

Malaysia-Australia Free Trade Agreement Outcomes at a Glance

The Malaysia-Australia Free Trade Agreement will benefit Australian exporters, importers and consumers by opening markets and freeing trade and investment between our two countries. The Agreement builds on the commitments made by both countries in Australia's regional Free Trade Agreement with ASEAN and New Zealand.

For Australian Goods Exporters

Under the Agreement, Malaysia and Australia will cut tariffs earlier and on a wider range of goods. The Agreement will also address other barriers to trade and make administration for traders simpler.

Malaysia will eliminate tariffs on 97.6 per cent of goods imported from Australia from day one, rising to 99 per cent in 2017.* Australia will eliminate all tariffs on day one on goods from Malaysia.

Australian industries to benefit include:

- **milk** – a liberalised licensing arrangement for liquid milk exporters, allowing access for higher value retail products;
- **automotives** – elimination of all tariffs on large cars and virtually all tariffs on **automotive parts** imported into Malaysia from day one. All tariffs on small cars will be eliminated by 2016. From day one, Malaysia will exempt Australian cars from its global limit on imports;
- **processed foods; plastics; chemicals and a range of manufactured products** – immediate elimination of virtually all tariffs;
- **wine** – a guarantee for Australian exporters of the best tariff treatment Malaysia gives any country;
- **iron and steel** – tariffs on 96.4 per cent of iron and steel imported from Australia eliminated by 2016. This will rise to 99.9 per cent by 2017 and 100 per cent by 2020*; and
- **rice** – open access arrangements from 2023. All tariffs eliminated by 2026.

*Based on goods imported by Malaysia from Australia in 2009 – 2011
Tariff commitments apply to goods that meet the Agreement's rules of origin
22 May 2012

For Australian Service Suppliers

Australian investors will be guaranteed the right to majority ownership in companies in a wide range of sectors supplying services in Malaysia, including:

- **education services** – 70 per cent ownership in higher education services, increasing to 100 per cent in 2015; 70 per cent ownership in a range of other education services;
- **financial services** – 70 per cent ownership in investment banking and direct insurance services;
- **telecommunications** – at least 70 per cent ownership in all telecommunications services; and
- **professional services** – 100 per cent ownership in accounting, auditing and bookkeeping services; 100 per cent ownership in management consultant services (*excluding* financial management consulting); 51 per cent ownership in taxation services.

Suppliers in other industries such as **tourism, research and development** and **mining-related services** will also be guaranteed the right to majority ownership.

Helping Australian Businesses

The Agreement will allow for:

- **business-friendly rules of origin** provisions. Australian exporters will not need to supply a certificate of origin, but rather a simpler declaration of origin;
- more Australian business executives and senior managers to **work in Malaysia** and to stay for longer periods;
- easier access to **visas** for spouses and dependants of Australians working in Malaysia;
- the establishment of a framework for mutual **recognition of qualifications** and licensing for professionals;
- stronger protection of Australian **trademarks and copyright**; and
- the facilitation of **electronic commerce** through measures to increase efficiency, and to protect online consumers.

MAFTA Factsheet: Trade in Goods

The Malaysia-Australia Free Trade Agreement (MAFTA) provides a liberal framework for enhanced trade in goods between Malaysia and Australia. It builds on the commitments that Malaysia and Australia have made in the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) by earlier and more extensive tariff elimination, important commitments on non-tariff restrictions, and streamlined administrative arrangements for trading when using MAFTA.

MAFTA achieves high levels of tariff elimination – measured by both tariff lines and trade coverage

- Malaysia will bind tariff-free access on 94.8 per cent of tariff lines from entry into force of the Agreement in 2013, and this will increase each year to reach 98.6 per cent of lines in 2016 and 98.8 per cent in 2020
 - in 2013 tariff-free access will apply to 97.6 per cent of 2009-2011 average imports into Malaysia from Australia. This will increase to 98.9 per cent in 2016 and 99 per cent in 2017.
- Australia will bind tariff-free access on all tariff lines from entry into force of the Agreement in 2013.

MAFTA has trade facilitating rules of origin

- Goods exported from Australia will be able to claim MAFTA tariff treatment on the basis of a declaration of origin completed by the exporter on either the commercial invoice or on a company letter
 - this will provide Australian exporters with a more business-friendly arrangement than the certificate of origin issued by a third party that is required for goods making use of AANZFTA; and
 - Malaysia will still require its exporters to obtain a certificate of origin from its authorised body when exporting to Australia under MAFTA. However, the Agreement provides that Malaysia can decide to move to a declaration of origin approach in the future.

- For most goods, MAFTA provides for “co-equal” rules of origin similar to those in AANZFTA. The exporter will be able to claim origin on the basis of either:
 - a change of tariff classification (CTC) rule; or
 - a value-added rule (“regional value content”).
- The rules of origin also have business-friendly requirements on issues such as the use of distribution hubs.

AANZFTA-Plus Market Access Outcomes

Liquid Milk - Expanded Tariff Quota Access and New Opportunities to Import Higher Value Retail Product

- This will remain subject to three tariff quotas. The in-quota tariff rate will be 0 per cent and the out-of-quota tariff will be 20 per cent.
- The tariff quotas will be additional to those provided under AANZFTA, and will be subject to annual growth in perpetuity. The size of the three quotas in 2013 and their annual growth rates will be:

HS 2007 Code	Description	Unit	2013 Volume	Annual Growth
0401.10.110	Fat content not exceeding 1%	Litres	100,000	3%
0401.20.110	Fat content exceeding 1% but not exceeding 6%	Litres	500,000	9%
0401.30.110	Fat content exceeding 6%	Litres	20,600	3%

- For 35% of the tariff quotas for 0401.10.110 and 0401.20.110, the import licensing arrangements will be subject to an open licensing system that will:

- allocate licenses on a first-come, first-served basis;
- allow anyone to apply for a license; and
- allow imports in either bulk or retail packs.

Automotive Sector - Early Tariff Elimination and Removal of Quantitative Import Restriction for Australian Cars

- Virtually all Malaysian tariffs on automotive parts and components will be eliminated on entry into force of the Agreement.
- Tariffs on new completely-built-up motor vehicles with engines of 2500 cc and above will be eliminated on entry into force of the Agreement.
- Tariffs on new completely-built-up motor vehicles with engines of less than 2500 cc will be phased down and eliminated in 2016. The tariff phasing will be:
 - 2013: 15 per cent;
 - 2014: 10 per cent; and
 - 2015: 5 per cent.
- Imports of new completely-built-up motor vehicles from Australia will be exempt from Malaysia's quantitative import restriction on such vehicles.
- There will also be arrangements for enhanced economic and technical cooperation between the Australian and Malaysian automotive industries and the establishment of a Malaysia-Australia Automotive Industry Dialogue to provide a forum to:
 - promote greater networking between the industries;
 - identify opportunities for their cooperation; and
 - raise any policy or other issues that may be hampering increased cooperation and trade between the two automotive sectors.

Iron and Steel - Elimination of all Tariffs

- Iron and steel (Chapter 72 of the Tariff) will have all tariffs eliminated by 2020:
 - 95.8 per cent of tariff lines, accounting for 96.4 per cent of 2009-2011 average imports by Malaysia of Chapter 72 products from Australia, will have tariff-free treatment from 2016; and

- this will increase to 96.7 per cent of tariff lines, accounting for 99.9 per cent of 2009-2011 average imports, with tariff-free treatment from 2017.
- This is a significant AANZFTA-plus outcome – in AANZFTA tariffs are not eliminated on 43 per cent of tariff lines of Chapter 72, accounting for 28 per cent of 2009-2011 average imports.
- Articles of iron and steel (Chapter 73 of the Tariff) will have tariff-free access from 2013, the same as in AANZFTA.

Plastics and Chemicals - Immediate Tariff Elimination

- Malaysia will eliminate all plastics and chemicals tariffs from entry into force of the Agreement, except for sulphuric acid and petroleum (HS 2007 Code 2807.00.000) on which the tariff will be eliminated in 2016.

A Range of Processed Foods and Manufactured Products - Immediate Tariff Elimination

- Malaysia will eliminate tariffs from entry into force of the Agreement on a range of processed foods and manufactured products which are subject to a longer phase-out period in AANZFTA.

Wine - Guarantee of Best Treatment Given to Any Country

- While Malaysia has not made any specific commitments on reducing or eliminating its tariffs on wine, it has given a legally-binding commitment that wine imports from Australia will be subject to as favourable a treatment as imports from any other country in regards to tariffs and the application of any import licensing or other non-tariff measures.

Rice - Eventual Tariff Elimination and Open Market Conditions

- Rice is excluded from tariff commitments until 2023, when the tariff will be bound at 30 per cent and then reduced annually until it is eliminated in 2026.
- From 2023 rice imports from Australia will be subject to an open licensing system instead of the current monopoly import arrangements:
 - there will be no restriction on who can import rice; and

- there will be no restriction on whether product is imported in bulk or retail packs.

Fruit - All Tariffs Eliminated

- . A small number of fruits, including mangoes, watermelons, other melons and some tropical fruits, do not benefit from full tariff elimination in AANZFTA. Tariffs on these fruits will be eliminated in MAFTA in 2015 or 2016. Other fruits will have tariff-free treatment from MAFTA's entry into force.

Improved Tariff Quota Access for Some Agricultural Products

- . A small number of agricultural products, in addition to liquid milk, will still be subject to tariff quotas. MAFTA provides for tariff quotas for these products that is additional to what is provided under AANZFTA.
- . In particular, the tariff quotas that apply to certain types of pork and chicken meat products are more commercially meaningful than those in AANZFTA.

MAFTA Factsheet: Services

The Malaysia-Australia Free Trade Agreement (MAFTA) provides a strong basis for increased bilateral trade and investment with Malaysia, an important regional trading partner and neighbour. It builds on the commitments Australia and Malaysia have already made in the ASEAN-Australia-New Zealand FTA (AANZFTA) to liberalise and expand the bilateral trade relationship. It provides significant market access gains for Australian goods exporters and services suppliers. It also provides for greater ease of doing business in Malaysia, making it both easier to enter and operate in the Malaysian market. Some of the most significant services improvements are detailed below.

Market Access Key Gains

Education Services

- For privately funded higher education institutions, Malaysia has committed to allow 70 per cent ownership by an Australian entity from entry into force, increasing to 100 per cent by 2015.
- In primary, general secondary and higher secondary education services, Malaysia has committed to allow 70 per cent ownership by an Australian entity from entry into force.
- In other education services, Malaysia has committed to allowing 51 per cent ownership by an Australian entity.

Financial Services

- In direct insurance companies, Malaysia has committed to allow 70 per cent ownership by an Australian entity.
- In investment banking Malaysia has committed to allow 70 per cent ownership by an Australian entity.

Professional Services

- In accounting, auditing and bookkeeping services, Malaysia has committed to allow 100 per cent ownership by an Australian entity.
- In management consulting services, Malaysia has committed to allow 100 per cent ownership by an Australian entity in management consulting services (excluding financial management consulting) and majority foreign ownership for other management consulting services.
- In taxation services, Malaysia has committed to allow 51 per cent ownership by an Australian entity.

Telecommunications

- Malaysia has committed to allow 70 per cent ownership by an Australian entity in Network Service Providers and Network Facilities Providers.
- For Application Service Providers, Malaysia has committed to allow 100 per cent ownership by an Australian entity.

Other Services

- In research and development services in natural sciences and engineering and interdisciplinary research and development services, Malaysia has committed to allow 100 per cent ownership by an Australian entity.
- In technical testing and analysis services Malaysia has also committed to allow 100 per cent ownership by an Australian entity.
- In services incidental to manufacturing Malaysia has committed to allow 100 per cent ownership by an Australian entity.
- Malaysia has committed to allow 70 per cent ownership by an Australian entity in the following tourism services: travel and tour operator services; hotel, tourist resort and restaurant services; convention and exhibition management services; and theme parks.
- In services incidental to mining, Malaysia has committed to allow 51 per cent ownership by an Australian entity.
- In related scientific and technical services, Malaysia has committed to allow 51 per cent ownership by an Australian entity.
- Malaysia has committed to allow 51 per cent Australian ownership in the following environmental services: wastewater management, cleaning services of exhaust gases; noise abatement services; and nature and landscape protection services.
- In international maritime services (excluding cabotage), Malaysia has committed to allow 51 per cent ownership by an Australian entity.
- In maritime agency services covering the marketing and sales of maritime transport, Malaysia has committed to allow 100 per cent ownership by an Australian entity.

Sector Specific Regulatory Measures

Financial Services

- A shorter period (within 120 days) for responses by regulatory authorities to applications by financial institutions to supply financial services.
- A commitment that prudential and regulatory measures “shall not constitute a means of arbitrary or unjustifiable discrimination” against Australia.
- Inclusion of a payment and clearing systems article, which provides Australian financial institutions established in Malaysia access to payment and clearing systems operated by public entities, and to official funding and re-financing facilities available in the normal course of business.
- Inclusion of a provision that permits Australian financial institutions to supply any new financial service similar to those services (included in Malaysia’s market access commitments) that Malaysia would permit its own financial institutions to supply, and vice versa.

Telecommunications

- MAFTA provides for Australian and Malaysian telecommunications suppliers to access and use public telecommunications networks and services in the territory of the other Party. This commitment will enable telecommunications companies to interconnect with existing providers and offer new services over existing networks.
- MAFTA guarantees number portability for mobile and other telecommunication services. This commitment will enable users to retain their existing telephone numbers when they switch to a different telecommunications service provider in the same country.
- MAFTA requires Australia and Malaysia to ensure that scarce resources including frequencies, numbers and spectrum are allocated in a transparent and non-discriminatory manner.
- MAFTA enables telecommunications suppliers to gain reasonable and non-discriminatory access to facilities necessary for providing their services, including key infrastructure, submarine cable systems and telephone numbers.
- MAFTA requires that existing telecommunications suppliers offer telecommunications suppliers of the other country no-less favourable treatment than that extended to their own affiliates or subsidiaries in regards to the provision of services and interconnection.

- MAFTA contains general competitive safeguards that will afford telecommunications suppliers protection against anti-competitive behaviour.

Improvements to Doing Business in Malaysia

MAFTA contains broad-based bilateral commitments that are aimed at promoting a more business friendly environment.

Key general improvements to doing business in Malaysia include

- Stronger protections for Australian trademarks and copyright.
- The establishment of a framework for mutual recognition of qualifications, licencing and certification requirements for professional services suppliers.
- More Australian business executives, senior managers and experts will be able to enter and work in Malaysia, and to stay for longer periods (refer also to the Temporary Movement of Skilled Personnel Fact Sheet).
- MAFTA mandates required minimum standards of procedural transparency, such as reasonable notice of administrative processes (e.g. licencing and rule-making in specific cases) and opportunities to present facts and arguments before final administrative action.
- Licence applicants will have an opportunity to remedy incomplete applications, to receive status reports on the progress of applications on request, and to receive an explanation of the reasons for denial or termination of applications.

MAFTA Factsheet: Temporary Movement of Skilled Personnel

The Malaysia-Australia Free Trade Agreement (MAFTA) provides a strong basis for increased bilateral trade and investment with Malaysia, an important regional trading partner and neighbour. It builds on the commitments Australia and Malaysia have already made in the ASEAN-Australia-New Zealand FTA (AANZFTA) to liberalise and expand the bilateral trade relationship. It provides significant market access gains for Australian producers, exporters and service suppliers. It also provides for greater ease of doing business in Malaysia, making it easier both to enter and operate in the Malaysian market.

Key Temporary Movement of Skilled Personnel outcomes

- MAFTA increases the number of Australian business executives, senior managers and experts allowed to live and work in a range of sectors in Malaysia, and allows them to stay for longer periods.
- Malaysia has extended the scope of its commitments on 'Business Visitors' to include goods sellers and investors. Goods sellers and investors will now be permitted to enter and stay in Malaysia for a period of 90 days.
- Spouses and dependants of Australians working in Malaysia for a period of 12 months or more will be permitted to stay and, in certain circumstances, to work in Malaysia for the same period as the primary applicant.
- Malaysia has committed to a more timely and transparent visa application process for skilled personnel, which includes notifying applicants for work permits of the outcome of their applications before they arrive in Malaysia.
- The temporary movement of skilled personnel commitments apply equally to Australian citizens and Australian permanent residents, and cover a range of professions.

Key Temporary Movement of Skilled Personnel outcomes for the Financial Services Industry

- For commercial banks, merchant banks and investment banks, Malaysia has

- raised the number of Australian senior managers per organisation from two to five;
- raised the number of Australian specialists per organisation from five to ten;
- extended the maximum period of stay from five years to ten years; and
- Malaysia has also expanded the scope of areas specialists may work in, and has removed all limitations on representative offices.
- . For direct insurance companies, Malaysia has
 - raised the number of Australian senior managers per organisation from one to five;
 - raised the number of Australian specialists per organisation from five to ten;
 - extended the maximum period of stay from five years to ten years; and
 - expanded the scope of areas Australian specialists may work in.
- . For reinsurance and retrocession services, Malaysia has
 - raised the number of Australian senior managers per organisation from two to five;
 - raised the number of Australian specialists per organisation from three to six; and
 - extended the maximum period of stay from five years to ten years.
- . For securities broking services, Malaysia has
 - removed restrictions on the number of foreign dealer's representatives per organisation; and
 - extended the maximum period of stay from five to ten years.
- . Malaysia has extended the maximum period of stay from five years to ten years for a range of specific financial services sub-sectors.

Key Temporary Movement of Skilled Personnel outcomes for Professional Services

- . Malaysia has removed all market access limitations on the temporary movement of Australian accounting, auditing and bookkeeping service suppliers.
- . Malaysia has removed numerical limits on Australian suppliers of taxation services.
- . On architectural services, Malaysia has
 - raised the number of service suppliers per country from two to four for Australia; and

- removed the requirement for Australian architects to complete a qualifying examination.

Key Temporary Movement of Skilled Personnel outcomes for Private Higher Education Services

- Malaysia has raised the quantitative limitation on Australian lecturers from a maximum of 20 per cent of the total lecturers employed at an institution to 30 per cent.

MAFTA Factsheet: Economic and Technical Cooperation

The Malaysia-Australia Free Trade Agreement (MAFTA) provides a strong basis for increased bilateral trade and investment with Malaysia, an important regional trading partner and neighbour. It builds on the commitments Australia and Malaysia have already made in the ASEAN-Australia-New Zealand FTA (AANZFTA) to liberalise and expand the bilateral trade relationship. It provides significant market access gains for Australian exporters and service suppliers. And, it provides for improvements to doing business in Malaysia, making it both easier to enter and operate in the Malaysian market. Economic and technical cooperation is a key part of MAFTA.

Objectives

The economic and technical cooperation component of MAFTA provides a strategic framework for existing and future economic cooperation. It covers areas of mutual interest and of benefit to both Australia and Malaysia and the costs of the cooperation projects will be shared. The activities will focus on strengthening existing relationships and building new ones, advancing human resource development, creating new opportunities for trade and investment and contributing to the role of the private sector. The activities will also build on existing cooperation and relationships and enhance bilateral trade.

Key Activities

MAFTA identifies the following five areas of cooperation for particular attention (specific projects are outlined in the Implementing Arrangement for Economic and Technical Cooperation Activities in Agreed Areas): automotive; agriculture; tourism; clean coal technology and electronic commerce.

Automotive

The cooperation between the Australian and Malaysian automotive sectors to date has shown the commercial value both governments and industries see in further collaboration. This cooperation will take advantage of MAFTA's increasingly open bilateral trade and investment relationship. A major focus of the cooperation will be between Australia's Cooperative Research Centre for Advanced Automotive Technology Ltd (AutoCRC) and the Malaysia Automotive Institute.

Indicative areas of cooperation have been identified by matching Malaysian needs with Australian interests and expertise in the areas of research and the development of new technologies.

Malaysia and Australia have also agreed to establish an Automotive Industry Dialogue to provide a forum to enhance engagement and cooperation between the Malaysian and Australian automotive industries and to facilitate joint government and industry consultations on future cooperation. The dialogue will be convened by the Malaysian and Australian Governments and will include representatives from industry, research bodies and government.

Agriculture

Building on the strong cooperation in agriculture between Australia and Malaysia, Australia's Department of Agriculture, Fisheries and Forestry (DAFF) will work with officials of the Malaysian Quarantine and Inspection Service (MAQIS) to develop a Phytosanitary e-Certification arrangement between the two countries. This project will promote Malaysia's trade with Australia and build stronger institutional links between DAFF and Malaysia's Department of Agriculture.

Tourism

Australia will work with Malaysia to develop the latter's Tourism Industry accreditation scheme with the aim of improving the quality of Malaysia's tourism, particularly in the niche area of ecotourism. This activity will encourage engagement between Australia and Malaysia on best practice ecotourism development.

Clean Coal Technology

Australia's Global Carbon Capture and Storage Institute (GCCSI) will share with Malaysia expertise of carbon capture and storage technology for the purpose of reducing carbon dioxide emissions from thermal power plants.

E-Commerce

The Office of the Australian Information Commissioner will assist Malaysia in the development of its new Office of the Commissioner for Personal Data Protection and in the initial stage of the implementation of its Personal Data Protection Act. Assisting Malaysia to establish its personal information protection law and the associated Commissioner's office will contribute to Australian and Malaysian industries utilising business opportunities.