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U.S. Trade Representative Susan C. Schwab Meets with ASEAN Economic Ministers and Signs TIFA

08/25/2006

Kuala Lumpur, Malaysia – U.S. Trade Representative Susan C. Schwab today met with the ten economic ministers of the Association of Southeast Asian Nations (ASEAN) and signed a Trade and Investment Framework Arrangement (TIFA). The U.S.-ASEAN TIFA will provide a platform for strengthening the already deep trade and investment ties between the United States and ASEAN countries. The U.S.-ASEAN consultations were co-chaired by U.S. Trade Representative Susan C. Schwab and Malaysian Trade Minister Rafidah Aziz. In addition to concluding the TIFA, Ambassador Schwab and her ASEAN counterparts discussed the growth in bilateral trade, regional economic developments, and the Doha Development Agenda.

"The U.S.-ASEAN TIFA signed today reflects our commitment to establishing the architecture that will facilitate an even more vigorous U.S. economic engagement in the ASEAN region," said Ambassador Schwab. "The TIFA will be a platform to intensify our trade and investment relations with the ASEAN region, which collectively constitutes our fourth largest trading partner and represents one of the most rapidly growing and dynamic economies in the world."

Under the TIFA, the United States and ASEAN will establish a formal ministerial dialogue. The parties will use this dialogue to jointly determine concrete steps for deepening trade and investment relations.

Ambassador Schwab and her ASEAN counterparts also agreed to initiate a work plan under the TIFA and to focus their efforts initially on three projects. Among these are an initiative to support the development of the ASEAN Single Window, which will create a common system throughout ASEAN for entry of goods, facilitating trade within ASEAN and between ASEAN and the United States. Ministers will also work to establish a framework agreement on sanitary and phytosanitary issues to foster increased trade in agricultural goods, an important sector in which trade is largely complementary. The parties also will work together to support the development of harmonized standards for pharmaceutical registration and approval, which will speed the delivery of innovative medicines to ASEAN patients.

In addition, the Ministers committed to continue their close coordination on multilateral and regional issues, including the Doha Development Round and the accession of Vietnam and Laos to the WTO. Ambassador Schwab said "I welcome the strong message from my ASEAN counterparts affirming their commitment to work for a breakthrough in the agriculture

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and non-agriculture market access negotiations, so we can put the Doha Round back on track before the end of this year. New market access opportunities will be the litmus of the Round's success." Ambassador Schwab noted that "ASEAN and the United States agreed to work to ensure that the flexibility provided for in the NAMA and agriculture negotiations does not undermine substantially improved market access. All of us are concerned about these potential loopholes." U.S. and ASEAN ministers instructed their officials to work together in Geneva to help forge the necessary consensus to secure a breakthrough.

BACKGROUND

The ASEAN region is commercially and strategically vital to the United States. With almost 600 million people and a combined GDP of \$2.7 trillion, the ASEAN economies constitute the sixth largest economic group in the world. ASEAN members include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

The U.S.-ASEAN TIFA will build on the strong trade relations the United States already has with this region. Two-way trade totaled \$149 billion in 2005, having increased by 9 percent from the previous year and by about 75 percent over the last decade. In addition, U.S. foreign direct investment in ASEAN countries reached nearly \$80 billion in 2004 (the latest available data), an increase of 13 percent since 2003.

In 2002, President Bush announced the Enterprise for ASEAN Initiative (EAI), which seeks to further strengthen U.S. trade and investment ties with ASEAN, both regionally and bilaterally. The EAI offers the prospect of FTAs with ASEAN members that are WTO members and have a bilateral Trade and Investment Framework Agreement (TIFA) with the United States. The United States has used these TIFAs to address bilateral issues and, in some cases, to lay the groundwork for free trade agreements.

The United States concluded an FTA with Singapore in 2003 and is currently negotiating FTAs with Thailand and Malaysia. In addition, the United States recently concluded a TIFA with Cambodia and a bilateral market access agreement with Vietnam as part of its bid to join the World Trade Organization. The United States also has active trade and investment dialogues with Indonesia, Philippines and Brunei and is working with Laos to support its WTO accession.

ASEAN members are active participants in the Doha Development Agenda negotiations. The ASEAN Ministers issued a strong statement of support for the Doha Round at the Asia – Europe Meeting (ASEM) meeting.

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