

# US, Malaysia to Start Free Trade Talks

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WASHINGTON-- The United States and Malaysia announced Wednesday that they have agreed to begin negotiating a free trade deal to eliminate trade barriers between the two nations.

The decision was announced at a crowded Capitol Hill news conference attended by lawmakers from both political parties, marking an effort by the administration to build bipartisan support for its trade policies at a time when the country is running record trade deficits.

By selecting Malaysia for free trade negotiations, the administration chose a country that is already America's 10th largest trading partner with \$44 billion in two-way trade. The administration announced last month that it planned to launch free trade negotiations with South Korea and free trade talks with Thailand, another economic power in the region, are already under way.

"Malaysia has been at the forefront of the economic dynamism transforming Asia in recent years," U.S. Trade Representative Rob Portman said at the news conference.

"Malaysia's rapidly growing economy will help generate meaningful export opportunities for our workers, service providers and farmers."

Malaysian Minister of Trade Rafidah Aziz joined Portman at the news conference along with lawmakers who support free trade. Business groups also hailed the announcement.

"Coming on the heels of last month's announcement of (free trade) talks with Korea, U.S. manufacturers are now hopeful that our exports to the Asian market will benefit from a solid one-two punch," said former Michigan Gov. John Engler, who is now president of the National Association of Manufacturers.

The talks with both South Korea and Malaysia cannot begin until the Bush administration has completed a 90-day consultation period with Congress.

The administration is rushing to complete as many free trade agreements as it can before the July 2007 expiration of its authority to negotiate trade deals under special procedures requiring Congress to expedite its consideration of the deals.

A free trade deal with South Korea would mark the biggest such deal the United States has struck since it created the North American Free Trade Area linking the United States, Canada and Mexico in 1993.

An agreement with Malaysia would also be significant because it would link the United States with another fast-growing Asian economy.

Approval of deals with both South Korea and Malaysia would likely face stiff opposition in Congress, where critics contend that the administration's free trade policies have opened American workers to unfair competition from low-wage countries, contributing to the loss of nearly 3 million manufacturing jobs since mid-2000.

Bush has aggressively pursued free trade deals, pushing the number of foreign countries with such agreements from four — Canada, Mexico, Israel and Jordan — when he took office, to 17 currently.

The Jordan agreement was negotiated by the Clinton administration but did not win congressional approval until Bush became president.

Bush has reached agreements with Australia, Bahrain, Chile, Morocco, Oman, Peru, Singapore and six nations covered by the Central American Free Trade Agreement — Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua.

South Korea and Malaysia will join a list of 11 other countries with which the United States is currently negotiating free trade deals.