

118TH CONGRESS
2D SESSION

H. R. 540

IN THE SENATE OF THE UNITED STATES

JANUARY 16, 2024

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Taiwan Non-Discrimi-
3 nation Act of 2023”.

4 **SEC. 2. FINDINGS.**

5 Congress finds as follows:

6 (1) As enshrined in its Articles of Agreement,
7 the International Monetary Fund (IMF) is devoted
8 to promoting international monetary cooperation, fa-
9 cilitating the expansion and balanced growth of
10 international trade, encouraging exchange stability,
11 and avoiding competitive exchange depreciation.

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

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

19 (4) According to the January 2020 Report on
20 Macroeconomic and Foreign Exchange Policies of
21 Major Trading Partners of the United States, pub-
22 lished by the Department of the Treasury, Taiwan
23 held \$471,900,000,000 in foreign exchange reserves,
24 more than major economies such as India, South
25 Korea, and Brazil.

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

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

20 (7) On September 27, 1994, in testimony be-
21 fore the Senate Committee on Foreign Relations re-
22 garding the 1994 Taiwan Policy Review, then-As-
23 sistant Secretary of State for East Asian and Pacific
24 Affairs Winston Lord stated: “Recognizing Taiwan’s
25 important role in transnational issues, we will sup-

1 port its membership in organizations where state-
2 hood is not a prerequisite, and we will support op-
3 portunities for Taiwan’s voice to be heard in organi-
4 zations where its membership is not possible.”.

5 (8) The Congress has repeatedly reaffirmed
6 support for this policy, including in Public Laws
7 107–10, 107–158, 108–28, 108–235, 113–17, and
8 114–139, and the unanimous House and Senate
9 passage of the Taiwan Allies International Protec-
10 tion and Enhancement Initiative (TAIPEI) Act of
11 2019.

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

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

24 (11) In the IMF publication “Membership and
25 Nonmembership in the International Monetary

1 Fund: A Study in International Law and Organiza-
2 tion”, Joseph Gold, the then-General Counsel and
3 Director of the Legal Department of the IMF, elaborated on the differences between the terms “countries” and “states”, noting that “the word ‘country’
4 may have been adopted because of the absence of
5 agreement on the definition of a ‘state’” and, with
6 respect to the use of “countries” and applications
7 for IMF membership, “the absence of any adjective
8 in the Articles emphasizes the breadth of the discretion that the Fund may exercise in admitting countries to membership”. According to Mr. Gold, “the
9 desire to give the Fund flexibility in dealing with applications may explain not only the absence of any
10 adjective that qualifies ‘countries’ but also the choice
11 of that word itself”.

12 (12) In his IMF study, Mr. Gold further observes, “in the practice of the Fund the concepts of
13 independence and sovereignty have been avoided on
14 the whole as a mode of expressing a criterion for
15 membership in the Fund”. He continues, “Although
16 the Fund usually takes into account the recognition
17 or nonrecognition of an entity as a state, there are
18 no rules or even informal understandings on the extent to which an applicant must have been recog-

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

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

17 (14) On October 26, 2021, Secretary of State
18 Antony Blinken issued a statement in support of
19 Taiwan’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
6 of 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
23 the International Monetary Fund (in this section referred
24 to as the “Fund”) shall use the voice and vote of the
25 United States to vigorously support—

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

4 (2) participation by Taiwan in regular surveil-
5 lance activities of the Fund with respect to the eco-
6 nomic 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,
11 does not generally restrict the employment of nation-
12 als of 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
21 waiver will substantially promote the objective of securing
22 the meaningful participation of Taiwan at each inter-
23 national financial institution (as defined in section
24 1701(c)(2) of the International Financial Institutions
25 Act).

1 (d) SUNSET.—This section shall have no force or ef-
2 fect 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
5 a member of the Fund; or

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

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

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

Passed the House of Representatives January 12,
2024.

Attest: KEVIN F. MCCUMBER,
Clerk.