



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 30, 1998

The Honorable Al Gore
President
United States Senate
Washington, D.C. 20510

Dear Mr. President:

Pursuant to the Financial Reports Act of 1988, I am pleased to submit the "1998 Report on Foreign Treatment of U.S. Financial Institutions." (In addition to printing it in hard copy, we are planning to make it available to the public on Treasury's web site.) This Report updates the National Treatment Studies completed by the U.S. Treasury in 1979, 1984, 1986, 1990, and 1994. The 1998 Report describes the presence and treatment of foreign financial services firms in the United States; reviews U.S. Government efforts to remove barriers to trade in financial services; and examines the degree of national treatment and market access afforded U.S. financial institutions in twenty-four banking markets and twenty-two securities markets.

Since these National Treatment Study (NTS) Reports to Congress began nearly twenty years ago, intensive multilateral and bilateral negotiations have led to very significant improvements in the terms on which U.S. firms compete in offering financial services abroad. The most recent is the General Agreement on Trade in Services (GATS) Round, completed in December 1997, which produced commitments that will give U.S. firms more secure or better access to many foreign markets.

Looking ahead, I would like to take this opportunity to recommend that the congressional mandate for these quadrennial National Treatment Study Reports be removed. Although they have been valuable as an information source, there are now numerous private sources which provide information similar to that contained in NTS Reports, but on a broader range of countries and more frequently. Ending the NTS Reports will not mean any reduced commitment to resolving problems faced by our financial institutions overseas. There will be ongoing scrutiny of national treatment and various other aspects of market access within the World Trade Organization covering over 100 countries, and we shall otherwise continue our liberalization efforts bilaterally and multilaterally.

Sincerely,

Robert E. Rubin



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 30, 1998

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Newt:

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