

Malaysia keen to revisit FTA

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KARACHI: Malaysian government on Friday expressed interest in revisiting free trade agreement (FTA) with Pakistan to boost bilateral trade from the existing a little over one billion dollar.

Consul General of Malaysia Khairul Nazran Abd Rahman said the tariff list is limited to a few products from both the sides.

“We need to reignite (the process) to see which products need to be covered (in the concession list),” Rahman said addressing a press conference ahead of a ceremony for the country’s formation day on September 16.

“The bilateral trade has been encouraging. But, there is a room for improvement.”

Pakistan and Malaysia signed FTA in November 2007 and the agreement came into effect in 2008.

The bilateral trade rose four percent year-over-year to \$1.34 billion in 2017, less than one percent of the \$200 billion exports from south east Asian country. Malaysian exports increased four percent to \$1.17 billion, where its imports marginally increased 1.1 percent to \$167.4 million.

Barring palm oil whose imports have been increasing under tariff concessions since the agreement, other Malaysian imports remained sluggish. Half of total imports are palm oil, while machinery and mineral fuels account for less than 10 percent in the total shipments to the south Asian country.

Similarly, Pakistan’s exports mainly comprise textile and garments, fish and cereals, including rice.

Malaysian envoy believed that it’s not ‘FTA fault’ if bilateral trade is below its potential.

Private sectors of the two countries could not cooperate because of security reason, he said.

“Whether or not it (FTA) has been effective depends on how you see it,” he responded to a question.

“Pakistan has been one of the largest trading partners in south east Asia,” he added.

Business policy advocacy group Pakistan Business Council (PBC) said the country’s exports to Malaysia have marginally increased since the signing of FTA.

“One reason for this failure lies in the fact that the items which have the highest potential for exports are either not part of Malaysia’s concession list or where they are a part competitors enjoy better tariff rates than Pakistan,” the PBC said in a study on Malaysia-Pak FTA.

Rahman said the countries could enhance cooperation in tourism field. Malaysian tourism sector contributes more than \$20 billion to its economy with inbound arrival of 25 million tourists.

Tourists from Pakistan were recorded at 53,500 last year.

“We would like to see more Pakistan tourists to visit Malaysia through further engagements between tour agencies, people to people contact and promotion,” he added.

Johari Minal, consul of Malaysian Palm Oil Board said Malaysia is investing in storage and refinery in collaboration with local partners.

Minal declined to share the financials, but he said it is in millions of dollars.

The consul said Malaysia had helped in the past to promote cultivation of palm across the coastal belt.

“We gave palm oil seedlings for cultivation over 3,000 hectares of lands,” he added.

The project couldn't come to fruition due to issues in management and handling of the crop, which he said is different from local produces because of high water requirements and delicacy.