



INTERNATIONAL

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May 9, 2001

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
Room 122
600 17th Street, N.W.
Washington, D.C. 20508

Qatar Ministerial Agenda and Preparations

Dear Ms. Blue:

This is in response to the *Federal Register* notice of April 5, 2001, requesting public comments on the agenda for a possible new round of multilateral trade negotiations under the auspices of the World Trade Organization, and on preparations for the fourth WTO Ministerial meeting in Qatar.

New York Life Insurance Company, a Fortune 100 company, has \$138 billion in assets under management. With total revenues of more than \$21 billion, it ranks as the fifth largest life insurance company in the country.

New York Life International offers insurance and asset accumulation products and services to individuals and groups in selected emerging market countries. Currently, it has operations in Argentina, Hong Kong, India, Indonesia, Mexico, South Korea, Taiwan, and Thailand and operates representative offices in the People's Republic of China and Vietnam.

Mandated Negotiations on Services

New York Life is pleased that the mandated negotiations have continued to make progress, and that the GATS Council adopted negotiating guidelines and principles and agreed on a work program for the negotiations through to March 2002. It is also very constructive that more than 70 delegations, many of them from developing countries, have submitted negotiating proposals as part of the ongoing process. With the stage now set for all of these proposals to undergo serious review and discussion over the next months, New York Life hopes that areas of convergence can be identified among the various discussion proposals. This exercise is important for laying the groundwork for the more detailed sector-specific and practice-specific negotiations to come.

New York Life is encouraged by USTR's plan to develop detailed negotiating positions during 2001, in anticipation of being able to put forward requests as well as offers on market access issues and domestic regulatory reform following the Qatar WTO Ministerial. As part of an insurance industry effort, New York Life is working to identify and gather background information on barriers that we have encountered in markets of interest and will provide such information to U.S. negotiators shortly.

Launch of a New Round and Timetable for Negotiations

Even though the mandated negotiations on services are proceeding on their own track, we are very much aware that no agreed end point exists for bringing the mandated services negotiations to a close. It would be logical for this point to be decided by Trade Ministers at the Qatar meeting, perhaps in conjunction with the timetable for the WTO Round as a whole. New York Life strongly supports the launch of a new WTO Round. Even while the efforts to launch the new round are continuing this year, it is important to acknowledge that the mandated services negotiations, together with agriculture, on their own provide WTO Members significant negotiating opportunities.

At the same time, we recognize that the launching of a new Round may substantially improve possibilities for a better negotiating outcome for the mandated services process itself since discussions encompassing more areas would enable the interests and concerns of all WTO Members to be adequately considered. New York Life wishes to underscore the point, however, that the timeframe chosen for the broader negotiations must not be so prolonged as to delay the outcome for further liberalization in the services sector beyond a reasonable and commercially meaningful period.

Assuming that exchanges of requests and offers among trading partners occur during the first quarter of 2002, we believe that roughly a two-year timeframe should be sufficient for finalizing the services portion of the negotiations. We would encourage USTR to consider calling for an overall deadline of mid-to-late 2004. Such timing coincides with that recently agreed in the context of the Free Trade Area of the Americas (FTAA) negotiations. In parallel with the hemispheric process, ratification of the new Round results could take place during 2005, with implementation effective by January 1, 2006, for example.

The scope of the agenda for the next WTO negotiations, which has yet to be agreed, will in turn influence the amount of time needed for conducting the negotiations. New York Life's preference is for a shorter timeframe and a leaner negotiating agenda, rather than for a broad agenda that could take many years to resolve. If ways can be found to move ahead with implementing outcomes as they are achieved, this would avoid having progress in any single sector such as financial services "held hostage," pending the resolution of unrelated difficulties in other negotiating groups. If the negotiating results are agreed to as a single undertaking, however, some delay in finally achieving the desired outcome may be unavoidable.

Pensions and Asset Management Activities

In addition to our core insurance business, New York Life International is very interested in expanding its domestic pension and asset management expertise into global markets and we would like to ensure that these sectors are liberalized as part of the next Round of trade negotiations. In addition to being able to offer services in markets through an established commercial presence, we are also interested in being able to supply pension services and manage pension assets on a cross-border basis, without establishment first being required. We would also like relevant regulations to provide for the ability to invest a proportion of pension-related assets in activities outside the country in which the pension assets are held.

Transparency and Domestic Regulation in the Negotiations

New York Life International has worked closely with the U.S. insurance industry, our colleagues in the EU and Japan and has consulted with U.S. regulators to develop a "model schedule" of "Best Practices Insurance Regulatory Principles." The industry's paper was developed with the aim of achieving greater transparency and consistency in the regulatory practices which WTO Members follow. In a highly regulated sector such as insurance, it is impossible to gain genuine, reliable market access to the insurance sector without also achieving WTO disciplines over administration of the regulatory process. Doing so adds to the stability and predictability of the regulatory environments in which companies expect to operate and facilitates better business planning. How regulations in the insurance sector are developed and promulgated, and particularly the extent to which the private sector is provided information about and access to rule-making processes by WTO Members, very much influences the competitiveness of U.S. insurers in a given market.

We envisage that countries will subscribe to the elements in the "model schedule" by adding disciplines on regulatory procedures in the "additional commitments" column of their respective services schedules, alongside the traditional, mode-related undertakings in the insurance sector. To promote a greater understanding among WTO Members of our "model schedule," U.S. insurers are discussing with their counterparts in Europe, Japan and Latin America, plans for a financial services seminar in Geneva, possibly in October 2001. It is anticipated that this meeting would coincide with the services cluster of meetings scheduled for that time, so as to take advantage of officials' presence from capitals. The session would provide an opportunity for industry representatives to explain the need for governments to undertake the additional commitments outlined in the "model schedule" as a supplement to previously existing and future liberalization commitments contained in WTO Members' schedules.

Related to the point above about pensions and asset management services, we note that transparency and domestic regulatory concerns remain equally applicable to these financial services activities. We also note that often the regulatory bodies involved in the pension and asset management sectors are distinct from those traditionally in charge of oversight activities in the insurance sectors. We therefore ask that U.S. negotiators work to identify the various ministries and agencies involved in the regulation of pensions and asset management sectors,

and to develop channels of communication with them well before the request and offer phase of the negotiations begin.

New York Life urges U.S. negotiators to intensify their efforts now to ensure that the relevant agencies responsible for pension and asset management matters are familiar with the ongoing WTO services negotiations, and equally to stress the importance of addressing the related regulatory issues in these sectors as part of the liberalization of the market. Undertaking both efforts in parallel is essential. For governments that have already undertaken market opening measures in these areas in previous negotiations, the additional regulatory commitments will properly round out what is required to obtain the most predictable and secure market access possible.

Development and Capacity Building Activities

Greater transparency and consistency in the formulation of domestic regulations are key elements in achieving the greater openness and efficiency of WTO Members' economies, particularly among developing countries. We therefore encourage the WTO to include in its planning of future "capacity building" activities for developing countries workshops covering procedures to ensure greater transparency in domestic rule-making. Transparency commitments in many areas of trade policy are already incorporated in WTO agreements (the Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures, most notably).

We urge USTR to consider working with the WTO as it plans capacity building activities with developing countries, whether in the context of the new Round or as part of the mandated services negotiations, to add presentations on the advantages of streamlining and making more accessible to the private sector the domestic rule-making processes. With respect to financial services, in particular, achieving broadly similar regulatory frameworks across markets, and instituting "best practices" will greatly assist the competitiveness of national insurance sectors.

New York Life has worked to support enhanced capacity building on regulatory issues in developing countries through participation in bilateral, regional and multilateral technical assistance programs. Insurance companies from the U.S., Europe and Japan have held constructive discussions with representatives of the International Association of Insurance Supervisors (IAIS), including during the organization's annual meeting in 2000 in South Africa, on the standards setting process for the insurance sector. The work of the IAIS is highly valuable in helping to build a sound infrastructure for the operation of the insurance industry worldwide. For this reason, New York Life believes that a presentation by IAIS representatives to the WTO at an appropriate time would assist the industry's effort to raise awareness among trade experts in Geneva of the importance of domestic regulatory reform in supporting liberalization of the insurance sector.

China's Accession to the WTO

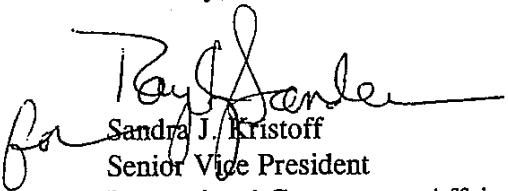
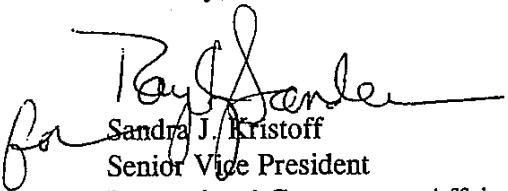
The WTO's rule-based system ought to include the world's largest trading nations. It is desirable that China has the ability to participate fully in developing the new rules for the international trading system from the outset of the negotiations. Accordingly, New York Life urges the completion of China's accession to the WTO as soon as possible, and preferably prior to the Qatar Ministerial meeting.

Conclusion

We appreciate the opportunity to provide these comments on preparations for the WTO Ministerial meeting in Qatar from November 9-13. New York Life believes that multilateral trade negotiations are the best tool for achieving broad market liberalization with the maximum number of trading partners within a prescribed timeframe. We also recognize the advantages of negotiating agreements on a regional and bilateral basis, as progress at regional and bilateral levels can be leveraged to achieve the best possible outcomes in the WTO discussions.

We at New York Life stand ready to work with U.S. negotiators in the WTO and other relevant contexts to achieve more open markets for U.S. insurers. We will continue to keep U.S. negotiators informed of our commercial priorities and policy recommendations as the mandated services negotiations continue, and as the agenda for the Qatar Ministerial takes shape. New York Life is pleased to assist in furthering U.S. negotiating efforts in every way we can.

Sincerely,


for 
Sandra J. Kristoff
Senior Vice President
International Government Affairs