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07/21/2006

The United States and Malaysia made solid progress in the second round of FTA negotiations held this week at George Washington University in Washington, DC. The United States was encouraged by the results of this round and is optimistic that we will be able to conclude a strong agreement that achieves a balance of interests and benefits businesses, farmers, ranchers and workers in both the United States and Malaysia.

During the week, 22 negotiating groups met and discussed the full range of issues to be included in the FTA, including draft texts and approaches. These discussions enabled the two sides to get a clear and thorough understanding of each others' priorities and sensitivities in each area, which will serve them well as the negotiations proceed. The two teams also identified areas of agreement as well as areas where further discussion will be needed.

To ensure that the momentum generated during this round continues to position the teams to conclude by the end of the year, the United States and Malaysia agreed to work actively between sessions to ensure they are prepared to make significant progress at the third round. The two sides will exchange texts, data and other information by the end of August. They will meet again in Malaysia in September for another full round of negotiations.

Background

The U.S.-Malaysia FTA negotiations were launched on March 8 in Washington, DC. The first round of negotiations was held in Penang, Malaysia during the week of June 12.

Malaysia is the tenth largest trading partner of the United States with over \$44 billion in two-way trade. The United States is the largest destination for Malaysian goods and its second largest source of imports. An FTA with Malaysia will provide new opportunities for U.S. and Malaysian manufacturers, farmers and service providers in each others' markets. The agreement also will provide U.S. companies a gateway to the dynamic Southeast Asian region.

In addition to trade, an FTA will encourage greater liberalization of foreign investment between the United States and Malaysia. The United States already is the largest investor in Malaysia; and liberalization of Malaysia's investment regime will support the further development of the supply and processing chains between U.S. and Malaysian companies, supporting high-paying jobs in both countries and boosting competitiveness. The agreement will also strengthen the framework necessary to further increase future trade and investment between the two countries by enhancing Malaysia's intellectual property and customs regimes.

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