

5th round of Malaysia-US trade talks kicks off

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THE fifth round of the Malaysia-US Free Trade Agreement talks kicked off in Kota Kinabalu yesterday, faced with numerous crucial issues on the table and a call to halt negotiations.

The US Trade Representative Susan Schwab said last Friday that the US will press ahead with the talks despite a call for negotiations to stop from senior congressman Tom Lantos.

Lantos had told a congress hearing that he has written to Schwab, urging the administration to suspend negotiations with Malaysia until it stops a US\$16 billion (RM56 billion) deal to develop gas deals with Iran.

His call irked the Malaysian government and International Trade and Industry Minister Datuk Seri Rafidah Aziz warned that Malaysia will not bow to any threats and was ready to cancel the discussions immediately.

Miti Secretary General Datuk Abdul Rahman Mamat is leading the Malaysian delegation while the US is headed by Assistant US Trade Representative Barbara Weisel.

The Americans are confident that talks, which are being held at Karambunai resort near Kota Kinabalu, can be wrapped up by March for the consideration of the US Congress, 90 days before the expiry of President George W. Bush's fast-track Trade Promotion Authority (TPA).

Deputy US Trade Representative Karan K. Bhatia, who was in Kuala Lumpur last week to meet key ministry officials, expected the tough areas of services and government procurement could be accomplished through a political will on both sides.

Meanwhile the Malaysian Textile Manufacturers Association (MTMA) is seeking an early conclusion of the talks as the industry players are keen to take advantage of the zero import duty going to US.

Textile and apparel products were fine margin products and price is a critical factor in getting the sales order.

"A FTA with the US will eliminate the Customs duties on imports into the US, which range from 17 per cent for cotton products and 32 per cent for synthetic apparel items.

"This is a very significant differential and will enable the Malaysian textile and apparel industry to compete with low-cost countries such as Vietnam, Indonesia and China. It will also further strengthen our competitiveness in the niche market," it said.

Between Jan 2005 and Nov 2006, Malaysian goods exported to US were subjected to import duties of US\$235.466 million and US\$222.470 million (RM824.13 million and RM778.64 million) respectively.

MTMA representatives met up with major US buyers during the fourth round of the negotiations that was held in the US.

MTMA noted that the US continued to be one of the better markets with strong purchasing power, large volume order and prices comparatively higher.

"The industry can look forward to a sustainable growth and reinvestment by existing companies and an inflow of new foreign direct investment into the industry and country," it said.