

US: No FTA deal before crucial deadline
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The US government has ruled out securing a free-trade agreement with Malaysia before President George W Bush loses his "fast-track" trade promotion authority in three months.

"We made clear to the Malaysian government the requirements of our Trade Promotion Authority and that, at this point, submission of a US-Malaysia FTA under the current TPA statute is not possible," Steve Norton, spokesman for US Trade Representative Susan Schwab, said in a statement yesterday.

Bush loses his TPA power, which allows deals to be fast-tracked through the Democratic-led Congress, at the end of June. That gives US negotiators up to March 31 to present a deal for a mandatory 90-day congressional review.

The Bush administration is moving rapidly to forge an free trade agreement with South Korea before the end-March deadline, with last-minute talks scheduled in Seoul next week on sensitive areas such as agriculture, automobiles and pharmaceuticals.

If a deal is concluded with South Korea, it would be the biggest FTA since the 1993 North American Free Trade Agreement linking the United States, Canada and Mexico.

More transparency

The Malaysia pact got bogged down within the government of Prime Minister Abdullah Badawi, in particular over Malaysia's affirmative action policy that provides special privileges to indigenous ethnic Malay-owned firms.

While some state contracts are open to competition from foreign companies, Washington wants more transparency in the bidding process.

"Transparency is a critical component of some of the contentious issues and the US is basically asking for legal safeguards and clearer rules, especially as the affirmative action policy is without a deadline," said a diplomat familiar with the negotiations.

Despite the failure to meet the deadline with Malaysia, Norton said the United States and its 10th largest trading partner had agreed to forge ahead with talks.

A Malaysian team is scheduled to come to the United States in mid-April for consultations.

"We look forward to concluding a high-quality, comprehensive FTA, and obtaining legislative approval of such an agreement," the spokesman said.

The two sides launched their talks about a year ago and Norton said "significant progress has been made toward conclusion of such an agreement, but a number of important issues remain outstanding."

Necessary step

After the last round of talks, Malaysian officials informed Washington that they needed time to seek a political consensus within their cabinet on how to proceed on issues such as the affirmative action regime.

"Resolution of that process is a necessary step before the negotiations can continue," Norton said.

"As we have stated repeatedly, however, substance, not timing, is the determinative factor that will guide our participation in these negotiations."

Any agreement secured after the March 31 deadline would make congressional approval a complex exercise.

Bush's fast-track authority forces Congress to vote on deals quickly - it must hold straight yes-or-no votes, without the option for lawmakers to file amendments.

Asked about the fate of a Malaysia-US deal secured after March 31, Norton said: "It is impossible to speculate what Congress will do with regard to TPA."

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