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(Original Signature of Member)

116TH CONGRESS  
2D SESSION

# H. R.

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

Mr. GONZALEZ of Ohio introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# 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 2020”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

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

7           (2) Taiwan is the 22nd largest economy in the  
8           world and the 10th largest goods trading partner of  
9           the United States.

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

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

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

1 national financial institution or any other inter-  
2 national organization.”.

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

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

1           (8) The Congress has repeatedly reaffirmed  
2 support for this policy, including in Public Laws  
3 107–10, 107–158, 108–28, 108–235, 113–17, and  
4 114–139, and the unanimous House and Senate  
5 passage of the Taiwan Allies International Protec-  
6 tion and Enhancement Initiative (TAIPEI) Act of  
7 2019.

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

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

20           (11) In the IMF publication “Membership and  
21 Nonmembership in the International Monetary  
22 Fund: A Study in International Law and Organiza-  
23 tion”, Joseph Gold, the then-General Counsel and  
24 Director of the Legal Department of the IMF, elabo-  
25 rated on the differences between the terms “coun-

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

13           (12) In his IMF study, Mr. Gold further ob-  
14      serves, “in the practice of the Fund the concepts of  
15      independence and sovereignty have been avoided on  
16      the whole as a mode of expressing a criterion for  
17      membership in the Fund”. He continues, “Although  
18      the Fund usually takes into account the recognition  
19      or nonrecognition of an entity as a state, there are  
20      no rules or even informal understandings on the ex-  
21      tent to which an applicant must have been recog-  
22      nized by members or other international organiza-  
23      tions before the Fund will regard it as eligible for  
24      membership.”. In fact, when considering an applica-  
25      tion for membership where the status of an appli-

1 cant may not be resolved, Mr. Gold writes “there  
2 have been occasions on which the Fund has made a  
3 finding before decisions had been taken by the  
4 United Nations or by most members or by members  
5 with a majority of the total voting power.” Mr. Gold  
6 concludes, “the Fund makes its own findings on  
7 whether an applicant is a ‘country’, and makes them  
8 solely for its own purposes.”

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

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

14 It is the sense of the Congress that—

15 (1) the size, significance, and connectedness of  
16 the Taiwan economy highlight the importance of  
17 greater participation by Taiwan in the International  
18 Monetary Fund, given the purposes of the Fund ar-  
19 ticulated in its Articles of Agreement; and

20 (2) the experience of Taiwan in developing a vi-  
21 brant and advanced economy under democratic gov-  
22 ernance and the rule of law should inform the work  
23 of the international financial institutions, including  
24 through increased participation by Taiwan in the in-  
25 stitutions.

1 **SEC. 4. CONDITION ON IMF QUOTA INCREASE FOR THE**  
2 **PEOPLE'S REPUBLIC OF CHINA.**

3 (a) IN GENERAL.—The United States Governor of  
4 the International Monetary Fund (in this section referred  
5 to as the “Fund”) shall use the voice and vote of the  
6 United States to oppose, and may not consent to, an in-  
7 crease in the quota of the People’s Republic of China in  
8 the Fund, unless the Secretary of the Treasury reports  
9 to the Congress that—

10 (1) the Board of Governors of the Fund is con-  
11 sidering admission of Taiwan as a member of the  
12 Fund, pursuant to the recommendation of the Board  
13 of Executive Directors of the Fund; or

14 (2) Taiwan enjoys meaningful participation in  
15 the Fund, including through—

16 (A) participation in regular surveillance ac-  
17 tivities of the Fund with respect to the eco-  
18 nomic and financial policies of Taiwan, con-  
19 sistent with Article IV consultation procedures  
20 of the Fund;

21 (B) employment opportunities for Taiwan  
22 nationals, without regard to any consideration  
23 that, in the determination of the Secretary,  
24 does not generally restrict the employment of  
25 nationals of member countries of the Fund; and

1 (C) the ability to receive appropriate tech-  
2 nical assistance and training by the Fund.

3 (b) WAIVER.—The Secretary of the Treasury may  
4 waive subsection (a) of this section with respect to a pro-  
5 posal on reporting to the Congress that providing the  
6 waiver will substantially promote the objective of securing  
7 more equitable treatment of Taiwan at each international  
8 financial institution (as defined in section 1701(c)(2) of  
9 the International Financial Institutions Act).

10 (c) SUNSET.—This section shall have no force or ef-  
11 fect beginning with the date that is 7 years after the date  
12 of the enactment of this Act.

13 **SEC. 5. ENSURING NON-DISCRIMINATION WITH RESPECT**  
14 **TO TRAVEL POLICIES AT THE INTER-**  
15 **NATIONAL FINANCIAL INSTITUTIONS.**

16 (a) IN GENERAL.—The Secretary shall instruct the  
17 United States Executive Director at each international fi-  
18 nancial institution to use the voice and vote of the United  
19 States to ensure that the travel policies and procedures  
20 of the respective institution with respect to Taiwan as a  
21 destination or transit point do not impose any administra-  
22 tive conditions, including through restrictions on logistical  
23 arrangements or meeting participants, that do not gen-  
24 erally apply to a member country of the institution as a

1 destination or transit point, except as required temporarily  
2 for reasons of public safety or public health.

3 (b) DEFINITIONS.—In this section:

4 (1) INTERNATIONAL FINANCIAL INSTITU-  
5 TION.—The term “international financial institu-  
6 tion” has the meaning given the term in section  
7 1701(e)(2) of the International Financial Institu-  
8 tions Act.

9 (2) SECRETARY.—The term “Secretary” means  
10 the Secretary of the Treasury.

11 (c) WAIVER.—The Secretary may waive subsection  
12 (a) with respect to an international financial institution  
13 for up to 1 year at a time on reporting to the Congress  
14 that providing the waiver—

15 (1) will substantially promote the objective of  
16 securing more equitable treatment of Taiwan at the  
17 international financial institution; or

18 (2) is in the national interest of the United  
19 States, with a detailed explanation of the reasons  
20 therefor.

21 (d) PROGRESS REPORT.—The Chairman of the Na-  
22 tional Advisory Council on International Monetary and Fi-  
23 nancial Policies shall submit to the Congress an annual  
24 report that describes the progress made in advancing the  
25 travel policies and procedures described in subsection (a),

1 and may consolidate that report with the annual report  
2 required by section 1701 of the International Financial  
3 Institutions Act or any other report required to be sub-  
4 mitted to the Secretary.

5 (e) SUNSET.—This section shall have no force or ef-  
6 fect beginning with the earlier of—

7 (1) the date that is 7 years after the date of the  
8 enactment of this Act; or

9 (2) the date on which the Secretary reports to  
10 the Congress that each international financial insti-  
11 tution has adopted the travel policies and procedures  
12 described in subsection (a).

13 **SEC. 6. TESTIMONY REQUIREMENT.**

14 In each of the next 7 years in which the Secretary  
15 of the Treasury is required by section 1705(b) of the  
16 International Financial Institutions Act to present testi-  
17 mony, the Secretary shall include in the testimony a de-  
18 scription of the efforts of the United States to support  
19 the greatest participation practicable by Taiwan at each  
20 international financial institution (as defined in section  
21 1701(c)(2) of such Act).