Malaysia has other market options apart from TPPA

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Malaysia will discuss the trade pact at the imminent APEC to ascertain US' participation

by AYISY YUSOF

Pic by Hussein Shaharuddin

Mustapa *(left)* with Naza Kia Malaysia Sdn Bhd COO Datuk Samson Anand George at 2016 Malaysia Autoshow at MIETC, Serdang, yesterday

A DAY after Donald Trump's unexpected win in the 45th US presidential election, US participation in the Trans-Pacific Partnership Agreement (TPPA) is hanging in the balance with many aspects and policy decisions yet to be ironed out.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said Malaysia will discuss the trade pact at the imminent Asia-Pacific Economic Cooperation (APEC) in Peru to ascertain US' participation in the TPPA

"We are prepared if the US economic policy is changed. However, we have to monitor the situation," he told reporters on the sidelines of 2016 Malaysia Autoshow at Mines International Exhibition and Trade Centre (MIETC) yesterday.

"At the moment, it's still early to indicate what would happen. We are friends with everyone. We are close to the US, China and Japan, as well as other Islamic countries. We need the world and there are policies that have been set in place," he said.

The TPPA, if successfully implemented, will result in a huge duty-free market for Malaysian goods and services, allowing market access to 800 million with a combined gross domestic product (GDP) of US$27.5 trillion (RM117.42 trillion), he added.

However, Mustapa said Malaysia does have other plans to mitigate the economic affects in the event that the TPPA is cancelled, in the form of the recently signed Malaysia-China 14 points agreement.

There are many avenues that are being explored in the Asean region itself, he said.

"For China, Malaysia is small compared to the US, Japan or Korea. We have US$7.5 billion (RM32.08 billion) of Malaysian investments in China, while Chinese investments in Malaysia worth a total of US$2.5 billion.

"We have more Malaysian companies like Sime Darby Bhd, Khazanah Nasional Bhd and Genting Group investing in China. For every US dollar that China has invested in Malaysia, we have three US dollars in China," he said.

Meanwhile, Mustapa added that Malaysia's technology development has been further improved with more investments from foreign auto companies, leveraging on the National Automotive Policy (NAP) 2014.

"At the moment, we don't need to revise because it's just two years. The NAP has successfully attracted companies to invest in Malaysia in the energy-efficient vehicle segment," he said.

He also said the automotive sector, which contributes about RM30 billion or 2.4% to Malaysia's GDP, employs a total workforce of 600,000 people with more than 700 vendors, dealers and distribution centres (auto sector).

"The auto industry is already matured. However, we don't have to rely on a significant increase in contribution. The government hopes to work with industry players to ensure the industry can contribute to the national economy in terms of investment, trade and job opportunities in the auto ecosystem," he said.

Mustapa added that the government would replace the foreign workforce in the vendor industry and so far Malaysia Automotive Institute (MAI) has trained about 25,000 workers.

MAI CEO Datuk Madani Sahari said the auto sector had been growing for the past five years and this year, it started to decline. However, the export market has increased in terms of the locally assembly of cars, parts and components.

"Although the export growth is still not very big, the minister has insisted to be creative. Auto players can't just look at the domestic market, instead they have to look for opportunities to export.

Madani added that the NAP has attracted about RM11.5 billion worth of foreign direct investments and RM6.8 billion has already been realised.

"The auto sector has also confirmed getting an additional investment worth RM600 million for the remaining three months of this year."

According to MAI, the auto sector is expected to increase about 3%, or between RM12 billion to RM13 billion of investments next year for the car parts and components.