

**IMPLEMENTING ARRANGEMENT
FOR ECONOMIC AND TECHNICAL COOPERATION ACTIVITIES
IN AGREED AREAS PURSUANT TO CHAPTER 16
(ECONOMIC AND TECHNICAL COOPERATION)
OF THE MALAYSIA-AUSTRALIA FREE TRADE AGREEMENT**

The Governments of Malaysia and Australia ('the Participants');

Acknowledging the breadth of their well-established cooperation relationship, encompassing political and security cooperation, social and cultural cooperation, as well as economic and technical cooperation;

Recalling the specific economic and technical cooperation activities undertaken between Malaysia and Australia, particularly since the Joint Trade Committee meeting in August 2009;

Seeking to utilise opportunities to engage in further mutually beneficial economic and technical cooperation activities;

Have reached the following understandings:

1. Specific economic and technical cooperation activities, outlined in the attached document will give initial effect to Chapter 16 (Economic and Technical Cooperation) of the Malaysia-Australia Free Trade Agreement (MAFTA) and facilitate achievement of the Agreement's objectives.
2. Subject to available resources, an activity in an agreed area described in the attached document may be modified as decided by the Participants.

SIGNED

For the Government of Malaysia

For the Government of Australia

MAFTA: ECONOMIC AND TECHNICAL COOPERATION ACTIVITIES

Substantial and wide-ranging economic and technical cooperation is taking place between Malaysia and Australia. In the context of the negotiations of the MAFTA, the MAFTA Parties decided to establish a strategic framework for undertaking economic and technical cooperation activities to expand and enhance the benefits of MAFTA. MAFTA's Chapter 16 (Economic and Technical Cooperation) provides this strategic framework.

The MAFTA Parties also prioritise further cooperation activities through this Implementing Arrangement in the following sectors:

- Automotive;
- Agriculture;
- Tourism;
- Clean coal technology; and
- Electronic commerce.

Synopses on economic and technical cooperation in each of the above sectors/areas follow.

A. AUTOMOTIVE

- **Objectives:**

Following the release of Malaysia's National Automotive Policy Review in October 2009, a delegation of Malaysian automotive industry and government representatives visited Australia in July 2010 to explore possible synergies in the automotive sector, taking account of both the outcomes of the *Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area* and the scope for enhanced outcomes in the MAFTA negotiations. This was followed by Ministerial visits and meetings with industry as well as other government and industry visits. This included the mission to Malaysia in November 2010 by a delegation from the Victorian State Government and the Federation of Automotive Products Manufacturers (FAPM) and the delegation of Australian automotive industry and government representatives visit to Malaysia in February 2012.

The exchanges between the Malaysian and Australian automotive industry sectors have resulted in a number of cooperation arrangements and specific cooperative activities. These include memoranda of understanding concluded between Australia's Cooperative Research Centre for Advanced Automotive Technology Ltd (AutoCRC) and the Malaysia Automotive Institute (MAI) in March 2011, between FAPM and the Malaysian Automotive Components Parts Manufacturers Association

(MACPMA) and between FAPM and the Proton Vendors Association (PVA) in November 2010, as well as a number of collaborative arrangements between individual Australian and Malaysian companies. These arrangements span the development of technology, supply chains and human capital. The activities covered include research and development initiatives in new automotive technologies, industry exchanges and technology transfers for automotive-based companies in Malaysia and Australia, and academic and education exchanges.

Cooperation to date has demonstrated the value both governments and industries see in further developing the cooperation and collaboration to take advantage of the increasingly open trade and investment environment between the two countries.

Future cooperation will be based on projects and activities to be identified on an annual basis. The annual list of projects and its respective proponents (both Malaysian and Australian parties) will be determined, documented and reported to the FTA Joint Commission.

The cost of cooperation under the automotive sector will be based on an understanding of continuing Australian government contribution to activities related to research and/or development, including validation and human capital and supply chain requirements while the industry players (in Australia and Malaysia) will undertake the commercialisation activities meant for mass production and marketing purposes.

Proponents:

Malaysia Automotive Institute (MAI), AutoCRC, Kangan Institute and Vetassess. Other proponents will be determined and documented in the agreed projects.

Indicative Areas of Cooperation:

1. Research projects and development of new technologies:
 - (a) reducing vehicle weight by progressive deployment of aluminium, magnesium, and carbon fibre composites into vehicle components and body structures;
 - (b) utilising virtual engineering tools to reduce development time, maintain structural integrity and safety of vehicles and components;
 - (c) applying advanced life cycle analysis and process optimization methods to understand and improve energy consumption, environmental and safety impact of vehicle manufacture (retrospective related activities) and use encompassing reuse, reduce and recycling;

- (d) supporting adaptation and innovation in application of alternative fuel power train with a strong focus on energy storage systems; and
 - (e) creating opportunities for Malaysian and Australian component suppliers to participate in commercial implementation of outputs from the above research.
2. Development of Human Capital:
- (a) development of the capacity of providers to deliver training in automotive after sales and services, including collision repairs;
 - (b) creation of a platform for the continuous improvement of human capital development in automotive after sales service industries;
 - (c) to provide skills and knowledge development in competency-based training and assessment to trainers in the automotive industry;
 - (d) to assist the Malaysian automotive industry to develop the capacity of trainers to deliver high quality, best practice training to individual workers within the sector including 3R (recycling, reduce and reuse) initiatives; and
 - (e) to develop trainers' skills in workplace assessment and the recognition of skills and knowledge gained on-the-job.

Automotive Industry Dialogue

The Participants will establish a Malaysia-Australia 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. The dialogue will:

- (a) review progress in implementing automotive cooperation under this Arrangement;
- (b) share perspectives on automotive industry and policy developments;
- (c) exchange views on the extent to which expectations about the impact of this Arrangement, and commitments in MAFTA, on improving opportunities for enhanced trade and cooperation in the automotive sector are being realised;
- (d) explore possible new business opportunities, including collaboration in third country export markets; and
- (e) consider the initiation of additional projects and activities to promote increased collaboration between the industries.

The dialogue will identify impediments to the realisation of increased cooperation and collaboration between the Malaysian and Australian

automotive industries, and increased trade opportunities in the automotive sector, and seek to promote activities to address these impediments (e.g. through annual lists of projects). These activities could include:

- (a) research and technology development;
- (b) development of human capital;
- (c) a supplier development program;
- (d) industry visits and networking activities to enhance linkages between companies, between companies and research and training bodies, and between research and training bodies;
- (e) targeted activities to address specific impediments; and
- (f) policy dialogue to address policy interventions that may be hampering increased cooperation and trade.

B. AGRICULTURE- PHYTOSANITARY e-CERTIFICATION

- Objectives:

Under the Memorandum of Understanding for the Enhancement of Agricultural Cooperation between the Australian and Malaysian Governments, signed 8 March 2006, the Participants have worked to strengthen existing co-operation and further encourage and promote stronger co-operation and trade in the fields of agriculture, food, fisheries, forestry and livestock. The Malaysia-Australia Agricultural Cooperation Working Group (MAACWG) is the primary forum responsible for the formulation, implementation and supervision of cooperative activities and projects under this MOU.

Noting the priority accorded by Malaysia to the establishment of the Malaysian Quarantine and Inspection Service (MAQIS), as the single body responsible for inspections at all entry and exit points in Malaysia, Australia's Department of Agriculture, Fisheries and Forestry (DAFF) will work with MAQIS officials to develop a Phytosanitary e-Certification arrangement between the two countries. This follows up on recommendations of the recently completed scoping study on the current operational requirements in MAQIS. The Phytosanitary e-Certification project is aimed at promoting Malaysia's trade with Australia and building stronger institutional links between DAFF and Malaysia's Department of Agriculture (DOA).

- Proponents:

Malaysia's Ministry of Agriculture and Agro-Based Industry (MOA), DOAMAQIS and DAFF.

- Indicative Areas of Cooperation:

To assist Malaysia in the development of Phytosanitary e-Certification.

C. TOURISM

- Objectives:

The focus of cooperation in this sector will be Malaysia's intention to develop a tourism accreditation scheme for ecotourism. Australia has an international reputation in the highly competitive field of ecotourism, having developed one of the first ecotourism accreditation schemes in the mid-1990s. The accreditation scheme is aimed at giving consumers confidence in the quality of tourism products which promotes the long-term sustainability of the industry.

Australia's Department of Resources, Energy and Tourism (RET) will facilitate engagement with relevant Malaysian representatives on Australia's National Tourism Accreditation Framework, as well as engagement between Malaysian representatives and Ecotourism Australia, providing access to the experiences of a range of accredited tourism operators.

- Proponents:

Ministry of Tourism Malaysia (MOTOUR) and Australia's Department of Resources, Energy and Tourism (RET).

- Indicative Areas of Cooperation:

- (a) to assist Malaysia in the development/implementation of a Tourism Industry accreditation scheme to drive improvement in the quality of Malaysia's tourism product with a specific focus on ecotourism;
- (b) to encourage engagement between the two countries on best practice ecotourism development; and
- (c) to support the implementation and full utilisation of MAFTA.

D. CLEAN COAL TECHNOLOGY: CARBON CAPTURE AND STORAGE

- Objectives:

Australia's Global Carbon Capture and Storage Institute (GCCSI), an independent scientific organisation, has established a carbon capture and storage capacity development program with Malaysian stakeholders. The

Institute has a program of activities with Malaysia and has begun discussions on developing a Carbon Capture and Storage (CCS) Training Unit for Tenaga Nasional Berhad (TNB) and PETRONAS Universities. Australia's GCCSI will share with Malaysia expertise on carbon capture and storage technology for the purpose of reducing carbon dioxide emissions from thermal power plants. Cooperation is aimed at assisting TNB Research with its goal of developing its own carbon capture project.

The main objectives of cooperation are:

- (a) to build capacity of TNB's technical understanding of CCS, particularly around amine based and, if possible, micro algae based capture technologies;
- (b) to build relationships between Australia's research organisations and Malaysia's in the carbon capture and storage area;
- (c) to provide an appreciation of an existing carbon capture pilot scale project that will help TNB Research to develop their own pilot scale project in the future.

- Proponents:

Global Carbon Capture and Storage Institute (GCCSI) and TNB Research.

- Indicative Areas of Cooperation:

- (a) identify key Malaysian delegates for a study tour;
- (b) agree on itinerary of the study tour. It is envisaged that this would include a week in Australia visiting:
 - CSIRO's Tarong capture plant, Queensland;
 - CSIRO Research Laboratory on carbon capture and storage;
 - Hazelwood Power Plant, Victoria;
 - Otway Demonstration Plant, Victoria; and
 - Global Carbon Capture and Storage Institute;
- (c) organise logistics and implement the study tour at an agreed time.

E. E-COMMERCE – PERSONAL DATA PROTECTION

- Objectives:

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.

- Proponents:

Office of the Commissioner for Personal Data Protection of Malaysia and the Office of the Australian Information Commissioner (OAIC).

- Indicative Areas of Cooperation:

To 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.