



# EUROPEAN FREE TRADE ASSOCIATION

## **EFTA – MALAYSIA 12<sup>TH</sup> ROUND OF NEGOTIATIONS**

*Geneva, 30 May-2 June 2022*

### **PUBLIC REPORT**

#### **Context**

The 12<sup>th</sup> round of negotiations was held in Geneva between 30 May and 2 June. This is the first time the two sides held an in-person meeting since the 9<sup>th</sup> round of negotiations in Kuala Lumpur in February 2020. The 10<sup>th</sup> and 11<sup>th</sup> rounds and several expert meetings have been held on-line. The negotiations started in 2014 after a Joint Declaration on Cooperation was signed in 2010.

#### **General Assessment**

Productive discussions were held during the round building on a meeting among heads of delegations in January this year and on expert meetings in some areas that took place this spring. Furthermore, experts agreed on follow-ups to pave the way for further progress at the next round in autumn.

#### **Trade in Goods**

Delegations worked towards resolving a few remaining issues in the provisions on trade in goods. Regarding market access, EFTA presented its updated priorities in the industrial and fisheries sectors for all the EFTA States, and the agricultural sector for Switzerland. Key open issues are export duties and market access for non-agricultural and agricultural products, including palm oil.

#### **Rules of Origin**

Constructive discussions on the issues outstanding in the draft annex and the list rules' appendix allowed the working group to make good progress and to agree on important elements of the texts. Both sides provided clarifications on their proposals and indicated where further work would be needed. The key issues outstanding are proofs of origin and verification as well as the list rules for some chapters. Follow-ups were agreed to facilitate the way forward.

#### **Trade Facilitation**

An agreement in principle was reached on the Customs Procedures and Trade Facilitation annex, which confirms and builds on commitments undertaken in the framework of the World Trade Organization Trade Facilitation Agreement.

### **Sanitary and Phytosanitary Measures**

Significant progress was made during this round as parties were able to agree on provisions for audits and inspection as well as on the scope and coverage of the chapter. Progress was also made on import checks and the free movement of goods within EFTA and Malaysian territories. Discussions were held on certification, definitions of international standards and cooperation in the areas of antimicrobial resistance and animal welfare. A way forward was agreed by experts and discussions will continue based on further domestic clarifications.

### **Trade in Services**

In services trade, various positions were narrowed, and agreement reached on several items. Both sides delineated possible market access commitments across all modes of supply and exchanged on each other's commercial interests in various services subsectors. These exchanges paved the way for more technical sectoral discussions over the coming months in expert meetings and subsequent deepening of offers currently on the table.

### **Investment**

The delegations made headway by cleaning text throughout the investment chapter, clarifying the sectoral scope for commercial presence in non-services sectors, and settling on a structure for the annex. The latter will feature the reservation lists by the Parties to the prospective agreement and thus determine the level of ambition in market access for their respective investors. EFTA and Malaysia will exchange the reservation lists before the next round. They will also hold an intersessional meeting on pending items in the chapter.

### **Trade Remedies**

EFTA and Malaysia concluded the trade remedies provisions in substance.

### **Legal and Horizontal Issues and Dispute Settlement**

Experts made good progress and cleared several articles in the chapters on general, institutional, final provisions and dispute settlement. They discussed pending issues and undertook to further narrow the gaps at the next round.

### **Competition**

Competition was not discussed, but exchanges will continue in the intersessional period.

### **Government Procurement**

On government procurement, experts re-entered into text-based discussions. Progress was achieved and clarifications were provided related to text proposals in the chapter and the annex, based on questions exchanged ahead of the round.

### **Trade and Sustainable Development**

Experts further clarified the interpretation of several articles and commitments of the chapter. They agreed on intersessional work to be undertaken in view of making progress in the next round of negotiations.

**Cooperation and Capacity Building**

Constructive discussions were held on the chapter on cooperation and areas of collaboration, in part potentially building on ongoing cooperation between entities in the EFTA States and Malaysia.

**Intellectual Property Rights (IPR)**

Experts continued their discussions on IPR. The constructive approach taken from both sides helped in achieving textual progress across several articles. Moreover, both sides shared proposals aiming at reflecting mutually agreeable solutions to some of the open points. Matters outstanding requiring further review and consultations were identified and the Parties agreed on the next steps.