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Consumers Association of Penang
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Press Statement / Letter to the Editor

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Malaysia should say 'NO' to the Indo-Pacific Economic Framework (IPEF)

The Consumers Association of Penang is extremely concerned over the announcement by Senior Minister of International Trade and Industry (MITI) Mohamed Azmin Ali that Malaysia will join a new economic agreement led by the United States.

The Biden Administration has announced its proposed Indo-Pacific Economic Framework (IPEF) during President Joe Biden's recent trip to Japan. It is reported that the US, Australia, Brunei, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam are included in the proposed new deal while others may subsequently join.

There is little information available to show the basis for MITI's decision. However, more than 1300 submissions including demands from US industry are available on the website of the US government.

A preliminary review by CAP, reveals that US multinational companies are openly pushing for provisions that would prevent the Malaysian government from preferentially purchasing from our local companies. This, especially undermines domestic manufacturing and especially in current times, especially the need for small and medium sized firms to recover from COVID-19.

US industry is also demanding stronger intellectual property protection that would, among others, make medicines, textbooks, agricultural and manufacturing inputs and climate change technology more expensive.

The digital economy provisions sought by US big tech companies would undermine Malaysia's privacy, consumer protection, health, environmental, financial, tax, and other crucial regulations, while the privately held global food company Cargill wants provisions that allow foreign investors to sue the Government in international tribunals. This so-called investor-state dispute settlement scheme would restrict Malaysia's ability to regulate and expose the country to paying billions of dollars in penalties to foreign investors.

These are among the highly problematic provisions that are unacceptable for Malaysia.

However, IPEF which is initiated by President Biden has drawn many concerns including US civil society organisations (CSOs) calling out his professed intention to develop a new, 'worker-centric' trade model while partnering with nations who have transgressed core labour and human rights standards. According to the US critics, the pressing question remains, how will Biden's administration guarantee a transparent and participatory process to uphold workers' rights and consumer privacy over larger corporate interests.

The MITI Minister stated that IPEF is not TPPA 2.0, referring to the controversial Trans-Pacific Partnership Agreement (TPPA) led by President Barack Obama and abandoned by President Donald Trump. Yet many of the proposals from US industry that is well known for undue influence over the US government are similar to

key provisions in the TPP and its successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that is the TPPA with some suspended TPPA provisions.

CAP is alarmed that the MITI Minister has committed Malaysia to joining a pact on such a premature basis when all positions taken by the US on trade and investment issues clearly show their primary aim is to safeguard and expand their corporate interests.

The MITI Minister's announcement on joining must be scrutinised as there seems to be no proper assessment for entering negotiations on such an agreement, especially in this tumultuous time when the country is riddled with economic disruption and turmoil.

Given the record of every US Administration that is about putting US interests first, the IPEF will be detrimental to Malaysia.

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