

# Citi Supports Free Trade Agreements with Latin America and Korea

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*Free Trade is critically important to the US financial services industry*

*Citi fully supports swift Congressional approval of the Free Trade Agreements with Peru, Colombia, Panama, and Korea*

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## **How Does Free Trade Open Markets for Financial Services?**

- FTAs bring down barriers to the delivery of financial services. In countries around the world, including Peru, Colombia, Panama and Korea, we face various barriers including: foreign ownership limitations, license quotas, product and service restrictions, client restrictions, Non-transparent regulation, and restrictions on the cross-border supply of services;
- Forging healthy financial markets in these countries will help grow US financial services exports and greater trade and investment for all sectors of the US economy by:
  - Providing a means for importing crucial capital and technology needed for economic development and greater trade;
  - Allowing for the development of critical infrastructure for economic development and sustainable trade flows;
  - Creating the new jobs in the U.S. and in each FTA market necessary to support the growing trade and investment stimulated by each FTA;

## **Why are the FTAs with Peru, Colombia, Panama, and Korea so Important for Citi and the U.S. Financial Services Industry?**

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*Each FTA includes the following important provisions that create new market opportunities and eliminate discrimination for Citi and other U.S. financial institutions:*

- Full rights to establish or acquire existing financial institutions in Peru, Colombia, Panama, and Korea to supply a complete range of financial services, including:
  - The right to 100% foreign ownership in the financial services sector, and;
  - Extensive rights to establish in the juridical form that best suits the business model of U.S. Financial services firms (e.g. setting up a branch from abroad);

- Non-discriminatory, national treatment in all aspects of our business including the types of services that we can provide and the clients we can serve;
- Binding of future liberalization automatically through most favored nation (MFN) treatment, whereby Peru, Colombia, Panama, and Korea agreed that if it liberalizes further in the context of another FTA, then that liberalization is offered automatically to the U.S.;
- The right to supply specific financial services on a cross-border basis, including portfolio management services for investment funds in Peru, Colombia, Panama, and Korea;
- The right to cross border transfer of financial data in two years;
- Enhanced regulatory transparency and important regulatory reforms in the financial services sector, such as more regularized and transparent regulatory procedures, adoption of a negative list approach to financial sector regulation (which sets forth the presumption that an industry practice is permitted unless it is expressly prohibited), and regional integration of data processing.