ENGAGE CHINA

September 4, 2007

The Honorable Barney Frank
2252 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jim Marshall
504 Cannon House Office Building
Washington, D.C. 20515

The Honorable Spencer Bachus
2246 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Peter Roskam
507 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Frank, Ranking Member Bachus, Congressman Marshall, and Congressman Roskam:

As Chairman of the **ENGAGE CHINA** coalition, I write to applaud the focus on the critical importance of expanded access to China's financial sector in H. Res. 552. As members of the House Financial Services Committee, your leadership on this crucial issue is greatly appreciated.

ENGAGE CHINA is a coalition of eight financial services trade associations united in our view that active engagement with China remains the most constructive means of ensuring that our two nations mutually benefit from our growing economic relationship, and that common challenges are effectively addressed.

The coalition is strongly of the view that a more open, competitive, and effective financial sector in China is a prerequisite to successfully addressing issues that have complicated the U.S.-China economic relationship – particularly currency reform and the trade imbalance. For example, access to sophisticated derivative products and hedging techniques will help Chinese banks, securities firms, and other businesses avoid the risks of a more volatile, market-determined currency. Similarly, financial products and services such as mortgages, credit cards, personal loans, pensions, and retirement savings and insurance products – to which most Chinese currently do not have access – would dramatically reduce the need for excessive savings and facilitate greater consumption.

The fastest way for China to develop the modern financial system it needs is to import it – that is, by opening its financial sector to greater participation by foreign financial services firms. By providing the products and services that China's citizens and businesses need to save, invest, insure against risk, raise standards of living, and consume at higher levels, foreign financial institutions (including U.S. providers) would help create what every U.S. manufacturer and services provider wants – a China that is less dependent on exports, more consumption-driven and, therefore, an enormously important and expanding market for American products and services.

Thank you for your work on this important issue. We very much appreciate your interest in opening China's financial sector to greater participation by U.S. financial services firms. We look

forward to working with the Committee and the rest of the Congress to ensure expanded financial market access in China and other emerging markets.

Sincerely,

Rob Nichols
President and COO, Financial Services Forum
Chairman, **ENGAGE CHINA** Coalition