

For immediate release
April 12, 2006

Contact: Bob Vastine
Tel: 202-352-0111

U.S. SERVICE INDUSTRY ASKS FOR MALAYSIAN LEADERSHIP IN WTO SERVICES NEGOTIATIONS

Malaysia-US FTA Provides Opportunity to Work in Partnership to Expand Trade and Investment

(Kuala Lumpur, Malaysia) In a series of meetings with Malaysian government officials yesterday and today, the Coalition of Service Industries (CSI), asked Malaysia to play a leadership role in the Doha Round of World Trade Organization (WTO) negotiations to liberalize trade in services. CSI also emphasized that the recently-announced Malaysia-US Free Trade Agreement will provide an opportunity for the two countries to work in partnership both to expand bilateral trade and investment, and advance their mutual interests in the Doha Round.

"Malaysia, the United States, and all WTO members stand to gain tremendously from a successful outcome on services in the Doha Round," said Robert Vastine, President of CSI. Services comprise 58% of Malaysia's GDP, and employ almost half of the Malaysian workforce. Vastine noted that for all economies, the gains from more open services trade are substantially greater than those from more open goods trade; in Malaysia's case, services liberalization would yield a welfare gain twelve times greater than goods liberalization, according to the OECD.

At the December 2005 WTO Ministerial Meeting in Hong Kong, WTO members agreed to put forward "plurilateral" or "collective" requests in some 21 services sectors. Malaysia was a recipient of 16 of these requests. "Malaysia is in a position to advance the services negotiations significantly both by submitting an improved offer in response to the collective requests, and by encouraging its partners in ASEAN, APEC, and elsewhere to do the same." Vastine said. He noted that Malaysia's services offer contains only about 32% of all possible WTO services commitments. "Significant effort by all WTO members is needed if the Doha Round is to be a success."

While Malaysia's services exports have seen substantial growth in recent years, they still only account for one-tenth of the value of its merchandise exports. By contrast, the global figure is 20%, suggesting significant growth potential for Malaysia in this area. Moreover, crossborder trade in services between Malaysia and the United States is only a small percentage of the \$44 billion in trade between the two countries. The WTO and the bilateral free trade agreement could expand that trade significantly.

"From financial services, to R&D, computer services, transportation, distribution, wholesaling, retailing, and others, services are crucial inputs to the manufacturing and agricultural sectors," said Vastine. "Neither manufacturing, agriculture, or other sectors can develop without the infrastructure of competitive, high-quality services."

The CSI delegation included several prominent US services companies, including ACE Insurance, the Computing Technology Industry Association, FedEx, General Electric, IBM, and UPS.