

## ***Malaysia-Turkey Signed FTA; to Benefit Textiles***

Malaysia and Turkey successfully signed a bilateral Free Trade Agreement (FTA) on 17 April 2014. However, both countries will commence the respective ratification procedures after the signing before the FTA enters into force.

The ratification process for Turkey may take more than 12 months, as Turkey has to obtain congressional approval for the agreement. Malaysia will be able to complete its ratification process upon notification to the Cabinet of the signed agreement. The Cabinet had on March 28, 2014 approved the MTFTA.

***One significant gain for Malaysia is in the textiles and apparel sector, which make up Malaysia's largest export items to Turkey. Under the FTA, Turkey will eliminate duties on all textiles and apparel products, with much of the elimination exercise taking place immediately upon entry into force of the FTA.***

Total Turkey investment in Malaysia stood at US\$220 million while up to 2013, 37 Malaysian investments were approved by the Turkish government valued at US\$527 million.

Over the last five years, trade between Malaysia and Turkey increased by 86 %, and it reached US\$ 1.1 billion in 2013. The FTA is expected to boost the bilateral trade to \$5 billion by 2018.

Malaysia and Turkey began negotiations in May 2010 focusing on goods. Negotiations on services are yet to start.

### **Working or Processing required to be Carried out on Non-Originating Materials in order that the Product Manufactured can Obtain Originating status under MTFTA (Selected Items)**

Harmonized System Heading	Description of Product	Working or Processing carried out on non-originating materials that confers originating status
<b>Chapter 60</b>	Knitted or crocheted fabrics	Spinning of natural and/or man-made staple fibres or extrusion of man-made filament yarn, in each case accompanied by knitting  <i>or</i>  Knitting accompanied by dyeing or by flocking or by coating  <i>or</i>  Flocking accompanied by dyeing or by printing  <i>or</i>  Dyeing of yarn of natural fibres accompanied by knitting  <i>or</i>  Twisting or texturing accompanied by knitting provided that the value of the non-twisted/non-textured yarns used does not exceed 47,5 % of the FOB price of the product
<b>Chapter 61</b>	<b>Articles of apparel and clothing accessories, knitted or crocheted:</b>	
	– Obtained by sewing together or otherwise assembling, two or more pieces of knitted or crocheted fabric	Knitting and making-up (including cutting)

Harmonized System Heading	Description of Product	Working or Processing carried out on non-originating materials that confers originating status
	– Other	Spinning of natural and/or man-made staple fibres or extrusion of man-made filament yarn, in each case accompanied by knitting (knitted to shape products)  <i>or</i>  Dyeing of yarn of natural fibres accompanied by knitting (knitted to shape products)
<b>ex Chapter 62</b>	Articles of apparel and clothing accessories, not knitted or crocheted; except for:	Weaving accompanied by making-up (including cutting)  <i>or</i>  Making-up preceded by printing accompanied by at least two preparatory or finishing operations, provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the product
<b>ex 6202, ex 6204, ex 6206, ex 6209 and ex 6211</b>	Women's, girls' and babies' clothing and clothing accessories for babies, embroidered	Weaving accompanied by making-up (including cutting)  <i>or</i>  Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40% of the ex-works price of the product
<b>6213 and 6214</b>	Handkerchiefs, shawls, scarves, mufflers, mantillas, veils and the like:  – Embroidered	Weaving accompanied by making-up (including cutting)  <i>or</i>  Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 % of the ex-works price of the product  <i>or</i>  Making-up preceded by printing accompanied by at least two preparatory or finishing operations, provided that the value of the unprinted fabric used does not exceed 47,5 % of the ex-works price of the product
	– Other	Weaving accompanied by making-up (including cutting) <i>or</i>  Making-up preceded by printing accompanied by at least two preparatory finishing operations, provided that the value of the unprinted fabric used does not exceed 47,5 % of the ex-works price of the product
<b>6217</b>	<b>Other made up clothing accessories; parts of garments or of clothing accessories, other than those of heading 6212:</b>  – Embroidered  – Fire-resistant equipment of fabric covered with foil of aluminised polyester	Weaving accompanied by making-up (including cutting)  <i>or</i>  Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 % of the ex-works price of the product.  Weaving accompanied by making-up (including cutting)  <i>or</i>  Coating provided that the value of the uncoated fabric used does not exceed 40 % of the ex-works price of the product accompanied by making-up (including cutting)

<b>Harmonized System Heading</b>	<b>Description of Product</b>	<b>Working or Processing carried out on non-originating materials that confers originating status</b>
	– Interlinings for collars and cuffs, cut out	Manufacture from materials of any heading, except that of the product, and in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
	– Other	Weaving accompanied by making-up (including cutting)

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