



The U.S. Approach to FTAs

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Core Philosophy

- The U.S. believes in a comprehensive approach to FTA's:
 - Comprehensive agreements that include services, investment, telecommunications, financial services, intellectual property, customs cooperation, etc. enhance competitiveness, improve the investment climate, and generate more trade, investment and economic growth than “tariff only” agreements.

Core Philosophy

- The U.S. believes in a comprehensive approach to FTA's:
 - Comprehensive agreements avoid the problem of “cherry picking” – the liberalization of only the easiest sectors. Taking tough issues off the table at the start limits the opportunities for significant and dynamic gains.

Core Philosophy

- The U.S. believes in a comprehensive approach to FTA's:
 - Comprehensive agreements that take into the consideration the interests of all stakeholders – including interests such as trade related labor and environmental issues – are likely to be more balanced and enjoy wider public support.

GATT & GATS

- A comprehensive approach is most consistent with GATT and GATS:
 - GATT Article XXIV:8 and GATS Article V allow for discriminatory treatment in RTAs/FTAs so long as they cover “substantially all trade.”

APEC

- A comprehensive approach is most consistent with the APEC Best Practices for RTAs/FTAs:
 - RTAs/FTAs “deliver maximum economic benefits to the parties by being comprehensive in scope and providing for liberalization in all sectors. They therefore eliminate barriers to trade and investment between the parties, including tariffs and non-tariff measures, and barriers to trade in services.”

APEC

- A comprehensive approach is most consistent with the APEC Best Practices for RTAs/FTAs:
 - RTAs/FTAs should be consistent with the disciplines of the WTO, but “go beyond WTO commitments” and “explore commitments related to trade and investment in areas not covered, or only partly covered by the WTO.”

Enterprise for ASEAN Initiative

- The Enterprise for ASEAN Initiative (EAI):
 - Offers every ASEAN country that is a WTO member and with which the US has a TIFA the possibility of negotiating a bilateral FTA with the U.S.
 - U.S. and individual ASEAN member countries jointly decide when they are ready to begin negotiations.

Enterprise for ASEAN Initiative

- A TIFA helps lay the groundwork for an FTA by:
 - Establishing a structured dialogue between the parties to address bilateral issues and deepen their knowledge of each other's economic policies and systems.
 - Developing the mutual confidence and understanding essential for successful negotiations.
 - Providing opportunities for technical assistance and trade capacity building.

Enterprise for ASEAN Initiative

- In addition to Thailand and Malaysia, current TIFAs with ASEAN:

- Philippines
- Indonesia
- Brunei
- Cambodia
- ASEAN

- WTO Accession/PNTR:

- Vietnam
- Laos

Enterprise for ASEAN Initiative

- Next step under EAI is a free trade agreement (FTA):
 - On-going FTA negotiations:
 - Malaysia
 - Thailand
 - Completed FTAs:
 - Singapore

Trade Promotion Authority

- U.S. negotiating mandate provided by the “Bipartisan Trade Promotion Authority Act of 2001” (TPA):
 - TPA gives the Administration authority to negotiate trade agreements.
 - Congress agrees to an “up or down” vote with no changes.
 - But Congress also sets negotiating objectives for the agreement.

Trade Promotion Authority

- TPA confirms the comprehensive approach:
 - Congress set broad objectives for market access, as well as for trade and investment facilitation measures such as stronger IPR protection and customs cooperation.
 - Intent was to design an agreement for the 21st century that could adapt along with rapidly changing economies.

Trade Promotion Authority

- TPA objectives are ambitious, but negotiators have flexibility:
 - Flexibility in phasing and sequencing of liberalizations.
 - Scope for governments to pursue their socioeconomic goals.
 - Ultimately, both parties must be satisfied with the agreement.

Trade Promotion Authority

- TPA sets a timeline for Congress to consider new agreements:
 - 90 days to review Administration proposals for new negotiations
 - 90 days to consider any agreement sent to Congress for approval
- TPA expires July 1, 2007