



# EUROPEAN FREE TRADE ASSOCIATION

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## NEGOTIATIONS BETWEEN THE EFTA STATES AND MALAYSIA ON AN ECONOMIC PARTNERSHIP AGREEMENT

### 11<sup>TH</sup> ROUND

*Videoconference, 30 August and 1-3 September 2021*

### REPORT

The 11<sup>th</sup> round of negotiations was held by videoconference. Ambassador Markus Schlagenhof from Switzerland acted as EFTA spokesperson, whereas Senior Director Ms Sumathi Balakrishnan from the Ministry of International Trade and Industry headed the Malaysian delegation.

This round included discussions on all remaining issues, i.e. trade in goods, sanitary and phytosanitary measures, trade remedies, services, investment, rules of origin, trade facilitation, trade and sustainable development, intellectual property rights, government procurement, competition, cooperation and capacity building and legal and horizontal issues.

Heads of delegations met on 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> September to discuss progress and challenges in the negotiations.

Regarding trade in goods, experts were able to narrow down the remaining open issues in the legal text. On market access, negotiations on industrial products are well advanced, so time available was dedicated to the open issues in trade in agricultural products, including palm oil.

On sanitary and phytosanitary measures, experts continued discussions on issues outstanding such as scope, audits, import check procedures, the free movement of goods within the Malaysian territories of Sabah and Sarawak, dispute settlement and relations with third Parties. They made progress regarding certification provisions but will continue discussions on this article. EFTA also indicated its intention to include provisions on animal welfare and antimicrobial resistance (AMR) in the agreement.

On trade remedies, experts discussed the remaining pending issues in the articles on anti-dumping and global safeguard measures. They clarified several legal questions and gained a better understanding of the respective positions.

In services, good discussions were held on the chapter, as well as on market access commitments, going through the Parties' requests and offers. They made headway on the financial services annex. With respect to telecommunication services and maritime transport and related services, both sides gained a deeper understanding of the respective national regimes and priorities.

On investment, discussions continued constructively on various articles of the chapter in view of setting a stable, predictable, and commercially meaningful framework on market access for investment in non-services sectors. The Parties' positions and national legislative frameworks were further clarified and in other instances agreement on text could be found.

For rules of origin, constructive discussions were held on the issues outstanding in the annex and the list rules appendix. The Parties resolved textual issues, provided clarifications on proposals, and indicated where further work would be needed for progress during the next round. The key issues outstanding include extended accumulation, non-alteration, proofs of origin and verification as well as list rules for a limited number of chapters.

In the area of trade facilitation, experts made progress on the annex, which confirms and builds on commitments undertaken in the framework of the WTO Trade Facilitation Agreement. Open issues include the incorporation of the WTO Trade Facilitation Agreement, penalty disciplines and further cooperation.

Experts on trade and sustainable development discussed open issues relating to trade and labour standards, the sustainable management of forest resources and associated trade, the sustainable production and trade of vegetable oils, as well as issues relating to the implementation of multilateral environmental agreements. They also discussed institutional issues, including the functioning of the Joint Committee and proceedings relating to dispute settlement. Malaysia sought further clarification on EFTA's text proposals and follow-ups were agreed to enable further progress.

Experts on intellectual property rights engaged in discussions on various issues outstanding within the negotiation texts. Areas requiring further work were identified and the importance of engaging also in the intersessional period was raised with the aim of finding mutually satisfactory solutions to remaining issues.

On government procurement, the experts followed up on their last exchanges, clarifying level of ambition and flexibilities and outlining possible options to advance the negotiations. Based on these clarifying exchanges, the Parties undertook to consult internally and to revert at the next meeting.

EFTA presented possible solutions to bridge the gap in the two sides' approaches on the scope and objectives of the competition chapter. Malaysia welcomed EFTA's attempt at providing solutions and undertook to revert in writing before the next round.

In the working group on cooperation and capacity building, Malaysia presented new proposals for possible cooperation projects between institutions and the private sector in Malaysia and the EFTA States. The latter used the opportunity to ask questions regarding the projects presented.

Legal experts held in-depth discussions on the chapter on dispute settlement. Both sides gained a better understanding of their respective positions, leaving numerous issues open.