

Malaysia could join Asia-Pacific trade talks - US

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Reuters

* Next round of Trans-Pacific talks set for June

* APEC 2011 could be 'watershed moment,' Kirk says

WASHINGTON - Malaysia could join the United States and seven other countries on both sides of the Pacific in negotiations on a regional free trade agreement, the top U.S. trade official said on Thursday.

"Obviously that is an economy that we are very interested in having join," U.S. Trade Representative Ron Kirk said in remarks to the U.S.-Asia Pacific Council.

The United States, Australia, New Zealand, Brunei, Vietnam, Chile, Singapore and Peru held the first round of talks on the proposed Trans-Pacific Partnership, or TPP, pact in Australia in March. The next round is set for San Francisco in June.

Kirk said he expected the TPP to grow into a regional free trade agreement covering all 21 member economies of the Asia Pacific Economic Cooperation forum.

The APEC grouping includes China, Russia, Japan, Mexico, Canada, South Korea, Taiwan and the United States.

Kirk reiterated it was the right decision to begin the TPP talks with a small group of countries committed to negotiating a pact with groundbreaking provisions in areas such as labor and the environment.

He also said there had been talks with Malaysia on joining the negotiations. Ultimately, that is a decision for both Malaysia and the current TPP countries, he said.

The United States and Malaysia attempted several years ago to negotiate a bilateral free trade agreement and came close to reaching a deal. One big obstacle was Malaysia's reluctance to open its government procurement market.

"We've been very honest in our outreach to them that we think having them participate in this (TPP) process makes a more salable case to the American public than a stand-alone free trade agreement," Kirk said.

Kirk also stoked expectations for the 2011 APEC leaders summit, which President Barack Obama will host in Hawaii.

"APEC 2011 has the potential to be a watershed moment in U.S. economic engagement in the Asia-Pacific, so we are going to be both bold and ambitious when we host," Kirk said.

Kirk has resisted attempts to make the 2011 APEC meeting a deadline for completing the TPP talks and did not specifically address that point on Thursday.

But all the current TPP countries agree "that we really, really want this to be a fast-moving process," he said.

Kirk repeated his commitment to winning congressional approval of a free trade agreement with South Korea the countries signed three years ago.

Changes are still needed in the pact to open South Korea's market to more American cars, he said.

(Reporting by Doug Palmer; Editing by Peter Cooney)