

MEMO# 6077

July 27, 1994

FAIR TRADE LEGISLATION PUT OFF

July 27, 1994 TO: BOARD OF GOVERNORS NO. 66-94 FEDERAL LEGISLATION COMMITTEE NO. 16-94 FEDERAL LEGISLATION MEMBERS NO. 13-94 RE: FAIR TRADE LEGISLATION PUT OFF _____ Despite strong support from the Administration, the Institute, and virtually all major domestic financial services trade associations, on July 25 the Conference Committee considering broad banking legislation could not agree to report the "Fair Trade in Financial Services Act", and deleted it from the larger bill. (See memos to Federal Legislation Members No. 3-94, dated January 28, 1994, and No. 4-94, dated February 15, 1994) The FTFS provisions had generated tremendous conflict among three Committees of the House of Representatives, as it cut across jurisdictional lines. The bill, as passed by the Senate, would have given the Treasury Department the lead role in negotiating financial services issues in bilateral and multilateral trade negotiations -- a role currently filled by the U.S. Trade Representative. Despite failure to act by the Conference Committee, the need for an aggressive voice for U.S. firms in trade negotiations resulted in Acting House Ways and Means Trade Subcommittee Chairman Robert Matsui (D-CA) agreeing to hold hearings on the issues that led to FTFS legislation. Also, when the Ways and Means Committee considered legislation to implement the General Agreement on Tariffs and Trade (GATT), they discussed foreign barriers to U.S. financial services firms and the need for U.S. trade negotiators to deal with this issue. We will keep you informed of further developments. If you wish additional information, please call the Legislative Affairs Department at 202/326-5890. This memo can also be found in FUNDS, the Institute's Fund User Network and Delivery System, under Legislative Affairs; Washington Update. Julie Domenick Senior Vice President Legislative Affairs