

Phil Goff welcomes US Free Trade Agreement negotiations

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Trade Minister Phil Goff today warmly welcomed the announcement by the United States of its decision to enter into comprehensive Free Trade Agreement (FTA) negotiations to become a full partner to the Trans-Pacific Partnership (P4).

"Today's announcement is of huge significance and benefit for New Zealand," Phil Goff said.

Mr Goff was speaking from New York where he met today with his fellow Trans-Pacific Partnership Ministers, from Chile, Singapore and Brunei, and United States Trade Representative Susan Schwab.

"Securing an FTA negotiation with the United States, the world's largest economy, has been a key trade objective for more than a decade. Securing this through the P4 negotiations follows my discussions of this idea with USTR Susan Schwab at a trade meeting in Cairns 14 months ago. I am delighted that the US has taken up this idea," Phil Goff said.

"The United States is New Zealand's second largest individual trading partner and second largest export market. New Zealand's total trade with the US in the year to June 2008 was worth \$8.14 billion, accounting for 9.6 per cent of New Zealand's total trade. US research conducted in 2002 into the impact of a FTA with the US showed it was of considerable benefit to both countries.

"To have this commitment from the United States in the same year as we have also concluded FTAs with China and the ASEAN economies is a great achievement and opens up the prospect of significant and sustained benefits to New Zealand businesses and the economy in general," Mr Goff said.

"The Trans-Pacific Partnership is widely viewed as a model free trade agreement. As the first trade agreement with a membership spanning Asia, Oceania and the Americas, the Trans-Pacific Partnership bridges the Asia-Pacific region.

"This region represents nearly 60 per cent of global GDP and roughly 50 per cent of all international trade. It is a key driver of global economic growth.

"With the involvement of the US, the Trans Pacific Partnership is now poised to expand rapidly to encompass other countries in the region and to lead to greater economic integration in the Asia Pacific," Mr Goff said.

"Participation in the agreement by the US on a comprehensive basis is likely to enhance the interest of others in using this high quality comprehensive agreement as the basis for further trade liberalisation and economic integration throughout the Asia Pacific.

"Interest in the agreement has been shown by other countries such as Peru, Vietnam and Australia. Eventually we hope the agreement will prove attractive to other large

economies in the region such as Japan. As significant export markets for New Zealand exports, this would also bring big benefits for New Zealand," Phil Goff said.

"The timing of the United States' announcement is particularly welcome in the light of recent difficulties experienced in the WTO Doha Round process and with the global economy facing mounting pressure as a result of the current economic downturn and the uncertainty this is creating.

"Liberalisation of trade through the WTO remains New Zealand's top trade policy priority. We are continuing to work hard to try to achieve this goal," said Mr Goff.

"The Trans-Pacific Agreement is a high-standard, comprehensive agreement and is WTO consistent. By promoting increased trade liberalisation it will support continued ambition in the Doha round in the same way that the creation of Apec was a spur to other countries to complete the Uruguay Round of the WTO.

"The elimination of tariffs and the removal of other barriers to trade works as a stimulus for economic activity. This agreement at a time of global economic uncertainty, such as we are currently experiencing, is therefore particularly important. I believe today's announcement by the United States will help promote economic growth and will bring about sustained benefits to partners to the agreement," said Mr Goff.

It is expected that the first round of negotiations towards a comprehensive agreement between the Trans-Pacific Partnership members and the United States will take place in early 2009.

As with all FTA negotiations entered into, the New Zealand Government will be calling for public submissions to inform the preparation of New Zealand's negotiating mandate.