

U.S., Malaysia could strike trade deal next year - USTR

By Doug Palmer
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WASHINGTON - The United States and Malaysia could finish talks on a free trade agreement in 2008, even though the Bush administration has lost key legislative authority, a top U.S. trade official said on Monday.

"It's our hope that we'll actually be in a position to conclude it next year," Deputy U.S. Trade Representative Karan Bhatia said in an interview. "We actually made a great deal of progress in the Malaysia FTA negotiations in the period right up to the expiration of (trade promotion authority)" in June.

Bhatia said he would discuss the proposed trade pact with Malaysian officials later this week, when he travels to Kuala Lumpur for the country's celebration of its 50th anniversary of independence from Britain.

The trip could be one of Bhatia's last as deputy USTR. It was announced on Monday that he is resigning in October to return to the private sector.

The United States began free trade talks with Malaysia in early 2006, but the two failed to conclude and sign an agreement before the Bush administration's trade promotion authority expired on June 30.

That law allowed the White House to negotiate trade agreements that it could submit to Congress for a straight up-or-down vote without any amendments.

The so-called "fast track" legislation assured trading partners that U.S. lawmakers could not unravel an agreement by changing key provisions.

However, the loss of trade promotion authority has not reduced Malaysia's interest in negotiating a free trade agreement with the United States, Bhatia said.

Although the two sides have not held a formal negotiating round for some time, "there continues to be some good exchanges through negotiating heads and groups," Bhatia said.

The Bush administration already faces strong opposition in Congress to free trade agreements with Colombia and South Korea, but could win approval of less controversial pacts with Peru and Panama.

A major stumbling block in the talks with Malaysia has been that country's reluctance to open its government procurement market to more U.S. companies.