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37TH ASEAN SUMMIT

# MALAYSIA INKS LARGEST FTA PACT IN WORLD

PM says RCEP will encourage reopening of markets

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**M**ALAYSIA yesterday inked the historic Regional Comprehensive Economic Partnership (RCEP) Agreement with 14 other RCEP Participating Countries (RPCs), paving the way to boost trade and bolster Asean's competitiveness.

Prime Minister Tan Sri Muhyiddin Yassin, who witnessed the signing, said it signified to the world that Asean, with its five Free Trade Agreement (FTA) partners, placed priority on regional economic integration that facilitated cross-border trade, investments and the easing of non-tariff measures.

He expressed confidence that the RCEP could be used as an economic recovery tool and believed the agreement would encourage the reopening of markets and ensure an uninterrupted supply chain.

"The world is facing the Covid-19 pandemic on an unprecedented scale. The pandemic has not only cost the lives of our people, but battered our economies.

"Coupled with the challenges to the global trading system due to regional tensions, it is imperative for Asean to continue sustaining our competitiveness as a region," he said at the signing here yesterday.

The signing of the RCEP marked the highlight of the 37th Asean Summit, which was held online owing to the pandemic.

Muhyiddin added that FTAs were the way forward to help sustain competitiveness through promotion of international trade,

encouraging investments and ensuring supply of talent.

He said as such, the RCEP would be the main vehicle through which regional economic integration in Asean and its dialogue partners could be enhanced.

"It is indeed significant that this partnership be negotiated based on the different levels of economic development of the 15 participating countries to ensure a mutually beneficial FTA for all.

"I believe this is the touchstone for the future growth and vibrancy of our regional economic collaboration.

"Malaysia, together with Asean and our FTA partners, will want to demonstrate to the world, that even with varying levels of economic development, 15 countries can come together to create a trade pact that will be mutually beneficial, not only for the business community, but also to improve the livelihoods of its people, which make up nearly a third of the world's population."

The RCEP FTA involved Asean member states — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam — and five FTA partners, comprising Australia, China, Japan, New Zealand and South Korea.

The 15 countries, which account for nearly 29 per cent of global gross domestic product (GDP), had agreed to the RCEP's terms last year, paving the way for the deal to be signed this year.

Senior International Trade and Industry Minister Datuk Seri Azmin Ali described the signing as the culmination of eight years of arduous and protracted negotiations involving 31 rounds of negotiations, eight ministerial meetings and four summits.

"Undoubtedly, it represents a significant and imperative milestone in the integration and revitalisation of economies of the 15 parties.

"RCEP reflects our strong commitment to international trade,



A handout image from the Vietnam News Agency showing leaders and trade ministers of 15 Asia-Pacific nations posing for a virtual group photo during the 4th Regional Comprehensive Economic Partnership Summit yesterday. EPA PIC

connectivity, rule-based multilateral trading systems and enhancing the free flow of trade and investment."

He said RCEP was Asean-driven, hence unique compared with other FTAs that were normally driven by powerful countries.

"RCEP is driven by Asean members comprising various economic backgrounds. Therefore, with the participation of Asean dialogue partners — such as Australia, New Zealand, China, South Korea and Japan — for sure it will become a platform that can open a wider market for traders and businesses in the country.

"Our internal market is too small. It is impossible for us to increase productivity and generate sustainable growth for the country and the region.

"With the existence of RCEP, which is also the biggest FTA in the world, I am confident it can give access to a bigger market for traders in the country to move forward.

"It will provide better access to bigger markets and this would help our investors and business community.

"It is also to ensure there would be no disruption in terms of the supply chain and also our ventures into new opportunities including e-commerce and the digital economy," he said.

He acknowledged the importance of India rejoining the RCEP as it could play a pivotal role in providing prosperity in the region by paving the way for a big-

ger market, and bring better access to Malaysia's business leaders.

The signing, he said, would be testament to the strengthening of the multilateral trading system as well as upholding the development agenda in the World Trade Organisation.

Azmin said the RCEP, being the largest FTA covering 15 countries with 2.2 billion people, or nearly a third or 29.7 per cent of the world's population, represented US\$24.8 billion, or close to a third of the world's GDP based on the World Bank's 2018 data.

He said with different economic development levels of all parties, RCEP would contribute to sustaining Malaysia as a preferred trading hub and investment destination.

He added that to Malaysian businesses, it would mean tariff elimination and reduction for merchandise goods, including the facilitation of export and import of goods among the RCEP countries.

Service providers, including e-commerce, would enjoy greater market access in terms of cross-border supply and establishing commercial presence in RCEP markets.

"RCEP will promote, facilitate and protect the investment climate of participating countries in the region.

"This also includes information exchange and promotion of transparency measures to facilitate businesses and investments

in the RCEP area."

He said RCEP, with its special chapter on small- and medium-scale enterprises (SMEs), could level the playing field between developed and less developed countries, with provisions for information exchange and promotion of transparency measures to facilitate businesses and investments in the region, including economic and technical cooperation to SMEs.

"It can be an economic recovery tool against Covid-19, which will help to ensure the opening of markets as well as uninterrupted supply chains."

He said RCEP amalgamated and streamlined Asean+1 FTAs involving Japan, Korea, China, Australia and New Zealand into an inclusive and comprehensive agreement.

This would enhance inter and intra-regional trade and investment, strengthen regional value chains, facilitate transparency, information sharing and harmonise technical regulations and standards.

On the Comprehensive and Progressive Trans-Pacific Partnership, Azmin said he was in no position to conclude its ratification, but Malaysia would monitor its development with the new United States administration under President-elect Joe Biden.

He said Malaysia expected the new US administration to focus more on Asean and would look at ways to boost US-Asean trade and investment opportunities.

## 'Asean endorsing KL's Covid-19 plan is a great achievement'

**KUALA LUMPUR:** Malaysia's most significant achievement in the 37th Asean Summit was getting the unanimous agreement among all 10 Asean leaders to endorse the Asean Comprehensive Recovery Framework (ACRF), says Foreign Minister Datuk Seri Hishammuddin Hussein.

He said ACRF, proposed by Prime Minister Tan Sri Muhyiddin Yassin in April, was timely and showed foresight.

"This joint decision by the leaders not only signifies the respect Asean nations have for Malaysia, but is also a strong display of Malaysia's capability and leadership in empowering Asean to face regional and global challenges, especially during the pandemic.

"Covid-19 has presented a sense of urgency for us to look at approaches outside the box," he said after the closing of the 37th Asean Summit yesterday.

ACRF served as the main guide to strategic directions and focus areas for Covid-19 recovery, and to coordinate support for recovery among Asean stakeholders.

The recovery framework was structured into five strategies: enhancing health systems, strengthening human security, maximising the potential of intra-Asean market and broader economic integration, accelerating inclusive digital transformation, and advancing towards a sustainable and resilient future.

Hishammuddin said another significant achievement was Malaysia, as country coordinator for Asean-Australia relations, had elevated relations to greater heights by annualising the biennial Asean-Australia Leaders' Summit.

He added that the country's role as coordinator would also strengthen its own relationship with Australia.

He said the virtual meetings had strengthened ties between Asean states.

"Although it is better to meet face to face, it did not affect our relations. Instead, it has strengthened ties among Asean members and also dialogue partners, as we are all battling Covid-19."



Tan Sri Muhyiddin Yassin



Datuk Seri Hishammuddin Hussein