

UNITED STATES TO JOIN FOUR ASIA-PACIFIC COUNTRIES TO NEGOTIATE INVESTMENT AND FINANCIAL SERVICES UNDER MULTILATERAL TRADE AGREEMENT

The United States will join Brunei, Chile, New Zealand and Singapore when they negotiate the outstanding investment and financial services chapters of the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP, also known as P4), to be launched in early March 2008.

2 The US has also informed the four TPSEP countries that it will explore whether to join the full agreement. The US has said that joining the full TPSEP agreement could provide a pathway to broader Asia-Pacific trade integration with like-minded countries committed to a high-standard agreement.

3 The TPSEP is the only free trade agreement that spans both sides of the Pacific, linking Asia with the Americas. It is a high-quality free trade agreement which achieves significant trade liberalization. For example, tariffs on 90 percent of trade in goods between the parties are eliminated immediately and tariffs on all trade products are eliminated within 12 years.

4 Brunei, Chile, New Zealand and Singapore are signatories to the TPSEP, which came into force in 2006. Negotiations on the outstanding investment and financial services chapters will commence in March 2008. The TPSEP is open to accession by other like-minded economies.

5 Singapore's Minister for Trade and Industry Lim Hng Kiang welcomed the US' participation in the TPSEP. He said, "We are very pleased with the decision by the US to participate in the TPSEP negotiations on financial services and investment, and its interest in joining the full agreement. US participation in TPSEP is a positive step that could pave the way for broader Asia-Pacific trade integration. It bodes well for our ambition to grow the TPSEP as a building block towards the creation of a larger Free Trade Area for the Asia-Pacific."

6 US interest in the TPSEP comes at an opportune time, in light of renewed interest in regional economic integration among the Asia Pacific Economic Co-operation (APEC) economies. At their recent meeting in Sydney in 2007, APEC Economic Leaders endorsed a report on promoting regional economic integration, which included studying the long-term prospect of a Free Trade Area of the Asia-Pacific. The Asia-Pacific region represents nearly 60% of global GDP and roughly 50% of international trade.

7 A Free Trade Area of the Asia Pacific will help boost intra-regional trade and help to make the region even more attractive as an investment destination. It will also help to reduce the confusing "spaghetti bowl" of approximately 100 Free Trade Agreements currently in force in the region. It will complement the World Trade Organization (WTO) and hasten progress towards global trade liberalisation.

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