

## Union Calendar No. 237

118TH CONGRESS  
1ST SESSION

# H. R. 540

**[Report No. 118-293]**

To require the Secretary of the Treasury to pursue more equitable treatment of Taiwan at the international financial institutions, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 2023

Mrs. KIM of California (for herself and Mr. GREEN of Texas) introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 1, 2023

Additional sponsors: Mr. LAWLER, Ms. LEE of Nevada, and Ms. DE LA CRUZ

DECEMBER 1, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on January 26, 2023]

# **A BILL**

To require the Secretary of the Treasury to pursue more equitable treatment of Taiwan at the international financial institutions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Taiwan Non-Discrimi-*  
5 *nation Act of 2023”.*

6 **SEC. 2. FINDINGS.**

7 *Congress finds as follows:*

8 *(1) As enshrined in its Articles of Agreement, the*  
9 *International Monetary Fund (IMF) is devoted to*  
10 *promoting international monetary cooperation, facili-*  
11 *tating the expansion and balanced growth of inter-*  
12 *national trade, encouraging exchange stability, and*  
13 *avoiding competitive exchange depreciation.*

14 *(2) Taiwan is the 21st largest economy in the*  
15 *world and the 10th largest goods trading partner of*  
16 *the United States.*

17 *(3) Although Taiwan is not an IMF member, it*  
18 *is a member of the World Trade Organization, the*  
19 *Asian Development Bank, and the Asia-Pacific Eco-*  
20 *nomics Cooperation forum.*

21 *(4) According to the January 2020 Report on*  
22 *Macroeconomic and Foreign Exchange Policies of*  
23 *Major Trading Partners of the United States, pub-*  
24 *lished by the Department of the Treasury, Taiwan*  
25 *held \$471,900,000,000 in foreign exchange reserves,*

1        *more than major economies such as India, South*  
2        *Korea, and Brazil.*

3            (5) *According to section 4(d) of the Taiwan Re-*  
4        *lations Act (Public Law 96–8), enacted on April 10,*  
5        *1979, “Nothing in this Act may be construed as a*  
6        *basis for supporting the exclusion or expulsion of Tai-*  
7        *wan from continued membership in any international*  
8        *financial institution or any other international orga-*  
9        *nization.”.*

10           (6) *Taiwan held membership in the IMF for 9*  
11        *years following the recognition of the People’s Repub-*  
12        *lic of China (PRC) by the United Nations, and 16*  
13        *Taiwan staff members at the Fund were allowed to*  
14        *continue their employment after the PRC was seated*  
15        *at the IMF in 1980. As James M. Boughton has noted*  
16        *in his Silent Revolution: The International Monetary*  
17        *Fund 1979–1989, even as the PRC was seated, the*  
18        *United States Executive Director to the IMF, Sam Y.*  
19        *Cross, expressed support on behalf of the United*  
20        *States Government for “some kind of association be-*  
21        *tween Taiwan and the Fund”.*

22           (7) *On September 27, 1994, in testimony before*  
23        *the Senate Committee on Foreign Relations regarding*  
24        *the 1994 Taiwan Policy Review, then-Assistant Sec-*  
25        *retary of State for East Asian and Pacific Affairs*

1        *Winston Lord stated: “Recognizing Taiwan’s impor-*  
2        *tant role in transnational issues, we will support its*  
3        *membership in organizations where statehood is not a*  
4        *prerequisite, and we will support opportunities for*  
5        *Taiwan’s voice to be heard in organizations where its*  
6        *membership is not possible.”.*

7                *(8) The Congress has repeatedly reaffirmed sup-*  
8        *port for this policy, including in Public Laws 107–*  
9        *10, 107–158, 108–28, 108–235, 113–17, and 114–139,*  
10        *and the unanimous House and Senate passage of the*  
11        *Taiwan Allies International Protection and Enhance-*  
12        *ment Initiative (TAIPEI) Act of 2019.*

13                *(9) In its fact sheet, entitled “U.S. Relations*  
14        *with Taiwan”, published on August 31, 2018, the De-*  
15        *partment of State asserts: “The United States sup-*  
16        *ports Taiwan’s membership in international organi-*  
17        *zations that do not require statehood as a condition*  
18        *of membership and encourages Taiwan’s meaningful*  
19        *participation in international organizations where its*  
20        *membership is not possible.”.*

21                *(10) According to the Articles of Agreement of*  
22        *the IMF, “membership shall be open to other coun-*  
23        *tries”, subject to conditions prescribed by the Board*  
24        *of Governors of the IMF.*

1           (11) *In the IMF publication “Membership and*  
2 *Nonmembership in the International Monetary Fund:*  
3 *A Study in International Law and Organization”,*  
4 *Joseph Gold, the then-General Counsel and Director*  
5 *of the Legal Department of the IMF, elaborated on the*  
6 *differences between the terms “countries” and*  
7 *“states”, noting that “the word ‘country’ may have*  
8 *been adopted because of the absence of agreement on*  
9 *the definition of a ‘state’” and, with respect to the use*  
10 *of “countries” and applications for IMF membership,*  
11 *“the absence of any adjective in the Articles empha-*  
12 *sizes the breadth of the discretion that the Fund may*  
13 *exercise in admitting countries to membership”. Ac-*  
14 *cording to Mr. Gold, “the desire to give the Fund*  
15 *flexibility in dealing with applications may explain*  
16 *not only the absence of any adjective that qualifies*  
17 *‘countries’ but also the choice of that word itself”.*

18           (12) *In his IMF study, Mr. Gold further ob-*  
19 *serves, “in the practice of the Fund the concepts of*  
20 *independence and sovereignty have been avoided on*  
21 *the whole as a mode of expressing a criterion for*  
22 *membership in the Fund”. He continues, “Although*  
23 *the Fund usually takes into account the recognition*  
24 *or nonrecognition of an entity as a state, there are no*  
25 *rules or even informal understandings on the extent*

1       to which an applicant must have been recognized by  
2       members or other international organizations before  
3       the Fund will regard it as eligible for membership.”  
4       In fact, when considering an application for member-  
5       ship where the status of an applicant may not be re-  
6       solved, Mr. Gold writes “there have been occasions on  
7       which the Fund has made a finding before decisions  
8       had been taken by the United Nations or by most  
9       members or by members with a majority of the total  
10      voting power.” Mr. Gold concludes, “the Fund makes  
11      its own findings on whether an applicant is a ‘coun-  
12      try’, and makes them solely for its own purposes.”.

13               (13) Although not a member state of the United  
14      Nations, the Republic of Kosovo is a member of both  
15      the IMF and the World Bank, having joined both or-  
16      ganizations on June 29, 2009.

17               (14) On October 26, 2021, Secretary of State  
18      Antony Blinken issued a statement in support of Tai-  
19      wan’s “robust, meaningful participation” in the  
20      United Nations system, which includes the IMF, the  
21      World Bank, and other specialized United Nations  
22      agencies. Secretary of State Blinken noted, “As the  
23      international community faces an unprecedented  
24      number of complex and global issues, it is critical for  
25      all stakeholders to help address these problems. This

1 *includes the 24 million people who live in Taiwan.*  
2 *Taiwan’s meaningful participation in the UN system*  
3 *is not a political issue, but a pragmatic one.”. He*  
4 *continued, “Taiwan’s exclusion undermines the im-*  
5 *portant work of the UN and its related bodies, all of*  
6 *which stand to benefit greatly from its contribu-*  
7 *tions.”.*

8 **SEC. 3. SENSE OF THE CONGRESS.**

9 *It is the sense of the Congress that—*

10 *(1) the size, significance, and connectedness of*  
11 *the Taiwanese economy highlight the importance of*  
12 *greater participation by Taiwan in the International*  
13 *Monetary Fund, given the purposes of the Fund ar-*  
14 *ticulated in its Articles of Agreement; and*

15 *(2) the experience of Taiwan in developing a vi-*  
16 *brant and advanced economy under democratic gov-*  
17 *ernance and the rule of law should inform the work*  
18 *of the international financial institutions, including*  
19 *through increased participation by Taiwan in the in-*  
20 *stitutions.*

21 **SEC. 4. SUPPORT FOR TAIWAN ADMISSION TO THE IMF.**

22 *(a) IN GENERAL.—The United States Governor of the*  
23 *International Monetary Fund (in this section referred to*  
24 *as the “Fund”) shall use the voice and vote of the United*  
25 *States to vigorously support—*



1           (1) *the admission of Taiwan as a member of the*  
2           *Fund, to the extent that admission is sought by Tai-*  
3           *wan;*

4           (2) *participation by Taiwan in regular surveil-*  
5           *lance activities of the Fund with respect to the eco-*  
6           *nomie and financial policies of Taiwan, consistent*  
7           *with Article IV consultation procedures of the Fund;*

8           (3) *employment opportunities for Taiwan na-*  
9           *tionals, without regard to any consideration that, in*  
10          *the determination of the United States Governor, does*  
11          *not generally restrict the employment of nationals of*  
12          *member countries of the Fund; and*

13          (4) *the ability of Taiwan to receive appropriate*  
14          *technical assistance and training by the Fund.*

15          (b) *UNITED STATES POLICY.—It is the policy of the*  
16          *United States not to discourage or otherwise deter Taiwan*  
17          *from seeking admission as a member of the Fund.*

18          (c) *WAIVER.—The Secretary of the Treasury may*  
19          *waive any requirement of subsection (a) for up to 1 year*  
20          *at a time on reporting to Congress that providing the waiv-*  
21          *er will substantially promote the objective of securing the*  
22          *meaningful participation of Taiwan at each international*  
23          *financial institution (as defined in section 1701(c)(2) of the*  
24          *International Financial Institutions Act).*

1       (d) *SUNSET.*—*This section shall have no force or effect*  
2 *on the earlier of—*

3           (1) *the date of approval by the Board of Gov-*  
4 *ernors of the Fund for the admission of Taiwan as a*  
5 *member of the Fund; or*

6           (2) *the date that is 10 years after the date of the*  
7 *enactment of this Act.*

8 **SEC. 5. TESTIMONY REQUIREMENT.**

9       *In each of the next 7 years in which the Secretary of*  
10 *the Treasury is required by section 1705(b) of the Inter-*  
11 *national Financial Institutions Act to present testimony,*  
12 *the Secretary shall include in the testimony a description*  
13 *of the efforts of the United States to support the greatest*  
14 *participation practicable by Taiwan at each international*  
15 *financial institution (as defined in section 1701(c)(2) of*  
16 *such Act).*



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