



**Asia-Pacific
Economic Cooperation**

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Session 1

Malaysia–Australia FTA

Submitted by: Malaysia



APEC
PHILIPPINES
2 0 1 5

**Dialogue on Regional Trade Agreements and Free
Trade Agreements
Cebu, Philippines
2 September 2015**



APEC SOM DIALOGUE ON RTAs/FTAs

2 SEPTEMBER 2015



'Driving Transformation, Powering Growth'



FTAs BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

A CASE STUDY OF MALAYSIA- AUSTRALIA FTA



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Introduction - Why are we in FTAs

- High dependence on trade.
- Small domestic market: need to export to global markets.

FTAs:

- seek better market access by addressing tariffs and non-tariffs measures;
- further facilitate and promote trade, investment and economic development;
- enhance the competitiveness of Malaysian exporters; and
- build capacity in specific targeted areas through technical cooperation and collaboration.

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Malaysia has implemented seven (7) Bilateral FTAs



Malaysia-Japan Economic Partnership Agreement (MJEPA)

Entry into force 13 July 2006



Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)

Entry into force 1 July 2011



Malaysia-Pakistan Comprehensive Economic Partnership Agreement (MPCEPA)

Entry into force 1 January 2008



Malaysia-Chile FTA

Entry into force 25 Feb 2012



Malaysia-Turkey FTA

(Entry into Force 1 Aug 2015)



Malaysia-New Zealand (MNZFTA)

Entry into force 1 August 2010



Malaysia-Australia FTA (MAFTA)

Entry into force 1 Jan 2013

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Together with ASEAN, Malaysia has implemented seven (6) Regional FTAs



ASEAN Free Trade Area (AFTA)

ASEAN-Japan FTA (AJFTA)

ASEAN-China FTA

ASEAN-India FTA

ASEAN-Republic of Korea
FTA (AKFTA)

ASEAN-Australia-New Zealand FTA (AANZFTA)

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HON. MUSTAPHA MOHAMED AND HON. DR. EMERSON

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"MAFTA is a game changer. It's one of the best free trade agreements we've seen and AMBC is 150 per cent behind it."



Larry Gould
National President,
Australia Malaysia Business Council (AMBC)



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MALAYSIA-AUSTRALIA FREE TRADE AGREEMENT



- A comprehensive agreement concluded on 30 March 2012 and implemented on 1 January 2013.
- MAFTA builds on the AANZFTA and goes beyond commitments made in the AANZFTA.
- First FTA that grants immediate 100% duty free treatment for Malaysia's exports.
- 99% duty free imports from Australia by 2017.

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COVERAGE
Trade in Goods
Customs Procedures and Cooperation
Sanitary and Phytosanitary Measures
Standards, Technical Regulations and Conformity Assessment Procedures
Trade Remedies
Trade in Services
Telecommunication Services
Movement of Natural Persons
Investment
Intellectual property
Competition Policy
E-Commerce
ECOTECH
Institutional provisions
Consultations and Dispute Settlement
Mutual Recognition Arrangements (MRA)

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TRADE IN GOODS

AUSTRALIA

- Eliminated all duties on Entry into Force of the FTA i.e 1 January 2013.

MALAYSIA

- Elimination of duties on most items on EIF
- To date, duties on 97.6% were eliminated
- By 2017, duties on 99% will be eliminated

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SERVICES/INVESTMENT – Malaysia's commitments

100% FOREIGN EQUITY

- Accounting
- Financial services: Investment advisory companies
- Operational headquarters services
- R&D for industrial activities
- Management consulting excluding financial services
- Services incidental to manufacturing
- Student placing services
- Maritime agency services
- Legal services for off shore corporation
- Computer related services
- Rental & leasing of ships and aircraft (excluding cabotage)

70% FOREIGN EQUITY

- Education services
- Technical & vocational education services
- Market research
- Convention centres
- Services incidental to fishing & agriculture
- Telecommunication services
- Hotel services
- Financial services: Insurance companies and investment banks
- Theme park
- Other management services
- Technical testing
- Travel agencies & tour operators
- Corporate finance advisory and planning companies

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SERVICES/INVESTMENT – Australia's commitments

- legal, accounting, taxation, architectural, engineering, urban planning, landscape architectural, dental, veterinary;
- computer related services;
- R&D services;
- real estate services;
- advertising services;
- management consulting services;
- services incidental to mining;
- services incidental to energy distribution;
- telecommunication services (except in Telstra);
- construction and related engineering services;
- retailing services and franchising;
- education services;

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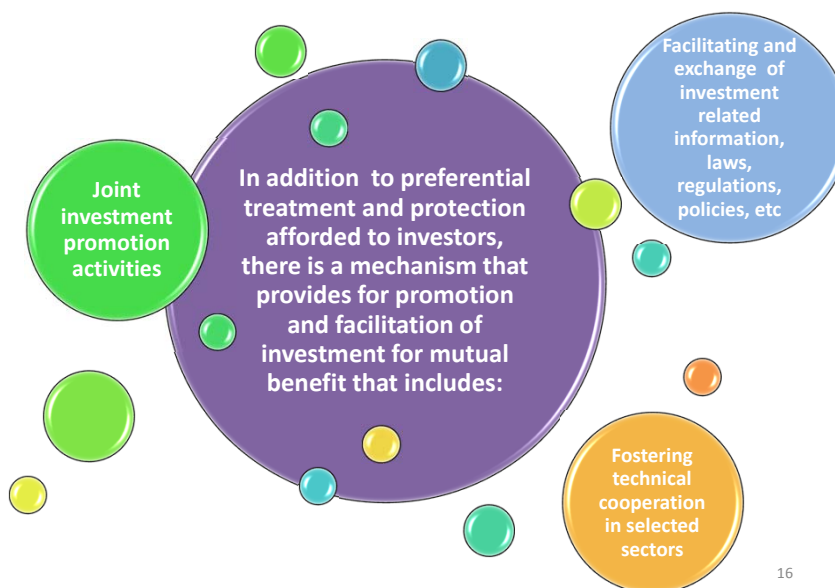
SERVICES/INVESTMENT – Australia's commitments



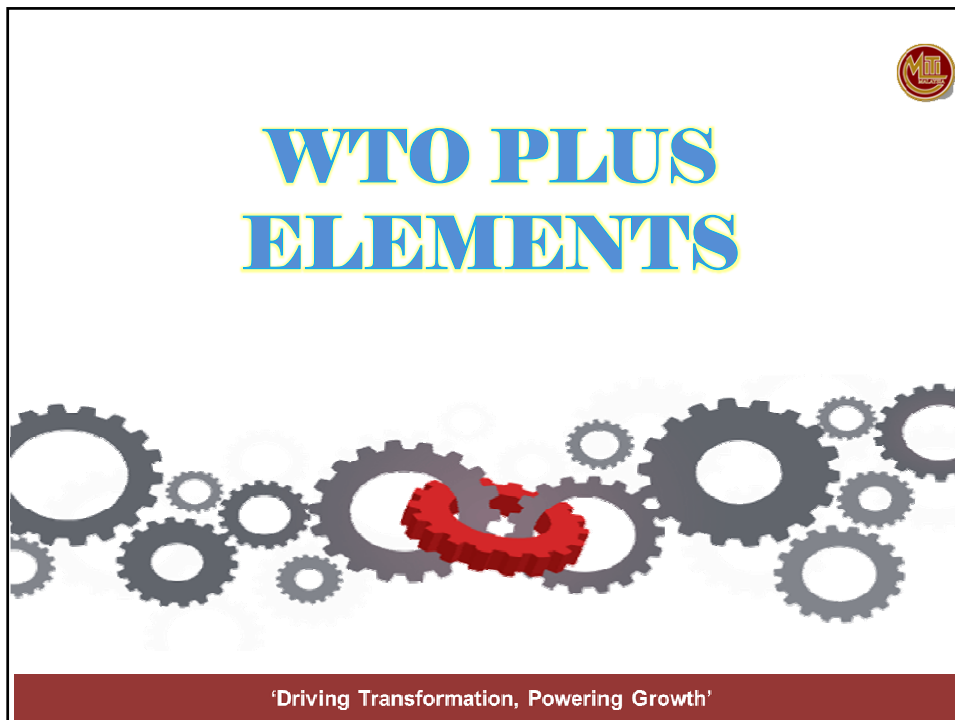
- environmental services;
 - hotels and restaurants;
 - maritime transport services (with some exceptions for international transport for freight and passengers, and excluding maritime cargo handling services in South Australia);
 - air transport services;
 - road transport services;
 - pipeline transport; and
 - services auxiliary to all modes of transport.
- **Facilitation of Malaysian participation** in providing **traditional and complementary medicine services in Australia**, i.e. traditional Chinese medicine, homeopathy, Ayurveda and Malay massage.

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FACILITATION: SERVICES & INVESTMENT



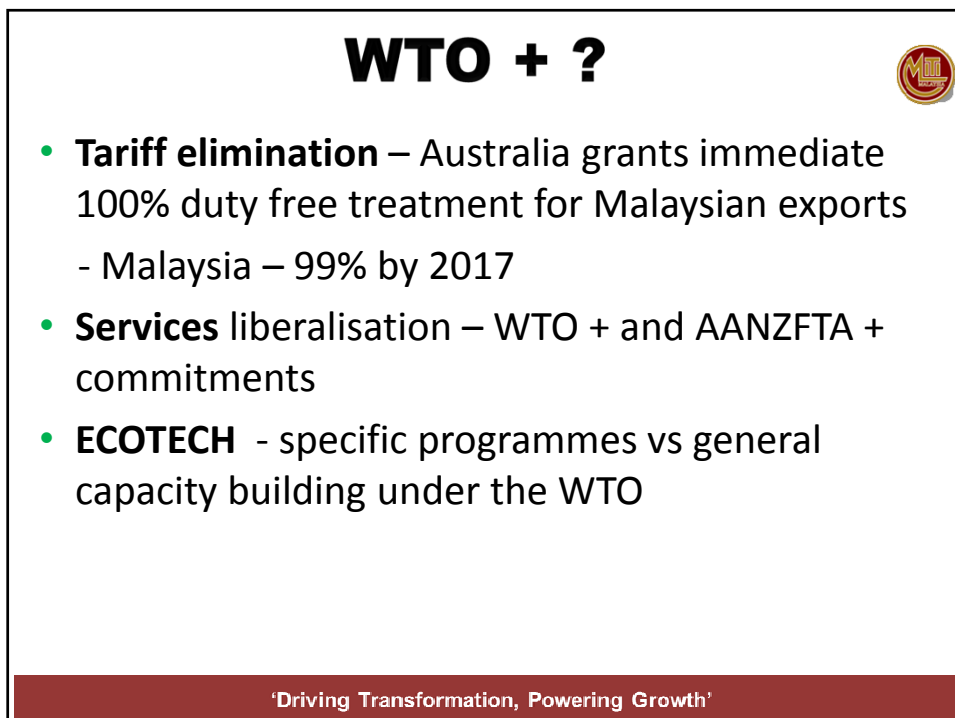
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The slide features a white background with a red banner at the bottom. The title 'WTO PLUS ELEMENTS' is written in large, blue, bold, sans-serif capital letters. Below the title is a graphic of several interlocking gears of various sizes, with one gear in the center highlighted in red. In the top right corner, there is a small circular logo with a red border and a white center containing a stylized 'M'.

WTO PLUS ELEMENTS

'Driving Transformation, Powering Growth'



The slide features a white background with a red banner at the bottom. The title 'WTO + ?' is written in large, bold, black, sans-serif capital letters. Below the title is a bulleted list of three items. In the top right corner, there is a small circular logo with a red border and a white center containing a stylized 'M'.

WTO + ?

- **Tariff elimination** – Australia grants immediate 100% duty free treatment for Malaysian exports
- Malaysia – 99% by 2017
- **Services liberalisation** – WTO + and AANZFTA + commitments
- **ECOTECH** - specific programmes vs general capacity building under the WTO

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AUTOMOTIVE INDUSTRY

- Apart from the liberalisation commitments in goods, investment and services, both parties have also agreed to undertake **economic and technical cooperation** with particular attention given to several important industries including **automotive**.
- In relation to this, Malaysia Automotive Institute (MAI) and AutoCRC of Australia have signed a memorandum of understanding to further collaborate in the areas as follows:



Automotive Research



Development of New Technologies



Human Capital Development

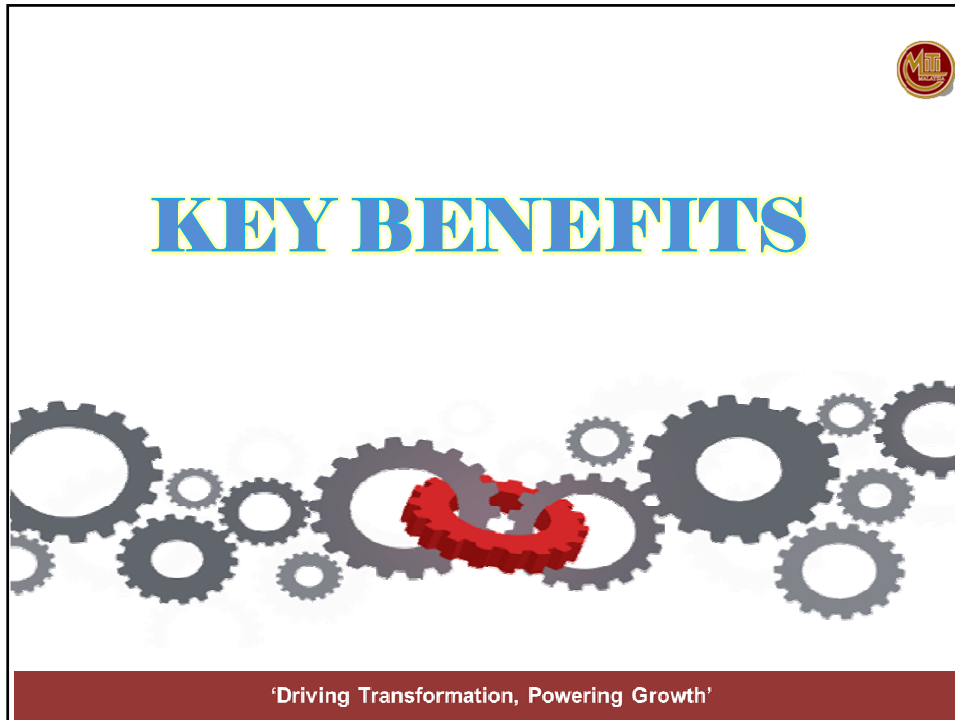
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Achievement as at Dec 2014: Technology Development

- **Total of 21 projects, RM120 Million in R&D**
- **Four projects have already been commercialized**

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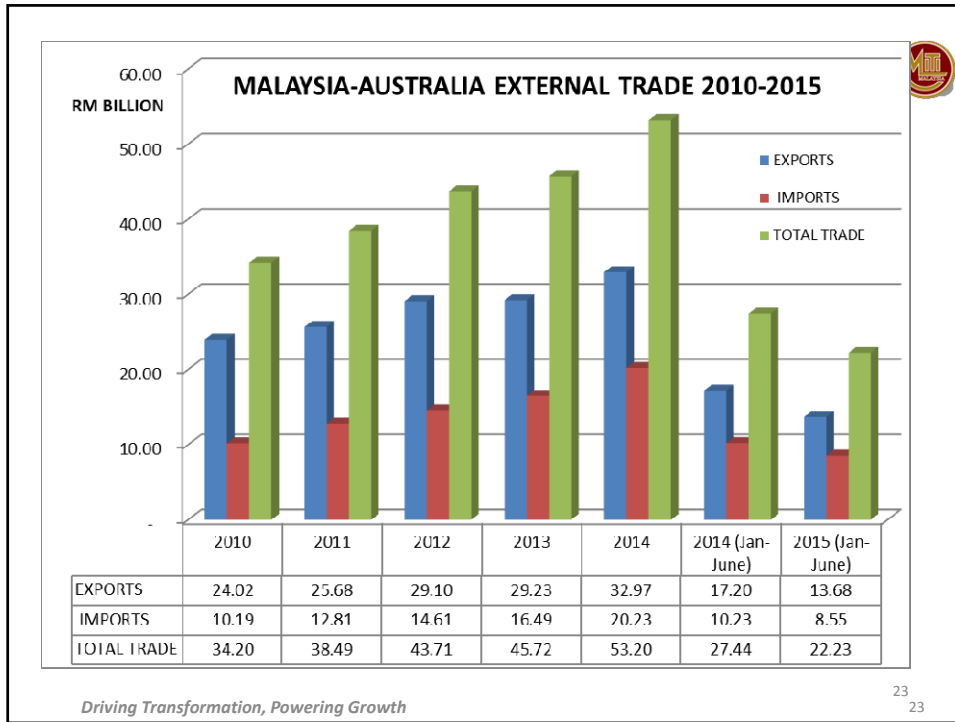


KEY BENEFITS OF MALAYSIA-AUSTRALIA FTA

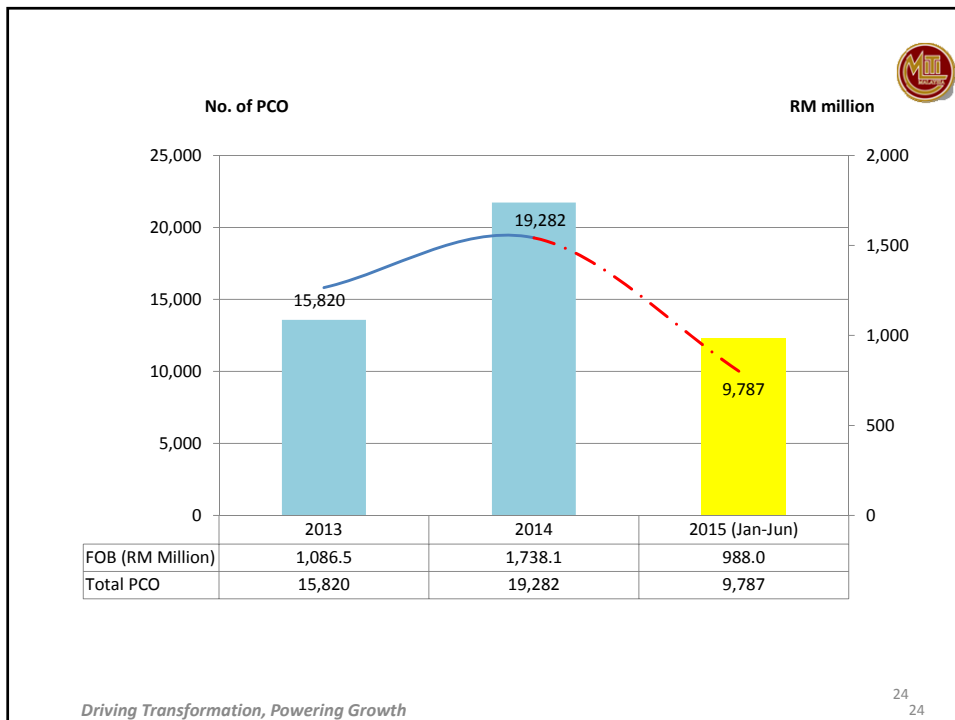


- MAFTA builds on and goes beyond the commitments Australia and Malaysia have made in the ASEAN-Australia New Zealand FTA (AANZFTA)
- Australia and Malaysia agreed to reduce and eliminate tariffs ahead of the time frame provided for under AANZFTA
- AANZFTA-plus commitments on Trade in Services. Increases foreign equity limits in certain sectors
- Open up new opportunities for both Malaysian and Australian investors and suppliers of goods and services
- Increase in bilateral trade since the implementation of the Malaysia-Australia
- Increase in COOs since the implementation of the FTA

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