

10 FEB 2003

RAFIDAH-BFTA

RAFIDAH: MARKET OPENING UNDER M'SIA-JAPAN BFTA AS EARLY AS 2004

By: Mohd Arshi Daud

KUALA LUMPUR, Feb 10 (Bernama) -- Japan-bound Malaysian products can enjoy tariff cuts or waiver as early as 2004 if Tokyo and Kuala Lumpur agree to an "early harvest" approach in their proposed bilateral Free Trade Area (BFTA), International Trade and Industry Minister Datuk Seri Rafidah Aziz said.

"If we work fast enough, it could be within one year to one year plus, which is possible if we have progressive liberalisation," she told Bernama in an interview recently.

Under an early harvest arrangement, out of the total sectors identified under the BFTA, the two trading partners could tick off some products that post the least cost for immediate market liberalisation within a year or so.

"They may demand 10 items but we say (let's have) three first, or we may demand 10 items and they say (let's have) three first or four first," she said. Kuala Lumpur, she said believes that this phased-in approach is more viable than outright implementation of the BFTA.

However it was also up to Japan to consider which one is better, she said.

The Malaysia-Japan BFTA was announced in December last year during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Japan.

The BFTA forms part of a very comprehensive proposal called the Close Economic Partnership (CEP) framework which also encompasses aspects of cooperation covering among others education, culture, information technology and agriculture.

Rafidah said that the ministry had identified the sectors that Kuala Lumpur could open up for Japanese products and the sectors which Japan could open up for Malaysian-made products.

She said that she would be flying to Japan this week to inform her counterpart of the sectors that Malaysia was ready to open up.

"At the moment, I will not be able to divulge these sectors because we have to discuss it with Japan," she said.

Rafidah said that the Japanese government would need to consult its domestic industries and the country's legislative assembly or Diet regarding the matter and only then would it indicate the sectors that it expects Malaysia to open up.

She also said that Malaysia's decision to have BFTA with Japan was not simply because it was a "fashion" to do so.

"I cannot understand why some countries want to have bilateral (FTA) with every trading partners (that they have)."

Malaysia chose to have BFTAs because as a trading nation and an open economy, it must exploit every opportunities available to enhance its economic growth from the investment and trade perspective.

"So if we have a bilateral arrangement with countries like Japan and the areas upon which we focus will really benefit us as well as also benefit Japan, why not?"

"We will choose which is the most viable FTA that we can have. After Japan, there may be other countries that we might want to pursue BFTAs in selected areas," Rafidah said.

As for the perception that the BFTA reflected a complete change of the previous stand taken by the two countries which were against it, she said:

"No, no. We were never against (bilateral) FTAs."

"We just said that in the past, things were going fine in the World Trade Organisation and on the regional side we have Asean (Free Trade Area), so it (BFTAs) was not necessary."

But over time, such an arrangement appears to be beneficial if two trading partners could focus on certain key areas of common interest that are not dealt with by the on-going multilateral trade talks, she said.

"In bilateral process we are looking at product by product, area by area whereas with the WTO it is all encompassing now and that in the WTO it (market opening) cannot happen as quickly as bilateral (FTAs)," she said.

On the trend among Asean member countries to establish BFTAs, Rafidah said it was not a cause of concern to Malaysia since none of these arrangements violate any of the Asean's agreements and the WTO rules.

"I think that is perfectly alright. We have always mentioned that to them," she said. -- BERNAMA

MAD FR