

Chile and Malaysia start free trade agreement negotiations

Chile and Malaysia began conversations to negotiate a free trade agreement this week in Australia. Malaysia is a member of the Association of Southeast Asian Nations (ASEAN), a regional bloc of great interest to Chile for its role in world trade.

The Chilean delegation was led by the Director of Bilateral Economic Affairs of the Directorate General for International Economic Relations (DIRECON), Andrés Rebolledo, who indicated that the working session would be an opportunity to set up a timeline and parameters for the negotiations, among other matters. Both parties agreed to hold the first round of negotiations in early June in Kuala Lumpur.

Chile and Malaysia held a joint study last year to evaluate the feasibility of negotiating a free trade agreement. The final report recommended that such an agreement would stimulate commercial exchange between the two countries.

“We already have a trade agreement with Singapore and Brunei, as members of the P-4. We have begun a feasibility study for negotiations for a free trade agreement with Vietnam. So if we add Malaysia to this, Chile will become all the closer to the ASEAN bloc, which consists of ten countries in Southeast Asia that will play an important role in the world this century, in terms of trade,” Rebolledo said.

Malaysia, which has a population of slightly over 24 million, is an economy whose size is similar to that of Chile's. GDP there is about US\$ 130 billion, and its per capita income is about US\$ 5,000.

About US\$ 311 billion worth of goods were traded between Chile and Malaysia in 2006—an increase of 35.3% over 2005 figures. US\$ 122.6 million worth of Chilean goods were exported to Malaysia in 2006, a 29% rise over the previous year. Meanwhile, Chile imported more than US\$ 188 million worth of goods from Malaysia in 2006.

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