

If TPPA fails, M'sia to bank on FTAs, RCEP to expand trade

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Should the Trans-Pacific Partnership Agreement (TPPA) fail to materialise, Malaysia will explore available options, including negotiating bilateral Free Trade Agreements (FTAs) with other countries.

Minister of International Trade and Industry Mustapa Mohamed said it includes those TPPA members that Putrajaya has yet to have any trade pact with.

Of the 12 TPPA members, Malaysia does not have FTAs with the United States, Canada, Mexico and Peru.

"Our focus is now on the Regional Comprehensive Economic Partnership (RCEP) involving 10 Asean countries and six major trading partners in the Asia Pacific region, including China," he said in a statement released on the current status of the TPP.

He said during the last ministerial meeting in Cebu, the Philippines, some progress had been made in narrowing gaps on key issues for goods, services and investments.

"The current uncertain international economic situation has motivated and strengthened the resolve of RCEP countries, which are among the fastest growing countries in the world, to continue working closely in reaching a conclusion of this trade agreement," he added.

He said TPPA members will be meeting in Lima, Peru, next week on the margins of the Asia Pacific Economic Cooperation Summit to discuss recent developments and the way forward.

"We hope to obtain a clearer picture on the state of the TPPA during that discussion. Malaysia will monitor closely developments on the TPPA under the new US presidency," Mustapa added.

The current US administration under President Barrack Obama had recently indicated that it would exert all efforts within its power to obtain Congressional approval of the TPPA.

As ratification involves a legislative process, it is now up to Congressional leaders to decide on the next move.

"We are aware that Congressional leaders appear not too keen to bring the bill forward during the lame duck session. The fate of the TPPA will therefore depend on whether the new US presidency will ratify the agreement.

"If the US decides on not ratifying the TPPA, Malaysia will discuss with the other members on the next course of action," said Mustapa.

The agreement requires ratification of at least six countries, accounting for 85 percent of

the total Gross Domestic Product (GDP) of the 12 countries, to bring it into force.

The GDP of the US alone constitutes about 60 percent of the total GDP of the TPP members.

Hence, there can be no TPPA without the participation of the US.

"Should the US withdraw from the TPPA, it effectively means that the agreement cannot come into force.

"As an open trading nation and a limited domestic market, Malaysia will continue to seek greater market access through preferential trading arrangements with countries it currently has no FTAs with," Mustapa said.

He also said against the backdrop of sluggish economic recovery and the lowest rate of global trade growth in three decades, there seems to be a rising trend of protectionism and inward-looking sentiment in a number of countries.

"It is imperative for the global community to continue holding an open dialogue and engagement to stop this trend from getting translated into misguided policies which could dampen the global trade growth," he added.

Growth in world trade has been one of key drivers of prosperity across the globe for many decades until the Global Financial Crisis of 2007/08.

- *Bernama*

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