

Questions over FTA with the US

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PUTRAJAYA: Will the bilateral free trade agreement between Malaysia and the US be signed?

After five rounds of inconclusive negotiations, and with the March deadline imposed by the US looming large, nothing seems certain.

Yesterday, Cabinet ministers were asked to give their feedback on the 58 contentious issues which are holding back the agreement.

Among the contentious issues are questions about intellectual property rights and certain policies of the Malaysian government regarding tenders.

The ministers, who were given a special briefing on the FTA talks by International Trade and Industry Minister Datuk Seri Rafidah Aziz after the weekly Cabinet meeting, were asked to submit their views in about a week.

Their input is crucial in deciding whether Malaysia will proceed with the FTA talks which commenced in June last year.

Miti, the co-ordinator of the negotiations, has taken the lead in most of the issues discussed, ranging from market access, trade remedies, rules of origin, investment, services and capacity-building.

Although she denied that the talks had deadlocked, Rafidah did not give any indication of another round of talks. However, she said informal talks were still in progress between officials of both governments.

Plantation Industries and Commodities Minister Datuk Peter Chin said yesterday Rafidah gave a two-hour briefing and ministers were told to submit their views, possibly next week.

"The briefing allowed us to see the larger aspects of the FTA arguments on both sides. There are outstanding issues involving several ministries, and we have to give our views for the Cabinet to decide



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*Datuk Seri Rafidah Aziz
International Trade and
Industry Minister*

what to do next.

"We have to act soon as the talks are to be wrapped up in next month," he said.

The March deadline was imposed by the Americans who have to present it to the US Congress 90 days before the current Trade Promotion Authority granted to them to negotiate FTAs, expires in June.

Rafidah stressed last week that Malaysia was not about to give in to anyone's demands, saying "we have our own positions on sovereign rights and we have strong feelings about certain policies which are sacrosanct as far as the people are concerned".

Several non-government organisations and political parties have held protests outside the US embassy in Kuala Lumpur during the talks to express their fear that Malaysians, especially those in the low-income group working in factories and farms, might lose out if the FTA was signed.

Ministers contacted after the briefing kept mum about the sticky points.

Human Resources Minister Datuk Seri Dr Fong Chan Onn would only say that he was confident of resolving issues involving his ministry.

Through the FTA, both countries are seeking an agreement that will further increase trade and investment in both directions, create higher paying jobs and enhance competitiveness.

The private sector, especially sectors such as the textiles and garments industry, is pushing for a FTA which would cut down on Customs duties for its products.

This would mean they would be able to compete with "low-cost" countries such as Vietnam, Indonesia and China and enhance Malaysia's competitiveness.

The US market, with a strong purchasing power, is one of the better markets for Malaysia and the FTA creates a preferential trading position for all Malaysian firms in the US\$13 trillion (RM45.5 trillion) American economy.

Malaysian exports to the US grew by US\$24 billion (RM84 billion) to US\$36 billion (RM126 billion) between 2002 and 2006.