

*Prepared, not delivered*

Opening Statement

**Chairman Michael G. Oxley**

**Committee on Financial Services**

**Subcommittee on International Monetary Policy, Trade, and Technology**

**Increasing Efficiency and Economic Growth through Trade in Financial Services**

**November 15, 2005**

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I want to thank Chairman Pryce and Vice Chairman Biggert for holding this important and timely hearing on trade in financial services. We meet at a point in time when progress in the Doha Development Round talks is in question. I join President Bush, British Prime Minister Tony Blair, APEC leaders, WTO Director General Pascal Lamy and others in calling for serious progress at next month's WTO Ministerial Meeting in Hong Kong.

I came to Congress in 1981, during the Cold War. In those days, it seemed self-evident that increasing free trade would generate political and economic benefits for a wide number of people throughout the globe.

I remember the optimism that the fall of the Berlin Wall created for free trade advocates, with the prospect of creating a truly global trading system and the establishment of the World Trade Organization (WTO). In the rubble of the September 11 terrorist attacks in 2001, WTO leaders sought to increase the scope and benefits of free trade to a broader set of economic actors through the Doha Development Round. The goal then and now is to unleash greater economic development through trade, thus distributing the benefits of a free and open trading system to a larger number of people across the planet.

Sixteen years after the fall of the Berlin Wall, almost to the day, I see a troubling backlash against free trade. People are questioning whether increased trade in fact generates economic benefits. People are seeking to protect their way of life and their trade preferences, rather than seek to generate new opportunities for growth and innovation associated with doing business with more people around the world.

These are short-sighted arguments that I hope will not sabotage the WTO's ability to deliver meaningful reform and economic opportunity to a growing community of nations, including over the weekend, Saudi Arabia.

Agricultural issues generate the greatest amount of press regarding free trade. However, the services (including financial services) sector constitutes 80 percent of private U.S. employment. In this sector, the United States runs a large and growing trade surplus which was \$55.9 billion in 2002 and \$96.1 billion in 2003.

As the most innovative and competitive country in the world, the United States has a strategic interest in fostering greater opportunities for our financial firms, consultants, accountants, and other high-end service professionals to export their services and products worldwide.

This is not a zero-sum game either. The knowledge transfer associated with increased American export of financial and other related services will help people in other countries develop more efficient and economically valuable capabilities at home, fostering economic growth abroad as well as an increased customer base for American goods and services. The multiplier effect associated with increased access to capital for foreign firms is also significant. Increased economic growth abroad can contribute to economic stability. To the extent that capital formation abroad also encourages growth of stock and bond markets, free trade in financial services can provide good working experience for how decisions can be taken through participatory and transparent decision-making processes which are the hallmarks of democracy.

Deeper and more liquid capital markets can also increase financial market resilience. In our inter-connected world, financial shocks can be transmitted more quickly across markets globally. We have a strategic interest, therefore, in fostering greater resilience and depth in foreign capital markets and enabling U.S. firms to participate in those markets on an equal footing with their counterparts.

Without objection, Madame Chairman, I would like to introduce into the record today letters to the USTR expressing my interest in progress within the Doha Round. These letters are co-signed by various Members of the Financial Services Committee and other Members of Congress.

The stakes for progress are high. Failure now would set back our ability to foster greater economic growth and greater peaceful interaction among all countries on the planet. One stream of thinking among extremists in the Middle East rejects global integration and the economic model that delivers growth and opportunity to all individuals that are resourceful enough to create and build their own businesses. We should not let these and other skeptics in Europe and elsewhere endanger the progress that can come from trade opportunities in the financial services and other sectors.

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