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ASEAN, U.S. Sign Agreement To Expand Trade and Investment

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KUALA LUMPUR, Malaysia -- Southeast Asian trade ministers signed an expanded trade and investment agreement with the U.S. on Friday that calls for a mechanism that allows U.S. imports easier access to the region.

The Trade and Investment Facilitation Arrangement, or TIFA, was signed by U.S. Trade Representative Susan Schwab and trade and commerce ministers from the 10-member Association of Southeast Asian Nations. It came a day after the bloc revived free-trade talks with India, breaking months of deadlock.

ASEAN also edged closer to completing talks on opening up service sectors with China and South Korea in meetings this week to boost links with key trade partners and make the bloc more competitive economically.


The arrangement between ASEAN and Washington Friday calls for the development of a so-called ASEAN Single Window, which calls for a "common system throughout ASEAN for the entry of goods," Ms. Schwab's office said in a statement. Officials say the mechanism, if successful, would mean goods entering all ASEAN countries would be subject to similar customs procedures.

The arrangement also urges "cooperation on pharmaceutical regulatory issues aiming at speeding the delivery of innovative medicines to ASEAN countries," according to a joint news media statement. And it facilitates cooperation concerning sanitary issues in specific agricultural goods. American pharmaceutical companies have complained generic drug copies of patented medicines are eating into revenue, and affecting their research capabilities. Poorer countries say they can't afford the high cost of some patented life-saving or life-extending medicines.

Malaysian Trade Minister Rafidah Aziz said the agreement, at this stage, was not a precursor to a comprehensive economic partnership.

"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," Ms. Schwab said.

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Two-way trade between Southeast Asia and the U.S. reached \$152 billion in 2005, a 12% increase from the previous year. The agreement was signed despite American sanctions against military-ruled Myanmar, but Ms. Schwab said it wouldn't change Washington's stance. "The United States has very serious concerns about human rights in Myanmar. The TIFA is not going to change that," she said.

But Malaysia's Ms. Rafidah said that while she expressed hopes the agreement would help contribute toward Myanmar's national reconciliation, it shouldn't be used to pressure the country, also known as Burma, toward democracy. "I would rather not put this cloud, this whole group exercise we have with U.S. with individual country issues," she said.

In other developments, following talks with India late Thursday, ASEAN ministers agreed to resume free trade negotiations but urged New Delhi to provide more concessions. Talks between the two sides faltered last year over India's reluctance to open up its market.

Also Thursday, South Korea and ASEAN -- minus Thailand -- agreed to start cutting tariffs on merchandise trade by next January and conclude talks on services liberalization by the end of next year as part of plans to create a free-trade area by 2012.

Meanwhile, China, which has signed an agreement with ASEAN to free up merchandise trade, expects to finish negotiations on liberalizing the service sector by the end of 2006 to put on track plans to create a free-trade zone by 2010, Chinese Vice Commerce Minister Yi Xiaozhun said Thursday.

Attempts to liberalize trade in Southeast Asia have continued for over a decade, but distrust, nationalistic policies, poverty, and economic and political differences have hindered progress. But with a large chunk of international investment now going to China and India, ASEAN officials have moved economic talks along more urgently.

A wide economic gulf divides ASEAN's six more developed nations -- Malaysia, Indonesia, Singapore, Brunei, Thailand and the Philippines -- and its four newer members, Cambodia, communist Vietnam and Laos, and military-ruled Myanmar, in a region home to 560 million people.

ASEAN trade ministers want leaders to endorse a move creating an ASEAN Economic Community, or AEC, by 2015, five years earlier than originally planned. It allows for the free flow of goods and services through Southeast Asia, but doesn't include a single currency system.

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