

Malaysia-Chile FTA Approved By National Congress Of Chile
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KUALA LUMPUR, Dec 16 (Bernama) -- The Malaysia-Chile Free Trade Agreement (MCFTA) has been approved by the National Congress of Chile and is expected to enter into force January 1, next year, said Ambassador of Chile to Malaysia Christian Rehren.

Rehren said the FTA was approved by the Senate of Chile last Wednesday after getting approval from the Chamber of Deputies in October.

"It was approved by the plenary senate smoothly with consensus support. There were no enquiries and no complaints. It is now in the administrative process and will be published to the public in the next few days. It should take effect January 1, 2012. This is a milestone in terms of bilateral relations between Malaysia and Chile," he told Bernama in an interview.

Rehren said the decision should be applauded because it was made in the midst of the crisis that was happening in Europe and the United States.

"I would think that this decision must be applauded because it comes in a very special moment. It gives a relief that not everything is so bad. The crisis never stopped us and we have been able to speed up things."

The agreement followed the conclusion of negotiations between Malaysia and Chile in May 2010 in Santiago after several rounds of negotiations, which began in June 2007.

"This is the first bilateral FTA that has been signed between Chile and an Asean country. For Malaysia, it is also very relevant because it is the first bilateral FTA signed with a Latin American country.

It means a lot because it comes with a value on principle approach, deals with free trade and politics. It means more than trade itself," he said.

He said the FTA went beyond trade between the two countries as it represented a political decision that was taken years ago by the two countries according to their own trade policies, development of strategies, potential future and perspectives.

"It shares values and principle between Chile and Malaysia. It's not that we'll come with more black berries and apples or seafood or Malaysia will export more palm oil. That's not the point, that's part of it," he added.

The MCFTA encompasses liberalisation in trade in goods as well as enhancement of bilateral economic cooperation. It is expected that the bilateral trade between both countries will increase with the signing of the agreement.

"We are confident about the potential of the FTA. We should be able to record a high level of trade. Even without the FTA, Chile's exports to Malaysia has been on the increasing trend," Rehren said.

Chile's export to Malaysia increased from US\$73 million in 2007 to US\$206 million in 2010. The country's export to Malaysia for this year is also expected to increase from US\$206 million recorded in 2010.

From January to September 2011, Chile's exports to Malaysia stood at US\$165 million and strong numbers are expected for rest of the year.

Rehren said Chile expected growth in products like fresh fruit, seafood, wines and milk-related products such as yogurt in 2012 following the implementation of the FTA.

Apart from food, other sectors are mining and copper.

Although the FTA is confined to trade in goods and economic cooperation, both countries are committed to working towards a comprehensive agreement, which would include services and investment within two years after the FTA comes into force.

"After two years, we can begin to negotiate services. This is something that we will do as soon as possible. We want Malaysia's involvement in the Chilean economy, investment in infrastructure, energy, biotechnology, housing, public works and other sectors," he said.

Rehren also said that the FTA was a gateway to the Latin American countries through Chile.

"This is a test for Malaysia, in one side of the world and Chile in the other side. It is very important for Malaysia cause it is sort of gateway through Chile for the rest of it, commercial and economic interest in the Latin America.

For Chile, it is part of the process that we have been looking forward in the last decade. We are with this initiative, responding to a demand regarding the importance of this part of the world," he said.

He added that the FTA would also see both countries working toward innovation for the future. "Both share the same vision, working towards becoming developed nation, Chile by 2018 and Malaysia by 2020," he said.

From the day of entry into force of the agreement, 96.5 per cent of trade between both countries will be totally liberalised. Furthermore, 98 per cent of the products are covered by the agreement.

Once the agreement enters into force, Chilean products such as beef, fish, fresh fruit, powdered milk, yogurt, cheese and other daily products will enter Malaysia duty free.

Meanwhile, 95 per cent of total Malaysia exports to Chile will be covered by preferential tariff rates.

Areas of cooperation which Malaysia and Chile have agreed to undertake include research and development and innovation, science and technology, trade and investment, mining and mining-related industry, SMEs, intellectual property, tourism, education and human capital development, culture and promotion of tourism.

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