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United States and United Arab Emirates Sign Trade and Investment Framework Agreement

WASHINGTON - U.S. Trade Representative Robert B. Zoellick and United Arab Emirates (UAE) Minister of State for Finance and Industry Mohammed Khalfan bin Khirbash today signed a Trade and Investment Framework Agreement (TIFA), providing a forum for the UAE and the United States to examine ways to expand bilateral trade and investment.

"Today=s signing is an important step in promoting America's export opportunities in the UAE, a top 30 U.S. export market," said Zoellick. "At the same time, increased trade and economic engagement with the United States can assist the UAE in its ongoing efforts to liberalize and diversify its economy. This agreement solidifies the relationship between our two countries on an economic level which complements our strong partnership in our fight against terrorism."

"Expansion of trade with the United Arab Emirates is part of our efforts to promote democracy and economic vitality in the Middle East and the Gulf Region," added Zoellick. "In May 2003, the President proposed a Middle East Free Trade Area (MEFTA) by 2013; this month's FTA with Morocco and the completion of the second round of FTA negotiations with Bahrain puts us in good standing to achieve that goal."

The TIFA creates a Joint Council that will consider a wide range of commercial issues and sets out basic principles underlying the two nations= trade and investment relationship. The council will establish a permanent dialogue with the expectation of expanding trade and investment between the United States and the UAE with the goal of resolving trade issues and deepening the bilateral trade relationship. The United States uses TIFA's to strengthen bilateral trade and support economic reform through regular senior-level discussions on commercial and economic issues.

In 2003, the United States exported $3.5 billion worth of goods to the United Arab Emirates, including machinery, aircraft, vehicles, optical and medical instruments, live animals and tree nuts. The United States imported $1.1 billion worth of goods from the United Arab Emirates in the same year, including mineral fuel, woven and knit apparel.

Background

A Trade and Investment Framework Agreement (TIFA) with the United Arab Emirates is just one of the many ways the United States is moving forward to strengthen trade relationships bilaterally. In 2001, the U.S. FTA with Jordan was approved, and FTA's with Singapore and Chile went into effect January 1, 2004. In recent months, the U.S. completed free trade agreements with five Central American countries and with Australia. New and pending FTA's, taken together, constitute America's third largest export market and the sixth largest in the world.

At the same time, the United States is moving forward with regional trade relationships, especially with the Free Trade of the Americas, and globally through the Doha Development Agenda. In a January 2004 letter to the 146 WTO members, Zoellick urged Members to revive the global trade talks and conducted an around the world trip February 11 – 20, visiting 9 cities for strategic consultations. These cities were Tokyo (Japan); Beijing (China); Singapore, Islamabad (Pakistan); New Delhi (India); Cape Town (South Africa); Mombasa (Kenya); Geneva (WTO headquarters) and Paris (meetings with EU Trade Commissioner Lamy).

Immediately following that trip, Zoellick travelled to San Jose, Costa Rica for meetings February 23-24 with ministers from the Cairns Group of agriculture exporting countries to discuss liberalizing trade in agriculture within ongoing World Trade Organization (WTO) trade negotiations.

In May 2003, the President proposed a plan of graduated steps for Middle Eastern nations to increase trade and investment with the United States and others in the world economy. The first step is to work closely with peaceful nations that want to become members of the World Trade Organization (WTO) in order to expedite their accession. As these countries implement domestic reform agendas, institute the rule of law, protect property rights (including intellectual property), and create a foundation for openness and economic growth, the United States will take a series of graduated steps with countries in the region tailored to their level of development. The U.S. will expand and deepen economic ties through Trade and Investment Framework Agreements (TIFAs), Bilateral Investment Treaties (BITs), and comprehensive Free Trade Agreements (FTAs), and will enhance the Generalized System of Preferences (GSP) program for eligible countries.

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