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PRIME NEWS

Historic FTA with Turkey

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LANDMARK PACT:

Signing to open doors to Asian and European markets

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FIVE years of negotiations yesterday culminated in the signing of the Malaysia-Turkey Free Trade Agreement (FTA), made all the more auspicious as both countries celebrated their 50th anniversary of diplomatic ties.

The agreement, to take force between the next 12 and 18 months, potentially holds the key to opening doors to the European and Asian markets, with Malaysia and Turkey acting as gateways for each other.

Prime Minister Datuk Seri Najib Razak and his Turkish counterpart Recep Tayyip Erdogan, who had inked a declaration on the Framework for Strategic Cooperation between Malaysia and Turkey in Kuala Lumpur in January, witnessed the signing ceremony at the Turkish Prime Minister's office.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed signed on behalf of Malaysia while Turkey was represented by its Economy Minister, Nihat Zeybekci.

Under the agreement, Turkey will bind and eliminate import du-



Prime Minister Datuk Seri Najib Razak with his Turkish counterpart, Recep Tayyip Erdogan, during a welcoming ceremony in Ankara yesterday. Bernama pic

ties on 68.7 per cent, or 8,309 tariff lines of products, upon entry into force of the FTA. This will cover 70 per cent or US\$247.38 million (RM816.4 million) of Malaysia's exports to Turkey.

The agreement also covers cooperation between the two countries in small and medium enterprises, halal-related areas, agriculture and food industry, research development and innovation, health (pharmaceutical, food safety and nutrition), energy sources and renewable energy, electronic commerce and automotive by exchanging technical experts and sharing of knowledge and technology.

Earlier, in his keynote address at the Malaysia-Turkey business lun-

cheon hosted by the influential Union of Chambers and Commodity Exchanges of Turkey, Najib called on Turkish and Malaysia businesses to take advantage of the FTA.

Present were Turkish Deputy Prime Minister Ali Babacan and TOBB president Mustafa Rifat Hisarciklioglu.

The agreement, Najib said, would be the catalyst for achieving Erdogan's call to push bilateral trade which stood at US\$1.1 billion, to US\$5 billion within five years.

Entering into an FTA with Malaysia would also mean that Turkey would have access to a market of more than three billion as Malaysia had entered free trade

agreements with Asean countries.

The Asean free trade agreements with Australia, China, India, Japan, S. Korea and New Zealand allow Turkey to tap into a combined market of more than three billion.

Prior to the luncheon, Najib delivered a lecture on "Turkey-Malaysia Strategic Partnership in a Globalising Asia" at the Turkish think tank Foundation for Political, Economic and Social Research building.

Drawing parallels between the two countries, Najib said he was confident that Malaysia and Turkey would emerge as high-income nations in the next few years. Both countries, which enjoyed strategic positions globally, shared similarities and chal-

Highlights of Malaysia-Turkey FTA

1. Turkey commits to eliminate and bind duties for close to 70 per cent of tariff lines while Malaysia corresponds with the same percentage.

2. Electronic and electrical goods, rubber products, chemicals, select iron and steel, machineries, wood products and leather products are among items to enjoy immediate duty free treatment.

3. More products will have duties removed or reduced over eight years after the FTA comes into effect.

4. Significant gain for Malaysia's textiles and apparel sector which make up largest export items to Turkey with elimination of duties, some to take immediate effect upon FTA being enforced.

5. All additional duties on textiles, apparels and footwear products eliminated and Turkey will not reintroduce or impose new duties post FTA.

6. One off duty reduction of 30 per cent from the current Most Favoured Nation rate for palm oil and oil palm products.

7. Malaysia has excluded rice, alcoholic beverages, tobacco, used tyres and weapons from tariff concessions.

8. For automotive, Malaysia has made no commitment to eliminate tariffs.

lenges, he said.

Najib said both countries could help to define Asia's role globally as the continent held enormous potential.

He said this was why superpowers like the United States had shifted their focus to Asia.

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