

118TH CONGRESS
1ST SESSION

H. R. 540

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

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

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,
9 the International Monetary Fund (IMF) is devoted
10 to promoting international monetary cooperation, fa-

1 cilitating the expansion and balanced growth of
2 international trade, encouraging exchange stability,
3 and avoiding competitive exchange depreciation.

4 (2) Taiwan is the 21st largest economy in the
5 world and the 10th largest goods trading partner of
6 the United States.

7 (3) Although Taiwan is not an IMF member, it
8 is a member of the World Trade Organization, the
9 Asian Development Bank, and the Asia-Pacific Eco-
10 nomic Cooperation forum.

11 (4) According to the January 2020 Report on
12 Macroeconomic and Foreign Exchange Policies of
13 Major Trading Partners of the United States, pub-
14 lished by the Department of the Treasury, Taiwan
15 held \$471,900,000,000 in foreign exchange reserves,
16 more than major economies such as India, South
17 Korea, and Brazil.

18 (5) According to section 4(d) of the Taiwan Re-
19 lations Act (Public Law 96–8), enacted on April 10,
20 1979, “Nothing in this Act may be construed as a
21 basis for supporting the exclusion or expulsion of
22 Taiwan from continued membership in any inter-
23 national financial institution or any other inter-
24 national organization.”.

1 (6) Taiwan held membership in the IMF for 9
2 years following the recognition of the People’s Re-
3 public of China (PRC) by the United Nations, and
4 16 Taiwan staff members at the Fund were allowed
5 to continue their employment after the PRC was
6 seated at the IMF in 1980. As James M. Boughton
7 has noted in his *Silent Revolution: The International*
8 *Monetary Fund 1979–1989*, even as the PRC was
9 seated, the United States Executive Director to the
10 IMF, Sam Y. Cross, expressed support on behalf of
11 the United States Government for “some kind of as-
12 sociation between Taiwan and the Fund”.

13 (7) On September 27, 1994, in testimony be-
14 fore the Senate Committee on Foreign Relations re-
15 garding the 1994 Taiwan Policy Review, then-As-
16 sistant Secretary of State for East Asian and Pacific
17 Affairs Winston Lord stated: “Recognizing Taiwan’s
18 important role in transnational issues, we will sup-
19 port its membership in organizations where state-
20 hood is not a prerequisite, and we will support op-
21 portunities for Taiwan’s voice to be heard in organi-
22 zations where its membership is not possible.”.

23 (8) The Congress has repeatedly reaffirmed
24 support for this policy, including in Public Laws
25 107–10, 107–158, 108–28, 108–235, 113–17, and

1 114–139, and the unanimous House and Senate
2 passage of the Taiwan Allies International Protec-
3 tion and Enhancement Initiative (TAIPEI) Act of
4 2019.

5 (9) In its fact sheet, entitled “U.S. Relations
6 with Taiwan”, published on August 31, 2018, the
7 Department of State asserts: “The United States
8 supports Taiwan’s membership in international orga-
9 nizations that do not require statehood as a condi-
10 tion of membership and encourages Taiwan’s mean-
11 ingful participation in international organizations
12 where its membership is not possible.”.

13 (10) According to the Articles of Agreement of
14 the IMF, “membership shall be open to other coun-
15 tries”, subject to conditions prescribed by the Board
16 of Governors of the IMF.

17 (11) In the IMF publication “Membership and
18 Nonmembership in the International Monetary
19 Fund: A Study in International Law and Organiza-
20 tion”, Joseph Gold, the then-General Counsel and
21 Director of the Legal Department of the IMF, elabo-
22 rated on the differences between the terms “coun-
23 tries” and “states”, noting that “the word ‘country’
24 may have been adopted because of the absence of
25 agreement on the definition of a ‘state’” and, with

1 respect to the use of “countries” and applications
2 for IMF membership, “the absence of any adjective
3 in the Articles emphasizes the breadth of the discre-
4 tion that the Fund may exercise in admitting coun-
5 tries to membership”. According to Mr. Gold, “the
6 desire to give the Fund flexibility in dealing with ap-
7 plications may explain not only the absence of any
8 adjective that qualifies ‘countries’ but also the choice
9 of that word itself”.

10 (12) In his IMF study, Mr. Gold further ob-
11 serves, “in the practice of the Fund the concepts of
12 independence and sovereignty have been avoided on
13 the whole as a mode of expressing a criterion for
14 membership in the Fund”. He continues, “Although
15 the Fund usually takes into account the recognition
16 or nonrecognition of an entity as a state, there are
17 no rules or even informal understandings on the ex-
18 tent to which an applicant must have been recog-
19 nized by members or other international organiza-
20 tions before the Fund will regard it as eligible for
21 membership.”. In fact, when considering an applica-
22 tion for membership where the status of an appli-
23 cant may not be resolved, Mr. Gold writes “there
24 have been occasions on which the Fund has made a
25 finding before decisions had been taken by the

1 United Nations or by most members or by members
2 with a majority of the total voting power.” Mr. Gold
3 concludes, “the Fund makes its own findings on
4 whether an applicant is a ‘country’, and makes them
5 solely for its own purposes.”.

6 (13) Although not a member state of the
7 United Nations, the Republic of Kosovo is a member
8 of both the IMF and the World Bank, having joined
9 both organizations on June 29, 2009.

10 (14) On October 26, 2021, Secretary of State
11 Antony Blinken issued a statement in support of
12 Taiwan’s “robust, meaningful participation” in the
13 United Nations system, which includes the IMF, the
14 World Bank, and other specialized United Nations
15 agencies. Secretary of State Blinken noted, “As the
16 international community faces an unprecedented
17 number of complex and global issues, it is critical for
18 all stakeholders to help address these problems. This
19 includes the 24 million people who live in Taiwan.
20 Taiwan’s meaningful participation in the UN system
21 is not a political issue, but a pragmatic one.”. He
22 continued, “Taiwan’s exclusion undermines the im-
23 portant work of the UN and its related bodies, all
24 of which stand to benefit greatly from its contribu-
25 tions.”.

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

2 It is the sense of the Congress that—

3 (1) the size, significance, and connectedness of
4 the Taiwanese economy highlight the importance of
5 greater participation by Taiwan in the International
6 Monetary Fund, given the purposes of the Fund ar-
7 ticulated in its Articles of Agreement; and

8 (2) the experience of Taiwan in developing a vi-
9 brant and advanced economy under democratic gov-
10 ernance and the rule of law should inform the work
11 of the international financial institutions, including
12 through increased participation by Taiwan in the in-
13 stitutions.

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

15 (a) IN GENERAL.—The United States Governor of
16 the International Monetary Fund (in this section referred
17 to as the “Fund”) shall use the voice and vote of the
18 United States to vigorously support—

19 (1) the admission of Taiwan as a member of
20 the Fund;

21 (2) participation by Taiwan in regular surveil-
22 lance activities of the Fund with respect to the eco-
23 nomic and financial policies of Taiwan, consistent
24 with Article IV consultation procedures of the Fund;

25 (3) employment opportunities for Taiwan na-
26 tionals, without regard to any consideration that, in

1 the determination of the United States Governor,
2 does not generally restrict the employment of nation-
3 als of member countries of the Fund; and

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

6 (b) WAIVER.—The Secretary of the Treasury may
7 waive any requirement of subsection (a) for 1 year at a
8 time on reporting to Congress that providing the waiver
9 will substantially promote the objective of securing the
10 meaningful participation of Taiwan at each international
11 financial institution (as defined in section 1701(c)(2) of
12 the International Financial Institutions Act).

13 (c) SUNSET.—This section shall have no force or ef-
14 fect on the earlier of—

15 (1) the date of approval by the Board of Gov-
16 ernors of the Fund for the admission of Taiwan as
17 a member of the Fund; or

18 (2) the date that is 10 years after the date of
19 the enactment of this Act.

20 **SEC. 5. TESTIMONY REQUIREMENT.**

21 In each of the next 7 years in which the Secretary
22 of the Treasury is required by section 1705(b) of the
23 International Financial Institutions Act to present testi-
24 mony, the Secretary shall include in the testimony a de-
25 scription of the efforts of the United States to support

1 the greatest participation practicable by Taiwan at each
2 international financial institution (as defined in section
3 1701(c)(2) of such Act).

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