

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on International Monetary Policy and Trade
June 26 2001

“Trade in Financial Services - Current Issues and Future Developments”

I want to thank Chairman Bereuter for holding this important hearing on trade in financial services. This is the first of several trade-related proceedings the Committee plans to pursue as Congress undertakes consideration of several important issues involving U.S. trade policy. I would also like to thank today’s witnesses and I look forward to hearing about their trade experiences as well as the policies they recommend for the further expansion of trade in financial services.

The U.S. financial services industry is the most open, competitive and transparent in the world. By providing credit and capital formation it establishes the foundation for economic growth. The financial services sector is one of the few sectors in which the U.S. enjoys a trade surplus. This Committee has jurisdiction over the Export-Import Bank, the International Monetary Fund, and the several international financial institutions such as the African and the Asian Development Banks. These organizations play a leading role in furthering the export of U.S. financial services and expansion of free market economies. The U.S. financial services industry provides the valuable infrastructure and technical expertise needed for U.S. exporters to have greater access to world markets.

It is therefore of great importance that we take the full measure of all aspects of the international trade agenda with respect to financial services and the key role the Financial Services Committee can play.

There are a number of important concerns that must be addressed to ensure that U.S. service providers are treated fairly in the international arena. Foreign markets need to be open on a non-discriminatory basis to American firms. Barriers to entry and expansion need to be reduced. Foreign legal systems need to be transparent. Lengthy and difficult approval processes for new products need to be removed. And limitations on the right to buy and sell financial products across borders need to be corrected.

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Oxley, page two

Our financial services firms have demonstrated an adept ability to compete in global markets for all types of financial products when the playing field is leveled. Open financial markets fuel economic growth, create better paying jobs and provide domestic and foreign consumers with more choices and opportunities.

As part of this discussion on trade policy, I would also like to take this opportunity to voice my strong support for granting Trade Promotion Authority (TPA) to the President. TPA will enable the Congress to work closely with the President to negotiate trade agreements that will strengthen the American economy. These agreements can then come into force in an expedited fashion. Without such authority, other countries are reluctant to enter into agreements with the U.S.

TPA will be especially beneficial to our financial services industry. Since we entered into NAFTA, exports in financial services to our NAFTA partners have more than doubled. Financial Services exports have enjoyed an overall net increase of 273 percent over the last 10 years. In 2000, the financial services trade surplus reached \$8.8 billion dollars.

As we continue to hear predictions about the uncertainty of the U.S. economy in the future, it is important to note that our country experienced its greatest period of economic growth after the successful negotiation of NAFTA and the Uruguay Round on GATT. Now is the right time to institute a trade policy that will encourage economic growth again. With the combination of Trade Promotion Authority, an active and vital Export-Import Bank, well managed and well-capitalized U.S. international financial institutions, and free trade, both the U.S. economy and the world economy will benefit.

Thank you, Mr. Chairman. I yield back the balance of my time.