



# EUROPEAN FREE TRADE ASSOCIATION

2 November 2022

## **EFTA – MALAYSIA 13<sup>TH</sup> ROUND OF NEGOTIATIONS**

*Kuala Lumpur & VC, 11-14 October 2022*

### **I. Context and general assessment**

The 13<sup>th</sup> round of negotiations between EFTA and Malaysia was held in Kuala Lumpur – and virtually – from 11 to 14 October after a successful 12<sup>th</sup> round in Geneva in June. Since June experts had continued clarifying pending issues and held virtual meetings on services and investments.

After this 13<sup>th</sup> round, it is clear to both sides that challenges remain in particular in trade in goods and trade in sustainable development and that progress is especially needed in these areas in order to move towards a successful conclusion in the near future. Follow-ups and intersessional meetings were agreed, which should pave the way for further progress in the next round of negotiations that will take place in the first quarter of 2023.

### **II. Trade in Goods**

Delegations had technical discussions on EFTA's proposal for a mechanism to monitor the use of preferences under the future agreement, as well as the other remaining open issues of the Chapter on trade in goods. On market access, Malaysia presented its updated priorities for export of agricultural products to Switzerland, whilst EFTA indicated its remaining open priorities in the industrial and fisheries sectors. Switzerland confirmed its offensive interests in the agricultural sector. The main focus remains on market access negotiations for agricultural products between Switzerland and Malaysia, including palm oil.

### **III. Rules of Origin**

Considerable progress was made with constructive discussions on the pending issues in the draft annex and the list rules appendix. Several articles were finalised. Both sides clarified proposals that have not yet been solved and agreed on follow-ups for further work needed ahead of the next round. The key matters outstanding are proofs of origin, verification, and list rules for some chapters.

### **IV. Trade in Services**

The group continued negotiations on the maritime transport and financial services chapters and annexes. Intersessional virtual discussions on telecommunications services were held before the round. Good progress was made on some items, with compromise solutions found in several instances. A better understanding of each other's positions and regulatory requirements was reached on other elements under discussion. Regarding market access, technical discussions were held in the presence of experts from a variety of relevant Malaysian ministries, paving the ground for an exchange of updated offers ahead of the next round.

### **V. Investment**

The delegations pursued discussions and clarified their positions on articles across the investment Chapter. This included the coverage pertaining to commercial presence in non-services sectors and payments and transfers related to such presence. EFTA and Malaysia also exchanged views on their reservation lists regarding national treatment of foreign investors, which had been exchanged for the first time prior to the round. The reservation lists will determine the level of ambition in market access under the prospective free trade agreement. EFTA and Malaysia will engage in intersessional follow-ups to deepen the discussions especially on market access.

### **VI. Intellectual Property Rights (IPR)**

Experts continued their discussions in a constructive dialogue that led to textual progress on, and within, various open articles. On some of the matters outstanding text proposals were shared by both sides for further review and consultations where needed. Further exchanges

will be held intersessionally and a next meeting between the experts is tentatively scheduled to take place ahead of the next full round of negotiations.

## **VII. Government Procurement**

Government procurement experts reviewed the legal texts where the majority of the provisions are agreed upon. The group also discussed the scope of the market access coverage and agreed to revert on dates to exchange offers.

## **VIII. Trade and Sustainable Development**

The discussions focused on issues relating to the scope of the Chapter, the right to regulate and domestic levels of protection, international obligations in workers' protection, inclusive economic development as well as respective policies regarding responsible business conduct. Exchanges were constructive and delegations agreed on a list of follow-up work that will be discussed at the next meeting of the group planned before the 14<sup>th</sup> round of negotiations.

## **IX. Competition**

Experts built on their productive written exchanges since the 12<sup>th</sup> round of negotiations and successfully managed to narrow down the remaining gaps. Experts will meet before the next round to discuss the few remaining issues.

## **X. Cooperation and Capacity Building**

Experts continued their deliberations on a Chapter on cooperation focusing on facilitating cooperation between economic operators and public entities in the EFTA States and in Malaysia in certain fields. Malaysia engaged to streamline its list of cooperation projects to be introduced in the agreement under a work programme.

## **XI. Conclusion**

EFTA and Malaysia agreed to meet again in the first quarter of 2023 in Geneva for the 14<sup>th</sup> round of negotiations. Heads of delegations instructed experts to continue the work preparing for the next round through written exchanges, as well as intersessional meetings.