

in this body than the chairwoman of the Small Business Committee.

I am pleased today that H.R. 2992, the SBA Trade Programs Act of 2007, is being considered on the House Floor. As in many parts of the country, the small businesses in New York's Hudson Valley are the engine that drives our economy, and their success is vital to the prosperity of our communities. In our increasingly shrinking world, being successful throughout the global economy has taken on a vitally important role. As a result, it is crucial that all businesses, including small businesses, have a level playing field in international trade.

Unfortunately, by their very nature small businesses do not have the same opportunities to take part in international trade that their larger competitors do. They are smaller and less able to take advantage of the economy of scale. Many simply do not have the capital or the logistical capability to devote to the cause. Most of the small businesses in my district are located only a few miles from New York City, the world's greatest international hub, and yet they often do not have the capacity to take advantage of that location. Today, with this bill, we hope to change that.

The SBA Trade Programs Act we have considered directs the Small Business Administration's Office of International Trade to take a number of steps specifically designed to help small businesses have a greater opportunity to take part in international trade. It instructs the OIT to capitalize on its relationship with the US Trade Representative and international organizations to develop and implement trade policies to support small businesses. This will enable small businesses to take advantage of the system we have created for bigger companies and has proven so helpful to American businesses.

It orders the OIT to establish an annual trade strategy for small businesses, which includes specific ideas on ways to increase competitiveness, better protect small businesses from unfair trade practices, increase small business' exports, and expand the representation of small businesses in creating and defining trade policy.

It provides small businesses with technical assistance in trade remedy investigations and dispute cases, two places where small businesses have long been at a disadvantage as they often do not have the financial capacity or manpower to deal with multiple jurisdictional issues.

The bill calls on the OIT to design comprehensive services to assist small businesses adjust to global climate conditions and increase loans and loan guarantees to small business exporters. By increasing loan availability small businesses will have greater access to the capital required for successful international business opportunities. And the assistive services will better enable small businesses to adapt to the differing tastes and desires of foreign markets.

This bill will provide assistance for businesses that require legal resources to help secure intellectual property protection. It will also expand eligibility requirements for international trade loans to include intellectual property violations as well as other trade practices with negative financial repercussions. These provisions are especially relevant because intellectual property remains one of our country's most important exports. Yet the extent and

scope of their protection varies significantly from country to country. Any company looking to protect their intellectual property must be aware of the protections offered, and not offered; in each jurisdiction in which they have a presence. This bill will provide the appropriate resources so that America's small businesses can protect, and if need be, defend their intellectual property rights.

Mr. Speaker. This is an important bill. It is a bill that will provide a significant benefit to America's small businesses and open doors to them have been shut for far too long. I urge every member of the House to support it. Once again, I thank Chairwoman VELÁZQUEZ and the rest of the small business committee for such great work in bringing this bill to the floor.

Ms. VELÁZQUEZ. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 2992, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### MICROLOAN AMENDMENTS AND MODERNIZATION ACT

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3020) to amend the Small Business Act to improve the Microloan program, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3020

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the "Microloan Amendments and Modernization Act".

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—MICROLOAN

Sec. 101. Transmission of credit reporting information.

Sec. 102. Flexible credit.

Sec. 103. Intermediary eligibility requirements.

Sec. 104. Average loan size.

Sec. 105. Technical assistance.

Sec. 106. Entrepreneurs with disabilities.

#### TITLE II—PRIME

Sec. 201. Short title.

Sec. 202. PRIME.

Sec. 203. Conforming repeal.

#### TITLE I—MICROLOAN

#### SEC. 101. TRANSMISSION OF CREDIT REPORTING INFORMATION.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end the following:

"(14) **CREDIT REPORTING INFORMATION.**—The Administrator shall establish a process, for use by a lender making a loan to a borrower under this subsection, under which the lender provides to the major credit reporting agencies the information about the borrower that is relevant to credit reporting, such as the payment activity of the borrower on the loan."

#### SEC. 102. FLEXIBLE CREDIT.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended, in each of paragraphs (1)(B)(i) and (1)(B), by striking "short-term,".

#### SEC. 103. INTERMEDIARY ELIGIBILITY REQUIREMENTS.

Section 7(m)(2) of the Small Business Act (15 U.S.C. 636(m)(2)) is amended—

(1) in subparagraph (A) by striking "paragraph (10)" and inserting "paragraph (11)"; and

(2) by amending subparagraph (B) to read as follows:

"(B) has—

"(i) at least—

"(I) 1 year of experience making microloans to startup, newly established, or growing small business concerns; or

"(II) 1 full-time employee who has not less than 3 years experience making microloans to startup, newly established, or growing small business concerns; and

"(ii) at least 1 year of experience providing, as an integral part of its microloan program, intensive marketing, management, and technical assistance to its borrowers."

#### SEC. 104. AVERAGE LOAN SIZE.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by striking "\$7,500" and inserting "\$10,000" in each of the following places: paragraph (3)(F)(iii), paragraph (6)(C)(i), and paragraph (6)(C)(ii).

#### SEC. 105. TECHNICAL ASSISTANCE.

Section 7(m)(4)(E) of the Small Business Act (15 U.S.C. 636(m)(4)(E)) is amended as follows:

(1) **PRE-LOAN.**—Clause (i) is amended by striking "25 percent" and inserting "35 percent".

(2) **THIRD PARTY CONTRACTS.**—Clause (ii) is amended by striking "25 percent" and inserting "35 percent".

#### SEC. 106. ENTREPRENEURS WITH DISABILITIES.

Section 7(m)(1)(A)(i) of the Small Business Act (15 U.S.C. 636(m)(1)(A)(i)) is amended by inserting "disabled," before "and minority entrepreneurs".

#### TITLE II—PRIME

#### SEC. 201. SHORT TITLE.

This title may be cited as the "Program for Investment in Microentrepreneurs Act" or the "PRIME Act".

#### SEC. 202. PRIME.

The Small Business Act is amended—

(1) by redesignating section 37 as 99; and

(2) by inserting after section 36 the following:

#### "SEC. 37. PRIME PROGRAM.

"(a) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

"(1) **CAPACITY BUILDING SERVICES.**—The term 'capacity building services' means services provided to an organization that is, or that is in the process of becoming, a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs.

"(2) **DISADVANTAGED ENTREPRENEUR.**—The term 'disadvantaged entrepreneur' means a microentrepreneur that is—

"(A) a very low-income person;

"(B) a low-income person; or

"(C) an entrepreneur that lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator.

"(3) **COLLABORATIVE.**—The term 'collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this section.

"(4) **INDIAN TRIBE.**—The term 'Indian tribe' means any Indian tribe, band, pueblo, nation, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the

United States to Indians because of their status as Indians.

“(5) **INTERMEDIARY.**—The term ‘intermediary’ means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs as authorized under subsection (d).

“(6) **LOW-INCOME PERSON.**—The term ‘low-income person’ means a person having an income, adjusted for family size, of not more than—

“(A) for metropolitan areas, 80 percent of the area median income; and

“(B) for nonmetropolitan areas, the greater of—

“(i) 80 percent of the area median income; or

“(ii) 80 percent of the statewide nonmetropolitan area median income.

“(7) **MICROENTREPRENEUR.**—The term ‘microentrepreneur’ means the owner or developer of a microenterprise.

“(8) **MICROENTERPRISE.**—The term ‘microenterprise’ means a sole proprietorship, partnership, or corporation that—

“(A) has fewer than 5 employees; and

“(B) generally lacks access to conventional loans, equity, or other banking services.

“(9) **MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM.**—The term ‘microenterprise development organization or program’ means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs.

“(10) **POVERTY LINE.**—The term ‘poverty line’ means the official poverty line defined by the Office of Management and Budget based on the most recent data available from the Bureau of the Census. The Administrator shall revise annually (or at any shorter interval the Administrator determines to be feasible and desirable) the poverty line. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made.

“(11) **TRAINING AND TECHNICAL ASSISTANCE.**—The term ‘training and technical assistance’ means services and support provided to disadvantaged entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services.

“(12) **VERY LOW-INCOME PERSON.**—The term ‘very low-income person’ means having an income, adjusted for family size, of not more than 150 percent of the poverty line.

“(b) **ESTABLISHMENT OF PROGRAM.**—The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Administration in the form of grants to qualified organizations in accordance with this section.

“(c) **USES OF ASSISTANCE.**—A qualified organization shall use grants made under this section—

“(1) to provide training and technical assistance to disadvantaged entrepreneurs;

“(2) to provide training and capacity building services to microenterprise development organizations and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;

“(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and

“(4) for such other activities as the Administrator determines are consistent with the purposes of this section.

“(d) **QUALIFIED ORGANIZATIONS.**—For purposes of eligibility for assistance under this section, a qualified organization shall be—

“(1) a nonprofit microenterprise development organization or program (or a group or collabo-

orative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;

“(2) an intermediary;

“(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or

“(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

“(e) **ALLOCATION OF ASSISTANCE; SUBGRANTS.**—

“(1) **ALLOCATION OF ASSISTANCE.**—

“(A) **IN GENERAL.**—The Administrator shall allocate assistance from the Administration under this section to ensure that—

“(i) activities described in subsection (c)(1) are funded using not less than 75 percent of amounts made available for such assistance; and

“(ii) activities described in subsection (c)(2) are funded using not less than 15 percent of amounts made available for such assistance.

“(B) **LIMIT ON INDIVIDUAL ASSISTANCE.**—No single person may receive more than 10 percent of the total funds appropriated under this section in a single fiscal year.

“(2) **TARGETED ASSISTANCE.**—The Administrator shall ensure that not less than 50 percent of the grants made under this section are used to benefit very low-income persons, including those residing on Indian reservations.

“(3) **SUBGRANTS AUTHORIZED.**—

“(A) **IN GENERAL.**—A qualified organization receiving assistance under this section may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

“(B) **LIMIT ON ADMINISTRATIVE EXPENSES.**—Not more than 7.5 percent of assistance received by a qualified organization under this section may be used for administrative expenses in connection with the making of subgrants under subparagraph (A).

“(4) **DIVERSITY.**—In making grants under this section, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities serving diverse populations.

“(5) **PROHIBITION ON PREFERENTIAL CONSIDERATION OF CERTAIN SBA PROGRAM PARTICIPANTS.**—In making grants under this section, the Administrator shall ensure that any application made by a qualified organization that is a participant in the program established under section 7(m) does not receive preferential consideration over applications from other qualified organizations that are not participants in such program.

“(f) **MATCHING REQUIREMENTS.**—

“(1) **IN GENERAL.**—Financial assistance under this section shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Administration.

“(2) **SOURCES OF MATCHING FUNDS.**—Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in paragraph (1).

“(3) **EXCEPTION.**—

“(A) **IN GENERAL.**—In the case of an applicant for assistance under this section with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirement in paragraph (1).

“(B) **LIMITATION.**—Not more than 10 percent of the total funds made available from the Administration in any fiscal year to carry out this section may be excepted from the matching requirement in paragraph (1), as authorized by subparagraph (A).

“(g) **APPLICATIONS FOR ASSISTANCE.**—An application for assistance under this section shall

be submitted in such form and in accordance with such procedures as the Administrator shall establish.

“(h) **RECORDKEEPING.**—

“(1) **IN GENERAL.**—A qualified organization receiving assistance from the Administration under this section shall keep such records, for such periods as may be prescribed by the Administrator and necessary to disclose the manner in which any assistance under this section is used and to demonstrate compliance with the requirements of this section.

“(2) **USER PROFILE INFORMATION.**—The Administrator shall require each qualified organization receiving assistance from the Administration under this section to compile such data, as is determined to be appropriate by the Administrator, on the gender, race, ethnicity, national origin, or other pertinent information concerning individuals that utilize the services of the assisted organization to ensure that targeted populations and low-income residents of investment areas are adequately served.

“(3) **ACCESS TO RECORDS.**—The Administrator shall have access on demand, for the purpose of determining compliance with this section, to any records of a qualified organization that receives assistance from the Administration under this section.

“(4) **REVIEW.**—Not less than annually, the Administrator shall review the progress of each assisted organization in carrying out its strategic plan, meeting its performance goals, and satisfying the terms and conditions of its assistance agreement.

“(5) **REPORTING.**—

“(A) **ANNUAL REPORTS.**—The Administrator shall require each qualified organization receiving assistance from the Administration under this section to submit an annual report to the Administrator on its activities, its financial condition, and its success in meeting performance goals, in satisfying the terms and conditions of its assistance agreement, and in complying with other requirements of this section, in such form and manner as the Administrator shall specify.

“(B) **AVAILABILITY OF REPORTS.**—The Administrator, after deleting or redacting any material as appropriate to protect privacy or proprietary interests, shall make such reports submitted under subparagraph (A) available for public inspection.

“(i) **IMPLEMENTATION.**—The Administrator shall, by regulation, establish such requirements as may be necessary to carry out this section.”.

#### SEC. 203. CONFORMING REPEAL.

Subtitle C (15 U.S.C. 6901 et seq.) of title I of the Riegle Community Development and Regulatory Improvement Act of 1994 is repealed.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

#### GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself as much time as I may consume.

Small businesses create three out of four new jobs and account for almost half of our country's income. But that is only part of the story. The opportunities through business ownership are

limited only by our own imagination and ability. Each year, 700,000 men, women and children follow the dream of entrepreneurship.

The vast majority of our businesses are very small. Over 50 percent of all businesses are home based. Most get started without a single employee. But with hard work, that changes. Ultimately, half the people who work in this country now work for small businesses.

Small businesses are flexible and more likely to adapt to changes in the economy. They have to be nimble to survive. So if there is one thing we have learned, it is that helping these small businesses start up and grow provides a significant benefit for our local and national economy.

One of the best methods devised to encourage start-up small businesses is the small microcredit loan. The SBA Microloan Program makes funds available to nonprofit community-based lenders. In turn, these lenders make small loans to eligible borrowers who are often individual fledgling entrepreneurs that live in the same community where they work.

The Microloan Amendments and Modernization Act introduced by my colleague, the ranking member on our committee, Mr. CHABOT, improves an already strong program. It will increase the number of lenders and borrowers that will be able to get involved in creating new businesses and help put people in their communities to work. It also encourages credit reporting so that the excellent repayment history of its participants is recorded to their benefit.

Finally, the bill takes steps to strengthen the PRIME program, a key initiative that provides counseling to low-income entrepreneurs.

Since its inception in 1992, the Microloan Program has been reaching many that otherwise would not be served by the private sector or even the SBA's traditional loan programs. The type of people that use the Microloan Program are borrowers that may be unable to get a loan from traditional sources due to no credit rating or a lack of business experience.

By filling this void, microloans have become an important source of assistance for groups who traditionally have had more difficulty accessing capital. These loans fulfill the goal of widely distributing resources, as roughly one third are made in rural areas. It is for these reasons that the program complements the successes of President Clinton's New Market Initiative. Microloans are a low-cost effective way to move people off welfare and turn them into business owners and even employers. There have been only two defaults to the government since the program's inception, and tens of thousands of jobs retained and created. This is a great bargain for the taxpayers.

With that, I urge the House to vote for the Microloan Program and this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 3020, the Microloan Amendments and Modernization Act.

The chairwoman and I have worked together on a cooperative basis to bring this technical but important piece of legislation to the floor. H.R. 3020 represents the first substantive change in the Microloan Program in more than 6 years.

According to Dr. Mohammad Yunus, the 2006 Nobel Laureate in Peace and founder of the Grameen Bank, "microcredit views each person as a potential entrepreneur and turn on the tiny economic engines of a rejected portion of society."

Unlike Bangladesh or other countries that have emulated the Grameen Bank, microcredit in the United States is not aimed at a rejected portion of society, but rather at those individuals who do not have access to commercial financial institutions and the typical resources to manage those funds. Despite the different target audiences, micro-lending in the United States represents a variation of the concept developed by Dr. Yunus.

The Small Business Administration created a pilot program based on the success of the Grameen Bank, and Congress created a permanent authority for the program back in 1992. SBA does not provide microcredit directly to entrepreneurs; instead, the SBA provides below market-rate loans to nonprofit intermediaries. These institutions then make loans to entrepreneurs.

As with other SBA financing programs, the SBA does not provide all the funds for financing. Intermediaries must contribute 15 percent of the value of loans in non-Federal funds. But the key to the success of microlending is not the loans; rather, it is the education and counseling that the intermediaries provide to their borrowers.

With this knowledge, these entrepreneurs are able to manage their financial resources and ensure repayment of loans. This success is demonstrated by the very low number of defaults by borrowers and cost-effective means by which it produces nearly 10,000 jobs a year in areas, including parts of my district in Cincinnati, that need economic revitalization.

Despite its success, the Microloan Program needs to be revised in light of changes to the economy during the past 6 years and, in some cases, to update matters that have not been altered since the program's inception more than 15 years ago.

Microlenders exist, mainly because normal commercial lending institutions did not provide access to credit for those who are highly credit risky. One way to improve that is to have borrowers' histories passed along to credit bureaus. I think having the SBA work with the intermediaries to accomplish the delivery of credit histories will benefit borrowers.

H.R. 3020 also enables the intermediaries to determine the length of credit that will be made available to the borrowers. Given the expertise of the intermediaries, it makes abundant sense for the determinations on the length of loans to rest with the intermediaries and borrowers.

I want to emphasize that this change has no impact on the loan obligations of the intermediaries to the SBA. The change involves no risk to the Federal Treasury.

H.R. 3020 also raises the level of the average loan size in an intermediary's portfolio from \$7,500 to \$10,000. This level has not been changed since 1992, and an adjustment is appropriate to take account of inflation in the intervening 15 years.

The SBA rightly focuses on the number of small businesses that receive help from its entrepreneurial training partners. However, ensuring that only those individuals with the right aptitude start small businesses is as important as the provision of the technical assistance to businesses that have been in existence for years.

The Microloan Amendments and Modernization Act recognizes the importance of this training and increases the amount of pre-loan training that intermediaries may provide. H.R. 3020 also provides for an increase in the amount of technical assistance training that intermediaries can contract for from other sources.

As the committee heard in testimony from Professor Lisa Servon, this will enable intermediaries to focus on those services that they are best able to perform. Finally, the committee heard from two different witnesses that the cap on interest rates should be removed.

We also heard that a rise in interest rates will enable intermediaries to recoup more of their costs, thereby reducing the amount of funds that they must raise from other sources. I would ask that the chairwoman work with us as the bill moves through legislative process to ensure that intermediaries have maximum flexibility to operate their loan programs with the elimination of the interest rate cap.

I urge my colleagues to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I want to thank the ranking member for introducing this important piece of legislation, and I also want to thank the staff that worked on this legislation, from the minority staff, Barbara Pineles; from the majority staff, Ross Urban, Michael Day, Adam Minehardt and Andy Jimenez.

I strongly urge my colleagues to support the Microloan Program.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the

rules and pass the bill, H.R. 3020, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Ms. VELÁZQUEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

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**CALLING ON THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA TO REMOVE BARRIERS TO UNITED STATES FINANCIAL SERVICES FIRMS DOING BUSINESS IN CHINA**

Mr. MARSHALL. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 552) calling on the Government of the People's Republic of China to remove barriers to United States financial services firms doing business in China.

The Clerk read the title of the resolution.

The text of the resolution is as follows:

H. RES. 552

Whereas well-functioning financial markets in China capable of accurately pricing risk, valuing assets, allocating capital to its most efficient use, providing financial products that allow savers to obtain a market rate of return, and capable of intermediating efficiently between savers and borrowers are essential if China is to move successfully to a market-based economy;

Whereas the lack of diversification and innovation among Chinese financial firms, particularly state-owned banks, limits the financial assets in which the Chinese people can invest and limits their access to savings and investment vehicles that would allow them to save safely and adequately for retirement and insure themselves against risks to health and incomes;

Whereas the current lack of well-functioning financial markets in China has the effect of misallocating capital and distorting investment in ways that subsidize capital intensive industries in China's manufacturing sector and distort trade with the United States and other trading partners as a consequence;

Whereas an increased presence of United States and other foreign financial services firms in China would provide substantial benefit to China by aiding in the reform and development of the banking, insurance, asset management, and securities industries and providing new products to Chinese consumers that would contribute substantially to their financial security;

Whereas the United States trade deficit with China in 2006 was \$233,000,000,000, and this trade deficit has nearly tripled in size since China joined the World Trade Organization in 2001;

Whereas the United States financial services sector is a leading source of United States exports globally and has the potential to be a major exporter to China;

Whereas the United States maintains open and nondiscriminatory standards for trade in financial services, while China continues to protect large segments of its financial services markets from foreign trade;

Whereas China's World Trade Organization commitments fail to achieve an open and nondiscriminatory environment for foreign financial services firms seeking to trade with China;

Whereas China is one of the few remaining major emerging market countries that maintains limitations on foreign ownership of financial services firms;

Whereas foreign ownership restrictions severely limit United States firms' ability to operate in China across the financial services sector, such that United States and other foreign firms are not permitted to own more than a 49 percent stake in a Chinese asset management firm, a 20 percent stake in a Chinese bank, a 33 percent stake in a Chinese securities firm, a 24.9 percent stake in a Chinese insurance company, and a 50 percent stake in a life insurance joint venture;

Whereas foreign entities are not permitted to invest in Chinese A-share securities markets except through an onerous licensing and quota system for "qualified foreign institutional investors," and Chinese institutional investors are also restricted in investing in foreign securities markets except through a licensing and quota system for "qualified domestic institutional investors";

Whereas the government of China has failed to meet its World Trade Organization commitment on licensing of foreign broker-dealers and maintains discriminatory restrictions on the scope of business of foreign securities firms;

Whereas the government of China maintains discriminatory standards for foreign banks in terms of capital requirements, restrictions on corporate operational form, and restrictions on bank branches, and has been slow to act on foreign banks' applications;

Whereas the government of China has approved no new enterprise annuities licenses for United States or other foreign firms since 2005 and maintains a cumbersome multi-agency process for approval of licenses;

Whereas the government of China maintains discriminatory practices for branch applications from foreign-invested life insurers, granting branch approvals slowly and consecutively, while domestic insurers receive concurrent approvals to open multiple branches;

Whereas major Chinese financial institutions have sought licenses to operate in the United States on the grounds that Chinese financial regulators satisfy consolidated supervision standards, at the same time the Chinese government restricts access to United States and other foreign firms on grounds that suggest that Chinese regulators may not satisfy these standards; and

Whereas the Secretary of the Treasury has initiated the Strategic Economic Dialogue as a forum in which to engage Chinese officials on economic reform issues, including financial market issues: Now, therefore, be it Resolved, That it is the sense of the House of Representatives that—

(1) the Government of the People's Republic of China should immediately implement all of its World Trade Organization commitments to date in financial services;

(2) the Government of the People's Republic of China should immediately implement all of its commitments to date made under the auspices of the Strategic Economic Dialogue initiated by the Secretary of the Treasury;

(3) the goals of the United States for the next meeting of the Strategic Economic Dialogue should be to achieve Chinese commitments toward—

(A) removal of all foreign investment ownership caps on banking, life insurance, asset management, and securities;

(B) nondiscriminatory treatment of United States financial services firms (including

banking, insurer, insurance intermediary, asset management, and securities firms) with regard to licensing, corporate form, and permitted products and services; and

(C) nondiscriminatory treatment of United States financial services firms with regard to regulation and supervision; and

(4) United States financial service regulators, in assessing whether applications from Chinese financial institutions meet comprehensive consolidated supervision standards, should consider whether the applications are for operations and activities in the United States that are currently prohibited for United States financial institutions in China, and the extent to which such prohibitions reflect problems with the quality of home country supervision.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Georgia (Mr. MARSHALL) and the gentleman from Illinois (Mr. ROSKAM) each will control 20 minutes.

The Chair recognizes the gentleman from Georgia.

GENERAL LEAVE

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MARSHALL. Mr. Speaker, I would ask to insert into the RECORD three letters that we have received in support of this legislation.

One letter comes from Engage China dated September 4, 2007. Engage China is a consortium which includes these organizations: The American Banker's Association, the American Council of Life Insurers, American Insurance Association, The Council of Insurance Agents and Brokers, Bankers Association for Finance and Trade, Financial Services Forum, Financial Services Roundtable, Investment Company Institutes, Securities Industry and Financial Markets Association.

The second letter, also dated September 4, comes from The Financial Services Forum; and the third letter, dated August 31, comes from The Investment Company Institute.

SEPTEMBER 4, 2007.

Hon. BARNEY FRANK,  
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Cannon House Office Building,  
Washington, DC.

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