



READY RECKONER
for
INDIAN AND MALAYSIAN BUSINESSES
on
**COMPREHENSIVE ECONOMIC
COOPERATION AGREEMENT (CECA)**
between
INDIA and MALAYSIA



DR. MANMOHAN SINGH
Prime Minister of India

**DATO' SERI
MOHD NAJIB ABDUL RAZAK**
Prime Minister of Malaysia



Signing of India-Malaysia Comprehensive Economic Cooperation Agreement (CECA) by Mr. Anand Sharma, Indian Minister of Commerce & Industry and Dato Sri Mustapa bin Mohamed, Minister for International Trade & Industry at Putrajaya on 18th February 2011. Prime Minister, Dato' Seri Mohd Najib Abdul Razak witnessed the signing of the agreement.



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BACKGROUND

Prime Ministers of India and Malaysia met on 20 December 2004 and agreed to the setting up of a Joint Study Group (JSG) to explore the feasibility of Comprehensive Economic Cooperation Agreement (CECA) between the two countries. The Joint Study Group submitted its Report in January 2007 where in it recommended the establishment of a Comprehensive Economic Cooperation Agreement (CECA) between the two countries, including trade in goods, services, investment and other areas of cooperation. India and Malaysia accepted the recommendation and commenced negotiations in February 2008 and concluded them in September 2010. India-Malaysia Comprehensive Economic Cooperation Agreement (IMCECA) was signed by the Commerce & Industry Minister of India and the Malaysian International Trade & Industry Minister on 18 February 2011 in Kuala Lumpur. The Agreement has come into effect from 1 July 2011.

Malaysia is the 3rd largest trading partner of India amongst ASEAN (Association of South East Asian Nations) countries. India-Malaysia trade increased from US\$ 3.52 billion to US\$ 9.47 billion between 2005 and 2010 after reaching a peak of US\$ 10.65 billion in 2008¹. The main exports of India include petroleum products, metals, machinery, meat, chemicals, spices and cereals; the main exports of Malaysia include petroleum products, electronic goods, edible oil, wood, chemicals and metals.

India is an important trading partner and has been Malaysia's largest export destination in the South Asia region since 1998. Bilateral trade between Malaysia and India is on an upward trend and has increased more than four-fold since 1998 with the exception for 2009 which recorded a decline due to the global financial crisis. Both countries have targeted a bilateral trade of US\$ 15 billion by 2015.

Malaysian investment in India totalled US\$64.9 million in 2010. Since 2004, Malaysian companies have been actively investing in India with

¹ Source: Ministry of Commerce, India, 2010



cumulative investment of US\$310 million at present². Major areas of investments include construction, financing, insurance, real estate and business services.

KEY ELEMENTS OF THE COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA)

- CECA is a comprehensive Agreement, covering Trade in Goods, Trade in Services, Investment and Economic Cooperation.
- CECA has value-added to the existing ASEAN-India Trade in Goods Agreement (AITiGA) by subjecting more products to tariff concessions, and advancing the timelines for reduction/elimination of tariffs. The Agreement also contains more trade-facilitative provisions that enable exporters comply with rules of origin requirements.
- CECA also contains provisions which will allow joint ventures between Malaysian and Indian services companies, in sectors such as professional services, healthcare, telecommunications, retail and environmental services. It contains a dedicated Chapter on Movement of Natural Persons which will facilitate the temporary entry of business people from Malaysia into India, and vice versa.
- The agreement also covers bilateral economic cooperation in the fields of infrastructure development, human resource development, science and technology including health, creative industries, tourism, small and medium enterprises, business facilitation and finance.

The CECA contains 16 Chapters and 15 Annexes. The Chapters include provisions on Trade in Goods, Trade in Services, Investment, Customs Cooperation, Sanitary and Phyto-sanitary (SPS) Measures, Technical Barriers to Trade (TBT), Economic Cooperation, Disputes Settlement, etc and the Annexes include Schedules of Tariff Reduction and Elimination, Schedules of Specific Commitments in Services, etc. The entire text and

² Source: Malaysia Industrial Development Authority, 2011



schedules of CECA are available at :

<http://commerce.nic.in/trade/IMCECA/title.pdf>

<http://www.miti.gov.my/cms/MICECA.pdf>



FOR INDIAN BUSINESSES

KEY OUTCOMES OF THE COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA)

MARKET ACCESS - TRADE IN GOODS

The Trade in Goods Chapter is an improvement over the India-ASEAN Trade in Goods Agreement (IATiGA). India and Malaysia are Parties to India-ASEAN Trade in Goods Agreement (IATiGA) and they have implemented the Agreement on 1 January 2010. The tariff liberalisation commitments under CECA are more liberal than those under the IATiGA insofar as India and Malaysia are concerned. Thus both sides have offered ASEAN 'plus' commitments under IMCECA.

Key features of the tariff liberalisation package under IMCECA are :

- 1) elimination of tariffs for more than 75% of the items by 30 September 2013/30 June 2016;
- 2) tariff reduction to various levels for about 15% of the items by various timelines during 2015-2019; and
- 3) only about 10% of items placed under exclusion list. On the basis of trade volumes, more than 95% of India-Malaysia trade is covered by the tariff concessions provided under CECA. The tariff concessions have become effective on 1 July 2011.

Key items on which Malaysia has offered market access to India are basmati rice, mangoes, eggs, trucks, motorcycles and cotton garments which are all items of considerable export interest to India. Key items of Malaysia's interest on which India has offered market access are fruits, cocoa, palm oil products and synthetic textiles.



RULES OF ORIGIN (ROO)

For a product to enjoy preferential tariff treatment it must satisfy the relevant origin criterion. The origin criteria are :

- It must be wholly obtained or produced in India (such as fruits, vegetables, animals, minerals etc) ;
OR
- It must undergo substantial transformation in India i.e. the final product should be classified in a sub-heading at the six digit level of the HS different from that of all the imported raw material/inputs;
AND
- The value addition within India must not be less than 35% of the FOB value.

42 items have Product Specific Rules (PSR) of origin. These products are required to comply with the rules set out against each.

CALCULATION OF VALUE ADDITION

- Two methods of calculating the value addition are available viz. direct method and the indirect method. Indian exporters will use the indirect method.
- The two formulas are :
a) Direct Method :

$$\begin{array}{rcccccc}
 \text{Originating} & & \text{Direct} & & \text{Direct} & & \text{Other} \\
 \text{Material} & + & \text{Labour} & + & \text{Overhead} & + & \text{Cost + Profit} \\
 \text{Cost} & & \text{Cost} & & \text{Cost} & & \\
 \hline
 & & & & & & \text{x 100\%} \geq 35\% \\
 & & & & \text{FOB Price} & &
 \end{array}$$



b) Indirect Method :

$$\frac{\text{Value of imported non-originating materials} + \text{Value of materials of undetermined origin}}{\text{FOB Price}} \times 100\% \leq 65\%$$

- F.O.B Value shall be calculated as follows :
 - a) F.O.B Value = **Ex-factory price + Other Costs**
 - b) **Other Costs** in the calculation of the FOB value shall be the costs incurred in placing the goods in the ship for export, including but not limited to, domestic transport costs, storage and warehousing, port handling, brokerage fees, service charges, et cetera.
- Formula for ex-factory price :
 - a) Ex-Factory Price = **Production Cost + Profit**
 - b) Formula for production cost :
 - (i) Production Cost = **Cost of Raw Materials + Labour Cost + Overhead Cost**
 - (ii) Cost of Raw Materials shall consist of **cost of raw materials** and **cost for freight and insurance**
 - (iii) **Labour Cost** shall include :
 - Wages;
 - Remuneration; and
 - Other employee benefits associated with the manufacturing process
 - (iv) Overhead Costs shall include, but not limited to :
 - real property items associated with the production process (insurance, factory rent and leasing, depreciation on buildings, repair and maintenance, taxes, interests on mortgage)



- leasing of and interest payments for plant and equipment
 - factory security
 - insurance (plant, equipment and materials used in the manufacture of the goods)
 - utilities (energy, electricity, water and other utilities directly attributable to the production of the good)
 - research, development, design and engineering
 - dies, moulds, tooling and the depreciation, maintenance and repair of plant and equipment
 - royalties or licenses (in connection with patented machines or processes used in the manufacture of the good or the right to manufacture the good)
 - inspection and testing of materials and the goods
 - storage and handling in the factory
 - disposal of recyclable wastes
 - cost elements in computing the value of raw materials, i.e. port and clearance charges and import duties paid for dutiable component.
- **Certificate of Origin**

A Certificate of Origin (CoO) is the evidence that the goods satisfy the relevant rules of origin and are eligible for preferential tariff treatment.

Malaysian Customs shall accord enjoy preferential tariff treatment to a product exported from India only when it is accompanied by a CoO.

An Indian exporter wishing to export to Malaysia should first ascertain whether the product is eligible for preferential tariff treatment. If the product is eligible then he should ascertain the relevant origin criterion for the product and whether the product satisfies that criterion.

An application for a CoO is to be made to the Export Inspection



Council of India or its field offices i.e. Export Inspection Agencies.

CUSTOMS PROCEDURES

Customs cooperation measures to facilitate trade have been incorporated into CECA to simplify and harmonize customs procedures of the Parties on the basis of agreed international standards and best practices and to ensure consistency, predictability and transparency in the application of customs laws and regulations of the Parties. The Chapter on Customs Cooperation envisages cooperation between the Parties in the areas of publication and enquiry points, clearance of goods, enhanced use of information and communication technology and risk management, mutual assistance, capacity building, etc.

TECHNICAL BARRIERS TO TRADE (TBT) AND SANITARY AND PHYTOSANITARY MEASURES (SPS)

Chapters on Sanitary and Phyto-sanitary (SPS) Measures and Technical Barriers to Trade (TBT) serve to facilitate trade by enhancing cooperation and improving transparency. The provisions in the Chapter on SPS provides the framework for addressing regulations and standards pertaining to human, animal and plant life or health while the Chapter on TBT provides the framework for product testing and certification requirements. Both these chapters are aimed at providing the basic framework under which such measures can be adopted by contracting Parties which are required to achieve greater cooperation in relation to such regulations. These Chapters address the issue of technical regulations and standards with the aim of ensuring that regulations, standards, testing and certification procedures do not create unnecessary obstacles in trade between two major emerging economies.

TRADE REMEDIES (ANTI-DUMPING AND SAFEGUARDS)

Under the CECA, India and Malaysia reaffirm their commitments under the WTO Agreement on Safeguards, Agreement on Subsidies and Countervailing Measures. The Chapter on Trade Remedies consists of



provisions on bilateral safeguards and anti-dumping measures. Bilateral safeguards measures can be invoked in the event of increased imports as a result of tariff reduction which causes or threatens to cause serious injury to the domestic industry. The provisions include the manner in which a bilateral safeguard measure can be taken, the duration of such measures and the possibility of giving compensation for such measures. On anti-dumping measures, both Parties would conduct all investigations against goods from the other Party keeping in view the recommendations of the WTO Committee on Anti-Dumping Practices.

SERVICES

Both sides have exchanged WTO 'plus' offers under the trade in services. Malaysia's offer to India is significant both in terms of sectoral coverage as well as depth within each sector/sub-sector.

Malaysia has offered commitments in the categories of :

- Contractual Service Suppliers (CSS) and Independent Professionals (IP) in commercially meaningful sectors including accounting and auditing, architecture, urban planning, engineering services, medical and dental, nursing and pharmacy,
- Computer and Related Services (CRS),
- Management Consulting Services,

Malaysia has also removed all requirements relating to economic needs tests/labour market tests for our professionals entering Malaysia. Malaysia has offered substantive commitments in the area of cross border supply of services, almost without any restrictions, across the board, which is of immense importance for our Information Technology (IT) and Information Technology Enabled Services (ITES) industry. Malaysia has also offered comparatively higher levels of FDI in sectors of interest to India like computer and related services, management consulting services, construction services etc.



INVESTMENT

With regard to Investment, IMCECA aims to promote investments and create a liberal, facilitative, transparent and competitive investment regime. The Chapter on Investment serves to strengthen cooperation in investment, improve transparency of investment rules and regulations and provide for protection of investments. It incorporates provisions designed to offer relative standards of treatment i.e. National Treatment, protection against Expropriation or Nationalization, provisions for Minimum Standard of Treatment, provisions for transfer of profit and investments, Subrogation, Reservations, and recourses to dispute settlement (investor-to-state). IMCECA purports to protect, promote and remove barriers to foreign investment flows in order to stimulate new investment flows between India and Malaysia.

BILATERAL COOPERATION

Both sides agreed to explore opportunities for bilateral economic cooperation and implement programs that would be mutually beneficial in the areas of infrastructure development, creative industries, tourism, SMEs, business facilitation, science and technology, and human resource development.

IMPLEMENTATION THROUGH JOINT COMMITTEE

After the entry into force of the CECA, a Joint Committee, aided by its Sub-Committees and Working Groups will oversee the implementation of IMCECA. This consultation structure will ensure quick disposal of issues and smooth follow up of implementation.

DISPUTE SETTLEMENT

While we neither expect nor hope that any dispute on IMCECA arises between India and Malaysia, we have nevertheless thought it prudent to prepare for such an eventuality through the provisions of the Chapter on Disputes Settlement. The provisions ensure that, in the event of a dispute, a predictable and effective framework is in place to resolve the issue as



quickly as possible. In case of any dispute, the Parties shall resolve through consultations and negotiations, failing which, they may resort to an arbitral tribunal, which shall consist of three members. Each Party to the dispute shall appoint a member and the third member who would be the Chair of the panel, shall be appointed by mutual agreement.

REVIEW OF THE AGREEMENT

A provision on Review of IMCECA stipulates that a general review of the Agreement, with a view to furthering its objectives, at ministerial level, would be undertaken within one year of the entry into force of this Agreement and, thereafter, biennially or otherwise as considered mutually appropriate.



FOR MALAYSIAN BUSINESSES

(Note : Information stated above including Customs Procedures, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Trade Remedies are also applicable for Malaysian businesses.)

KEY OUTCOMES OF THE COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA)

MARKET ACCESS - TRADE IN GOODS

The Trade in Goods Chapter is an improvement over the ASEAN-India Trade in Goods Agreement (AITiGA). Modality for tariff liberalisation for goods under MICECA is AITiGA plus, with fewer products being exempted from tariff concession (reduction or elimination) and shorter timeframe for reduction/elimination of tariffs for selected products. Malaysian manufacturers/exporters exporting goods to India from Malaysia using this MICECA will enjoy cost-savings from the elimination of customs duties thus improving the market access of their goods in India.

KEY FEATURES OF THE TARIFF LIBERALISATION

- India will eliminate or reduce tariffs gradually from the date the Agreement enters into force i.e as of 1 July 2011. The modalities of tariff elimination/reduction are as follows :
 - Normal Track 1 (NT1) : import duties on 7782 tariff lines will be eliminated by 30 September 2013, i.e. three months in advance of AITiGA.
 - Normal Track 2 (NT2) : import duties on 1275 tariff lines will be eliminated by 30 June 2016, i.e. six months in advance of AITiGA. Products include electrical and electronics, chemicals and metals.
 - Sensitive Track (ST) : import duties on 1840 tariff lines will be



reduced and capped at 5% by 30 June 2016, i.e. six months in advance of AITiGA. Products include chemicals, plastics, electrical and electronics, fabrics, and articles of iron or steel.

- Special Products (SP): Progressive tariff reduction and capped at 37.5-50% (depending on the product) by 31 December 2018.
 - Products granted better concession under SP includes :
 - Refined palm oil (RPO) to be capped at 45% by 31 December 2018 (one year earlier than AITiGA).
 - 3 palm products to be capped at 45% by 31 December 2018 (these 3 products were excluded from tariff concessions under AITiGA).
- Special Track : Progressive tariff reduction and capped at 5-10%. Timeline for reduction of tariffs range from 4 to 7 years (depending on the product). Products include hens and ducks for hatching (capped at 5%) and pineapple (capped at 10%).
- Cost savings are also derived from mutual recognition of conformity assessment, customs cooperation measures and greater transparency of trade practices. Please refer to information under the Technical Regulations, Standards and Conformity Assessment Procedures.
- Malaysian manufacturers/producers will enjoy cost savings when they source imports of raw materials and intermediate goods at a lower cost from India due to the tariff reduction/elimination. Thus, this will contribute to their overall competitiveness globally.

IMPORTANT THINGS TO KNOW

- To benefit from the lower tariff rates, exporters will need to check whether their goods are included under the tariff reduction/elimination list. This can be done by checking the product's HS Code



in the tariff concessions schedule of India.

- You may check the following website :
http://www.miti.gov.my/cms/documentstorage/com.tms.cms.document.Document_d97cfa5b-c0a8156f-37913791-a623d373/India%20schedule_Final.pdf
- Products for export must fulfil the Rules of Origin requirements under MICECA.

RULES OF ORIGIN (ROO)

The Rules of Origin (ROO) is a criterion that determines the nationality of a product. For a product to enjoy preferential treatment (tariff reduction or elimination) :

- It must be wholly obtained from the country of origin (such as fruits, vegetables, animals, minerals etc) ;
OR
- It has undergone substantial transformation in Malaysia in terms of change in tariff classification in the sub-heading at the six digit level of the HS;
AND
- meet the requirement of the percentage of contents originating from Malaysia or meeting certain process requirements. The qualifying content of the goods is not less than 35% of the FOB value. Please refer to the formula to calculate the percentage of contents.

There are 42 items listed in the Product Specific Rules (PSR). Products listed are required to comply with the rules set out under the MICECA. Products include tableware and kitchenware, wood and articles of wood, glassware and aluminium.



IMPORTANT THINGS TO KNOW

- The formula used to determine the percentage of contents are :
 - a) Direct Method :

$$\frac{\text{Originating Material Cost} + \text{Direct Labour Cost} + \text{Direct Overhead Cost} + \text{Other Cost + Profit}}{\text{FOB Price}} \times 100\% \geq 35\%$$

- b) Indirect Method :

$$\frac{\text{Value of imported non-originating materials} + \text{Value of materials of undetermined origin}}{\text{FOB Price}} \times 100\% \leq 65\%$$

F.O.B. - Free on Board Value

- F.O.B Value shall be calculated as follows :
 - a) F.O.B Value = **Ex-Factory Price + Other Costs**
 - b) **Other Costs** in the calculation of the FOB value shall refer to the costs incurred in placing the goods in the ship for export, including but not limited to, domestic transport costs, storage and warehousing, port handling, brokerage fees, service charges, et cetera.
- Formula for ex-factory price :
 - a) Ex-Factory Price = **Production Cost + Profit**
 - b) Formula for production cost :
 - i) Production Cost = Cost of Raw Materials + Labour Cost + Overhead Cost



- ii) Cost of Raw Materials shall consist of **cost of raw materials** and **cost for freight and insurance**

- iii) **Labour Cost** shall include :
 - Wages;
 - Remuneration; and
 - Other employee benefits associated with the manufacturing process

- iv) **Overhead Costs**, (non-exhaustive list) shall include, but not limited to :
 - real property items associated with the production process (insurance, factory rent and leasing, depreciation on buildings, repair and maintenance, taxes, interests on mortgage)

 - leasing of and interest payments for plant and equipment

 - factory security

 - insurance (plant, equipment and materials used in the manufacture of the goods)

 - utilities (energy, electricity, water and other utilities directly attributable to the production of the good)

 - research, development, design and engineering

 - dies, moulds, tooling and the depreciation, maintenance and repair of plant and equipment

 - royalties or licenses (in connection with patented machines or processes used in the manufacture of



the good or the right to manufacture the good)

- inspection and testing of materials and the goods
 - storage and handling in the factory
 - disposal of recyclable wastes
 - cost elements in computing the value of raw materials, i.e. port and clearance charges and import duties paid for dutiable component.
- Certificate of Origin (CoO)

In order to enjoy preferential treatment for a product exported by Malaysian companies in India, a Certificate of Origin (CoO) issued by the Ministry of International Trade and Industry, Malaysia is required.

The CoO will enable the importers in India to claim for tariff preferential treatment under MICECA.

How to apply for Certificate of Origin?

Steps :

- a) Exporters will need to check whether the goods are included under the tariff reduction list. This can be done by checking the product HS Code in the tariff concessions schedule of India for the product to be exported to India.*
- b) Check the product's eligibility under MICECA) based on India's schedules of tariff elimination/reduction.*



- c) *Product for export must fulfil the condition of the rules of origin under MICECA. For a product to enjoy preferential treatment it must be wholly obtained from the country of origin, or has undergone substantial transformation in Malaysia i.e. the product needs to either fulfil the general Rules of Origin Qualifying Value Content (QVC) of not less than 35% AND Change in Tariff Sub-Heading (CTSH) rule at the six digit level.*
- d) *For first time export of the product to India under the MICECA, manufacturers/exporters need to apply for product cost analysis to be processed by MITI. Download/get the Cost Analysis Application Forms i.e. BAK 1(a), BAK 1(b) and BAK 1(c). The forms can be obtained from :*
- i. *MITI Website - <http://www.miti.gov.my>.*
 - ii. *Service Counter (Ground Floor), Block 10, MITI, Government Offices Complex, Jalan Duta, 50622 Kuala Lumpur*
 - iii. *MITI's branch offices in respective states.*
- e) *Completed Cost Analysis application forms must be submitted to :*

*Ministry of International Trade and Industry (MITI)
Trade Cooperation and Industry Coordination Section
Ground Floor, (Service Counter), Block 10
Government Offices Complex
Jalan Duta, Kuala Lumpur*

Application must be also submitted with :

- i. *Form BAK 1(a): Details of Exporter/Manufacturer and Products*
- ii. *Form BAK 1(b): Product's Cost Analysis*
- iii. *Form BAK 1(c): Letter of Indemnity*



- iv. *A copy of the following documents :*
- *Certificate of company's registration*
 - *Invoices of raw material purchasing*
 - *Sample/photograph/products catalogue*
 - *Flow chart of production process*
- f) *A Certificate of Origin (CoO) will be endorsed by the Ministry of International Trade and Industry Malaysia once the application for cost analysis is approved. The cost analysis is valid for two years. The CoO is a certificate that can be used to satisfy the buyers/importers that the products exported originate from Malaysia. The CO form for MICECA can be purchased from the Federation of Malaysia Manufacturers (FMM) and should be submitted to MITI with relevant supporting documentation needed for endorsement.*

TECHNICAL REGULATIONS, STANDARDS AND CONFORMITY ASSESSMENT PROCEDURES

Provisions under Technical Barriers to Trade aim to address issues on technical regulation and standards. It provides the framework for product testing and requirement which serves to facilitate trade.

MICECA also provides provision for Mutual Recognition Agreement (MRA). The purpose of MRAs is to facilitate trade through recognising, or acceptance of each other's conformity assessment results e.g. test reports, certificates and inspection results, thereby not requiring them to undergo similar tests and certification in the importing country. This will save time and eliminate the cost of duplicative procedures.

SANITARY AND PHYTOSANITARY (SPS) MEASURES

Exporters are obligated to adhere to the rules and regulations on products they are exporting concerning SPS as stipulated under the MICECA. These measures are meant to protect human, animal or plant life or health.



INVESTMENT

One major benefit from MICECA is that Malaysian investors will be able to enter Indian market on a level playing field as it incorporates provisions on national treatment, protection against expropriation, minimum standard of treatment, transfer of profit and investments, subrogation and reservations.

MICECA provides enhanced protection of investors and their investment as well as avenues for dispute settlement (investor-to-state).

IMPORTANT THINGS TO KNOW

- Investment Protection
Investors are accorded fair and equitable treatment and full protection and security with regards to their investments.
- Transfers
Investors are allowed to transfer profits, capital gains, dividends, royalties, interests, earnings and remuneration freely and without delay in any freely usable currency.
- Expropriation and Compensation
Both countries are not permitted to expropriate or nationalise each other's investments unless for lawful and public purpose and with due compensation. The investor has the right to seek recourse under the dispute settlement mechanism of the agreement.

SERVICES

Under MICECA, India allows Malaysian service providers market access in the following sectors :

- Engineering Services;
- Integrated Engineering Services;
- Architectural Services;
- Urban Planning and landscape Architectural Services;



- Computer and Related Services; and
- Management Consulting Services (excluding all services relating to legal consultancy)

India has committed to allow Malaysian foreign equity shareholding ranging from 49% to 100% in 84 services sub-sectors, including in professional services, healthcare, telecommunications, retail and environmental services.

Both parties are required to ensure enhanced transparency on laws, regulations and other relevant measures affecting bilateral trade in services.

IMPORTANT THINGS TO KNOW

- Authorisation, Licensing or Qualification
Each country is required to provide recognition of the education and experience obtained, requirements met, or licences or certifications granted of a service provider for the purposes of fulfilling the standards or criteria set for the authorisation, licensing or certification of service suppliers.
- Payments and Transfers
Each country shall not apply restrictions on international transfers and payments for current transactions relating to trade in services.

MOVEMENT OF NATURAL PERSONS (MNP)

MICECA provides a dedicated chapter on MNP that facilitates the temporary entry of contractual service suppliers, independent professionals and business visitors (including potential investors) from Malaysia into India, and vice versa. Malaysian engineers, accountants and IT specialists, among others, would have easier temporary entry into India to perform contractual work.



BILATERAL COOPERATION

Areas of cooperation which Malaysia and India have agreed to undertake include, among others are infrastructure development, human resource development, science and technology, health, creative industries, tourism, small and medium enterprises, business facilitation and finance.

DISPUTE SETTLEMENT

Each country is permitted to make a request for consultations to the other Party concerning any matter on the interpretation or application of MICECA or any dispute that arises. Both countries have recourse to seek the establishment of an arbitral tribunal for resolution of any dispute.

JOINT-COMMITTEE AND SUB-COMMITTEES

A Joint Committee, Sub-Committees and Working Groups will be established under MICECA to cover: Trade in Goods, Rules of Origin; Customs Cooperation; Sanitary and Phytosanitary Measures; Technical Barrier to Trade, Trade in Services, Investment and Economic Cooperation. These institutions will oversee the implementation of MICECA.

REVIEW OF THE AGREEMENT

MICECA provides that both parties shall undertake a general review of the Agreement, with a view of furthering its objectives, at ministerial level within one year of entry into force and thereafter biennially or otherwise as considered mutually appropriate.



For further information, please contact :

CONTACTS IN GOVERNMENT OF INDIA

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com.my

Web : www.indianhighcommission.
com.my

CONTACTS IN GOVERNMENT OF MALAYSIA

*For further information on FTA,
please contact :*

MINISTRY OF INTERNATIONAL TRADE & INDUSTRY

FTA Policy and Negotiations
Coordination Division
5th Floor, Block 10
Government Offices Complex
Jalan Duta 50622
Kuala Lumpur

Tel : +603 6203 3329

Fax : +603 6201 7784

Email : allfta@miti.gov.my

Web : www.miti.gov.my

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**HIGH COMMISSION OF INDIA
KUALA LUMPUR**



**MINISTRY OF INTERNATIONAL TRADE
AND INDUSTRY, MALAYSIA**