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United States to Join Sectoral Negotiations with Four Asia-Pacific Countries *Will Explore Participation in Broader Strategic Partnership Agreement*

Washington, D.C. -- U.S. Trade Representative Susan C. Schwab announced today that the United States will join negotiations on investment and financial services set to begin in March among Singapore, Chile, New Zealand and Brunei, known as the “P-4” group of countries. These four countries have negotiated their own Free Trade Agreement (FTA), the Trans-Pacific Strategic Economic Partnership, based largely on the United States’ FTAs with Singapore and Chile. While the Trans-Pacific Strategic Economic Partnership Agreement entered into force in 2006, the investment and financial services chapters remain to be negotiated.

“We see these investment and financial services negotiations as an opportunity to further our engagement with countries committed to high-standard trade agreements,” said Ambassador Schwab. “This initiative also will provide another opportunity for the United States to participate in the regional trade architecture that is emerging in the vitally important Asia-Pacific region.”

As it begins investment and financial services negotiations with the P-4 countries, the United States will also begin a detailed exploratory process to determine whether it should participate in the full Trans-Pacific Strategic Economic Partnership. The Administration will hold consultations on this proposal with Congress and a wide array of stakeholders over the coming months. Participation could provide a pathway to broader Asia-Pacific regional economic integration with like-minded countries committed to high-standard agreements. The United States is already pursuing further regional economic integration in the Asia Pacific Economic Cooperation forum (APEC) through intensive exploration of the prospect of a Free Trade Area of the Asia-Pacific (FTAAP), as well as through bilateral FTAs, such as the pending agreement with South Korea.

Background:

The Asia-Pacific region is a key driver of global economic growth, representing nearly 60 percent of global GDP and roughly 50 percent of international trade. The average GDP growth rate in the rapidly growing and dynamic countries in this region was 5.1 percent in 2006, compared with the world average of 3.9 percent. Since 1990, total goods trade by the Asia-Pacific economies has increased by 300 percent, while global investment in the region has increased by over 400 percent. U.S. goods and services trade with the region exceeded \$2 trillion in 2006, more than doubling in the last 12 years. Investment flows between the United States and the Asia-Pacific countries also are substantial; U.S. foreign direct investment in the region totaled \$774 billion in 2006, up 10 percent over the previous year, while Asia-Pacific foreign direct investment in the United States totaled \$424 billion, an increase of 8 percent over 2005.

Asia-Pacific countries are actively pursuing preferential trade agreements, both with one another as well as with partners outside the region. This trend has important commercial and strategic implications for the United States. As of the beginning of this year, approximately 100 bilateral and regional trade agreements were in force in the Asia-Pacific region, more than three times the number in 1990. Another 50 or so such agreements are currently being negotiated.

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