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## Pacts to boost trade

PRIME Minister Datuk Seri Dr Mahathir Mohamad witnessed on Wednesday the signing of two agreements between Malaysia and Saudi Arabia to promote further bilateral trade and investment activities between both countries.

This was in conjunction with the visit of Prince Sultan Abdul Aziz, the Second Deputy Prime Minister and Minister of Defence and Aviation of Saudi Arabia to Malaysia.

The two agreements were on the Promotion and Reciprocal Protection of Investments (IGA) and on the Accession of Saudi Arabia to the World Trade Organisation (WTO).

The IGA was signed by the Minister of International Trade and Industry, Datuk Seri Rafidah Aziz on behalf of the Malaysian Government, while Khalid M. Al Gosabi, the Acting Minister of Planning and Telecommunication, signed on behalf of the Saudi Arabian Government.

The IGA provides a framework to further expand the flow of investments and business activities between both countries. It is anticipated that the IGA could further facilitate Saudi Arabian investors to explore investment opportunities in the downstream petroleum-processing sector.

It will also encourage Malaysian companies to participate in business opportunities in Saudi Arabia, especially in infrastructure projects.

The signing of the bilateral agreement on the Accession of Saudi Arabia to the WTO between Rafidah and Dr Abdul Aziz I. Al-Mana, Minister of State and member of Council of Ministers, signified the conclusion of bilateral market access negotiations within the context of Saudi Arabia's accession to the WTO.

Malaysia and Saudi Arabia had engaged in a series of bilateral negotiations as part of the process of Saudi Arabia's accession into WTO. Bilateral negotiations concluded in Geneva on October 20 2000.

Under this agreement, Saudi Arabia has agreed to offer Malaysia a package of concessions in the form of tariff bindings and tariff reductions for 318 products of export interest to Malaysia.

These tariff concessions would be bound upon Saudi Arabia's accession, and further reductions would be implemented within three to 10 years. The major products of export interest given tariff concession included palm oil, palm kernel oil, cocoa and cocoa products, manufactured rubber products, furniture and jewellery.

In addition to these concessions, Malaysian exporters will also benefit from Saudi Arabia's participation in the Information Technology Agreement, which will require Saudi Arabia to eliminate duties on IT products within five years upon accession.

Saudi Arabia, it said, will join the chemical harmonisation exercise and reduce duties on chemical products to between zero to 6.5 per cent within a 10-year period.

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