

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HM 1357 Inclusion of Taiwan in Indo-Pacific Economic Framework

**SPONSOR(S):** Roach

**TIED BILLS:**           **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration, Federal Affairs & Special Districts Subcommittee	16 Y, 0 N	Burgess	Darden
2) State Affairs Committee	16 Y, 0 N	Burgess	Williamson

### SUMMARY ANALYSIS

Taiwan is an island nation in the western Pacific Ocean, separated from China's southeastern coast by the 99-mile-wide Taiwan Strait. Following the relocation of the government of the Republic of China to the island in 1949, Taiwan has functioned, in all practical terms, as an independent nation. Taiwan's rapid economic growth in the decades following WWII transformed the country into an industrialized developed country. The International Monetary Fund classifies it as an advanced economy, while the World Bank classifies it as a high-income economy.

In May 2022, the United States launched the Indo-Pacific Economic Framework for Prosperity with Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam. In June 2022, the United States and Taiwan established the U.S.-Taiwan Initiative on 21st-Century Trade to explore ways to deepen the economic and trade relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive growth for workers and businesses.

The memorial provides historical background of relations between the United States and Taiwan and highlights Taiwan's economic aptitude. The memorial urges the United States Department of State to invite Taiwan to participate in Indo-Pacific Economic Framework for Prosperity negotiations to improve economic collaboration and prosperity in the Indo-Pacific region.

The memorial directs the Secretary of State to provide copies of the memorial to the President of the United States, the Secretary of State of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

Legislative memorials are not subject to the Governor's veto powers and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

This memorial does not have a fiscal impact on the state or local governments.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### Taiwan

Taiwan is an island nation located in the western Pacific Ocean and is separated from the southeastern coast of China by the 99-mile-wide Taiwan Strait.<sup>1</sup> Following the relocation of the government of the Republic of China to the island in 1949, Taiwan has functioned, for all practical purposes, as an independent nation.<sup>2</sup>

Taiwan's rapid economic growth in the decades after World War II has transformed it into an industrialized developed country. It is categorized as an advanced economy by the International Monetary Fund and as a high-income economy by the World Bank. Its advanced technology industry plays a key role in the global economy. Taiwanese companies manufacture a large portion of the world's consumer electronics, although most of them are now made in their factories on mainland China.<sup>3</sup>

##### Indo-Pacific Economic Framework for Prosperity

In May 2022, the United States launched the Indo-Pacific Economic Framework for Prosperity (IPEF) with Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam.<sup>4</sup>

The framework intends to advance resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness for the economies of partner nations. Through this initiative, the IPEF partners aim to contribute to cooperation, stability, prosperity, development, and peace within the region. The framework offers tangible benefits that fuel economic activity and investment, promote sustainable and inclusive economic growth, and benefit workers and consumers across the region. The 14 IPEF partners represent 40 percent of global gross domestic product and 28 percent of global goods and services trade.

The framework is intended to lead to discussions on four key issues identified as “pillars”: (1) Trade; (2) Supply Chains; (3) Clean Energy, Decarbonization, and Infrastructure; and (4) Tax and Anti-Corruption. The IPEF is designed to be flexible, meaning that IPEF partners are not required to join all four pillars.

Taiwan has voiced its desire to be a “full member” in the IPEF.<sup>5</sup> Additionally, in May 2022, a bipartisan group of over 50 United States Senators sent a letter to President Joe Biden regarding the administration’s potential inclusion of Taiwan as a partner in the IPEF.<sup>6</sup> Similarly, in March 2022, the Taiwan Caucus led a bipartisan group of 200 U.S. Representatives to send a letter to Commerce

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<sup>1</sup> Encyclopedia Britannica, *Taiwan*, <https://www.britannica.com/place/Taiwan> (last visited Mar. 27, 2023).

<sup>2</sup> Government of Taiwan, *History*, [https://www.taiwan.gov.tw/content\\_3.php](https://www.taiwan.gov.tw/content_3.php) (last visited Mar. 27, 2023).

<sup>3</sup> BBC Monitoring, *Taiwan country profile*, <https://www.bbc.com/news/world-asia-16164639> (last visited Mar. 24, 2023).

<sup>4</sup> Office of the United States Trade Representative, *Indo-Pacific Economic Framework for Prosperity (IPEF)*, <https://ustr.gov/trade-agreements/agreements-under-negotiation/indo-pacific-economic-framework-prosperity-ipef> (last visited Mar. 24, 2023).

<sup>5</sup> Ben Blanchard and Jeanny Kao, *Taiwan seeks Indo-Pacific Economic Framework membership with U.S.*, Reuters (April 19, 2022), <https://www.reuters.com/world/asia-pacific/taiwan-seeks-indo-pacific-economic-framework-membership-with-us-2022-04-19/> (last visited Mar. 24, 2023).

<sup>6</sup> Foreign Relations Committee, *Risch, Menendez Lead 50 Colleagues in Letter to POTUS Championing Taiwan's Inclusion in Proposed Indo-Pacific Economic Framework (IPEF)*, <https://www.foreign.senate.gov/press/rep/release/risch-menendez-lead-50-colleagues-in-letter-to-potus-championing-taiwans-inclusion-in-proposed-indo-pacific-economic-framework-ipef> (last visited Mar. 24, 2023).

Secretary Gina Raimondo and U.S. Trade Representative Katherine Tai expressing their support for Taiwan's inclusion in IPEF.<sup>7</sup>

### U.S.-Taiwan Initiative on 21st Century Trade

In June 2022, the United States and Taiwan established the U.S.-Taiwan Initiative on 21st-Century Trade to develop ways to deepen the economic and trade relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive growth for workers and businesses.<sup>8</sup>

#### **Effect of the Memorial**

The memorial provides historical background of relations between the United States and Taiwan and highlights Taiwan's economic aptitude. The memorial urges the United States Department of State to invite Taiwan to participate in IPEF negotiations to improve economic collaboration and prosperity in the Indo-Pacific region.

The memorial directs the Secretary of State to provide copies of the memorial to the President of the United States, the Secretary of State of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

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#### **B. SECTION DIRECTORY:**

Not applicable.

### **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

None.

#### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

#### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

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<sup>7</sup> Mario Diaz-Balart, *Taiwan Caucus Urges Commerce, USTR to Include Taiwan in the Indo-Pacific Economic Framework*, <https://mariodiazbalart.house.gov/media-center/press-releases/taiwan-caucus-urges-commerce-ustr-include-taiwan-indo-pacific-economic> (last visited Mar. 24, 2023).

<sup>8</sup> U.S. Department of State, *Marking One Year Since the Release of the Administration's Indo-Pacific Strategy*, available at <https://www.state.gov/mark-one-year-since-the-release-of-the-administrations-indo-pacific-strategy/> (last visited Mar. 24, 2023).

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This memorial does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The memorial neither authorizes nor requires executive branch rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

None.