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Fact Sheet on APEC's Free Trade Goals

The Shanghai Accord

U.S. Leadership in Achieving APEC's Free Trade Goals

"Together, we must meet the Bogor goals -- including free trade for every nation in this region by 2020. The Shanghai Accord we will sign ... gives us new and useful tools to enhance trade and investment."

President George W. Bush
October 20, 2001

APEC's Free Trade Goals: APEC's primary objective, established at the 1994 Leaders' Meeting in Bogor, Indonesia, is to achieve free and open trade and investment in the Asia-Pacific region by 2010 for developed countries and 2020 for developing countries. In 1995, Leaders adopted the Osaka Action Agenda, which provided a blueprint to achieve these goals.

The Shanghai Accord: To revitalize momentum towards APEC's free trade goals and promote global growth, the United States proposed that APEC's trade agenda culminate this year in the adoption of the "Shanghai Accord". Today in Shanghai, APEC Leaders endorsed the Accord, which broadens APEC's vision to embrace the New Economy and includes specific actions to strengthen APEC's commitment to meet the Bogor goals. The key elements of the Accord include:

- A 5 percent reduction in transaction costs over the next five years through the elimination of red tape.
- Use of so-called "Pathfinder" initiatives, which enable a group of countries to pilot initiatives and which encourage other members to participate later.
- Agreement to develop and implement transparency principles for investment rules, regulations, and standards, and for government procurement procedures to ensure good governance.
- A "Trade Policy for the New Economy" initiative that commits APEC economies to pursue trade policies on services, intellectual property, and tariffs that will encourage development of the New Economy.
- A new, more rigorous system of peer review to track members' progress toward the Bogor free trade goals.

The U.S. Commitment to Capacity Building: The United States affirmed in the Shanghai Accord the need to strengthen economic and technical assistance and capacity building efforts. President Bush is committed to reaching out to developing countries to ensure that they have the capacity to benefit from open markets.

The United States has been a leader in trade capacity building, providing \$1.3 billion in funding worldwide and \$165 million for APEC economies between 1999 and 2001.

-- The Shanghai Model Port Project is a key example. This U.S.-China partnership with the private sector has established a cutting edge customs service training program in China and made the Port of Shanghai a model customs entry point.

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