



February 3, 2010

The Honorable Timothy Geithner
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner,

As you prepare for the upcoming G7 meeting in Iqaluit, Nunavut, Canada on February 5th-6th, the Engage China Coalition respectfully writes to call your attention to a critical aspect of the G20's articulated priority of pursuing more balanced global economic growth – the need for continued reform and modernization of China's financial system. A more efficient and effective Chinese financial sector is necessary if China is to achieve its economic goals of maintaining high rates of growth and job creation, building a more services-based, consumer-driven economy, reducing poverty, and ensuring a more equitable distribution of opportunity and prosperity – goals very much in the interest of G7 nations.

Such reform should be based on the following core principles: (1) eliminating barriers to foreign participation in China's financial sector; (2) eliminating limits on foreign investment in Chinese financial entities, corporate forms of choice, geographic expansion, and product offerings; (3) ensuring that foreign financial sector participants and investors receive the same treatment from regulators and other authorities as domestic investors; (4) improving regulatory and procedural transparency.

If permitted to compete in China on fair and equal terms, foreign financial institutions will bring world-class expertise and best practices with regard to products and services, technology, credit analysis, risk management, internal controls, and corporate governance, and will contribute substantially to economic growth, job creation, and the further structural reforms China seeks. By helping to provide the financial products and services that China's citizens and businesses need to save, invest, insure against risk, raise standards of living, and consume at higher levels, foreign financial institutions can help

China develop an economy that is less dependent on exports, and more services-based and consumer-driven.

I thank you for your leadership on this vitally important issue.

Sincerely,

Handwritten signature of Robert S. Nichols in black ink.

Robert S. Nichols
Chairman

cc:

The Honorable Jim Flaherty

Minister of Finance, Canada

The Honorable Christine Lagarde

Minister of the Economy, Industry and Employment, French Republic

The Honorable Peer Steinbrück

Minister of Finance, Federal Republic of Germany

The Honorable Giulio Tremonti

Minister of Economy and Finance, Italian Republic

The Honorable Naoto Kan

Minister of Finance, Japan

The Honorable Alistair Darling

Chancellor of the Exchequer, United Kingdom