personnel Compensation | 19,222 | 17,575 | 18,325 |
| 1200 Personnel Benefits | 3,474 | 3,176 | 3,524 |
| 2500 Other Services | 462 | 423 | 1,471 |
| Total | 23,158 | 21,174 | 23,320 |