



MEDIA RELEASE

RESPONSE TO THE US WITHDRAWAL FROM THE TPPA

1. President Donald Trump signed the Executive Order on Monday withdrawing the US from the Trans Pacific Partnership Agreement (TPPA). President Trump's action was not totally surprising as he had many times in the past vowed to withdraw U.S. from the TPPA, referring the deal as a "potential disaster" to the American economy.
2. Signed by Malaysia and 11 other parties on 4 February 2016, the TPPA under the present conditions for entry into force cannot take place without the US participation, as it accounts for about 60% of the combined GDP of the 12 members. Under the agreement, a minimum of 6 countries accounting for 85% of the combined GDP of the 12 members must ratify before the TPPA can enter into force.
3. During the meeting between 12 Leaders of TPPA countries in Lima on 19 November last year, all leaders reaffirmed their commitment towards the realisation of this high quality agreement because of the benefits it brings to their respective economies and the region, particularly in boosting trade and investment, as well as further enhancing the internationalisation of small and medium sized enterprises. Japan and New Zealand have completed their domestic ratification process and Japan has already deposited its instrument of ratification on 20 January 2017.
4. President Trump's contention was that the TPPA would cause job losses in the US and outflow of funds to other TPPA countries, meaning other TPPA countries including Malaysia will gain and the US will lose out. In our view TPPA is a balanced agreement beneficial to all of its members. The US will also benefit from better market access to countries which they do not have FTA with such as Japan, Vietnam and Malaysia.



5. With the latest development in the US, the TPPA Chief Negotiators from other 11 countries will be in constant communication with each other to consider all available options before deciding the best way forward. They have been working closely in the last five years and will continue to communicate with each other. Domestically, MITI and all relevant Ministries will engage with various stakeholders to get their views and feedback on the latest development of the TPP and the way forward.

6. Should the TPPA fail to enter into force, it will be a missed opportunity for Malaysia since a number of research houses have singled us out as a clear winner in the TPPA. Our negotiating team managed to secure a number of valuable concessions while at the same time protect our national interest including the Bumiputera policies. Malaysians should, and must take comfort in knowing that we have a highly capable negotiating team ready to defend our interest in any future bilateral or multilateral trade negotiations.

7. As I have said in Davos during the World Economic Forum, should the TPPA fail to materialise, our focus would be to enhance the economic integration of ASEAN in the context of the ASEAN Economic Community (AEC) Blueprint 2025, push for the timely conclusion of the RCEP, as well as pursue bilateral FTAs including with TPPA members whom we currently do not have any preferential trading arrangement.

8. Malaysia will continue to monitor closely developments with regard to the US' trade policies. Notwithstanding the current position of the new US Administration on TPPA, we will continue to engage with our American colleagues to strengthen our bilateral trade and economic relations, given the US' importance as our third largest trading partner and a major source of investment.

Dato' Sri Mustapa Mohamed

Minister of International Trade and Industry

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MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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Ministry of International Trade and Industry (MITI)

About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020.

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