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## EU-M'sia FTA to liberalise trade

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**KUALA LUMPUR:** A trade group has urged the government to use the ongoing free trade agreement between the European Union (EU) and Malaysia as a platform for liberalising the services sector and enhancing policy consistency.

The EU–Malaysia Chamber of Commerce and Industry (EUMCCI), in its recently launched Recommendations publication, urged the government to reassess restrictions, particularly in telecommunications, logistics and financial services.

The trade group noted that the cap on foreign ownership and bumiputera participation in a number of sectors is not upheld.

“[Malaysia] can bring its protectionist regime into conformity with the demands of a globalised economy that will gain lucrative, preferential access to the world’s largest market — the EU,” said EUMCCI.

EUMCCI said it strongly supported a review of the main barriers to foreign direct investment that included restrictions on acquisition of Malaysian companies, property and licences allotted to local firms.

It added that foreign investors faced long and burdensome administrative procedures and that the government should give better access to bumiputeras, to the detriment of foreign investors.

These recommendations reflect the desire of foreign investors for a stable and predictable economic environment in Malaysia and a level playing field.

“The ongoing FTA negotiations can also be used as a platform for bringing more transparency to the regulatory framework,” EUMCCI said.

These recommendations were part of 10 key measures proposed by EUMCCI, which represent

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EUMCCI also said the successful implementation of the government's Economic Transform Malaysia's economy towards a more service-based economy where the services sector's c/c from 58% to 65% by 2020.

Its recommendations include the development of intellectual property protection and enforce competitive taxation system and tax incentive climate as well as the development of human

Other recommendations urge for enhanced transparency, reduction in the level of corruption security level and the creation of a more conducive environment for innovation and creativity

EUMCCI also proposed that the government foster climate change awareness and incentives of green technology.

The Malaysia-EU FTA, which is expected to conclude by the end of next year, would see the and the dismantling of tariffs on a wide range of goods.

Malaysia is also in the midst of finalising bilateral FTAs with India and Australia, having effected China in recent years.

Proponents for the FTA hail the proposed agreement as an opportunity for Malaysia to expand opening access to Europe's 500 million consumers.

Critics of the FTA meanwhile, fear the FTA could have far-reaching implications on the court and public policy as well as the growth of small and medium enterprises.

Malaysia currently ranks at 22nd position in terms of overall trade in goods with the EU.

Within Asean, Malaysia is the EU's second largest trading partner with bilateral trade in goods (billion) in 2010.

According to government data, Malaysia-EU trade grew by 21.6% last year, with exports to from the region growing 17%.

This came after trade patterns between Malaysia and EU suffered the impact of the global economic saw total trade declining 16.6%.

*This article appeared in The Edge Financial Daily, April 26, 2011.*

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