

Implications of the TPPA for Malaysian Labour Standards

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Abstract: The Trans-Pacific Partnership Agreement (TPPA) is a new arrangement that will bring major changes to TPPA member states in various sectors particularly on the economic, trade and investment fronts. Issues arising from the TPPA are not only within the domain of trade but also involve other important aspects such as labour standards, the environment and intellectual property rights. This study focusses on labour issues. As this study highlights, a significant issue is to examine the impact of the TPPA on Malaysia's existing labour laws. Does Malaysia need to maintain the existing labour framework or would amendments to it facilitate realization of the TPPA's benefits. This review suggests that several sets of labour laws in Malaysia must be amended and that the government of Malaysia will face constraints and challenges in complying with international labour standards as provided under the TPPA.

Key words: Trans-Pacific Partnership Agreement (TPPA), International Labour Organization (ILO), International Labour Standards (ILS), labour laws, Malaysia, trade

INTRODUCTION

The Trans-Pacific Partnership Agreement (TPPA) was concluded on 5th October 2015 following decades-long negotiations on matters of international trade agreements among TPP member states. The TPPA is based on two main objectives which are to establish market-oriented international trade in various areas that could grow rapidly at the international level and reduce trade and investment barriers amongst TPPA member states (Capaldo *et al.*, 2016). Figures for 2014 show that the combined Gross Domestic Product (GDP) for TPPA member states amounted to \$28 trillion or 36% of global GDP with \$5.3 trillion contributed by the export sector representing 23% of total global exports (Petri and Plummer, 2016). TPPA member states are viewed as a unique combination of high, low and medium-income nations and at various levels of economic integration. The exclusivity of the TPPA can be seen by taking into account the main objective of economic integration within the provisions of various aspects of goods, services, investments and current critical-global issues such as the digital economy, intellectual property rights, labour and the environment (Manaf *et al.*, 2014).

The TPPA seeks to foster cooperation at the international level and is regarded as a new framework of trade agreement for the next generation although, it is still early to gauge its effectiveness. However, it will be the most valuable contribution over the long term through a new economic model. It cannot be denied that there is

much doubt and concerns over the TPPA as seen in post-negotiation statements especially in view of the various specific agendas and national priorities among TPPA member states such as Malaysia (Parra and Rollo, 2014; Petri and Plummer, 2016). Malaysia will achieve an annual GDP of \$336.9 billion. The TPPA also places labour rights as one of the main agenda and in that sense departs from previous or existing Free Trade Agreements (FTA). The chapter on labour in the TPPA was negotiated at length due to the importance of establishing certain standards which were absent in previous trade agreements (Anonymous, 2016a-c). This study focuses on the labour chapter under the TPPA and analyzes the implications of complying with its provisions for existing labour laws in Malaysia. This study addresses the gap in literature on the required changes of labour legislation in Malaysia as a consequence of Malaysia signing the TPPA.

TRANS-PACIFIC PARTNERSHIP AGREEMENT

Over the past decades trade has contributed much to enhanced economic growth and has helped increase the sustainability of states by providing businesses and consumers access to a wide variety of goods at competitive prices. Trade also stimulates competition and promotes investment and technology flows either directly or indirectly. Many countries enjoy the benefits of reduced trade tariffs as promoted by the General Agreement on Tariffs and Trade (GATT) and the World

Trade Organization (WTO) and which has aided world trade over the decades (Omar, 2016). However, in recent years, negotiations at the global level have failed and this has negatively impacted world trade. The TPPA is a regional agreement and is the first mega-regional agreement finalized by TPPA member states following more than two decades of negotiations (Anonymous, 2013). Looking at the wider objectives, TPPA negotiators sought to remove traditional barriers in international trade prior to updating the provisions of the agreement itself to enhance compatibility in order to achieve business goals and social developments. The TPPA would eliminate three-quarters of non-zero tariffs immediately after its takes effect and 99% when fully implemented.

The TPPA also sets high labor standards which require all member states to comply with labour standards as enforceable in the ILO Declaration 1998 of the International Labour Organisation (ILO) on fundamental principles and rights at work. The labour provisions in the TPPA are a direct signal requiring major changes in work practices in several countries such as Malaysia, Vietnam and Brunei which will need to amend their respective laws to allow freedom for workers association and setting a minimum wage as worker's rights. The TPPA framework provides for much more comprehensive regulations on labour and environment standards compared to earlier agreements such as the North American Free Trade Agreement (NAFTA) although, there is some resemblance to it. NAFTA has no specific provisions for labour provisions which are included in a supplementary agreement known as the North American Agreement on Labour Cooperation (NAALC) (Ferguson *et al.*, 2015).

The TPPA shows its concerns on the protection of Intellectual Property rights (IP) by strengthening the enforceability aspects. It also set new standards on IP matters such as access to telecommunications networks, banning tariffs on electronic commerce and including several restrictions on the transfer of data. It also firms up the position of State-Owned Enterprises (SOEs) as falling under international regulations to ensure that trading is conducted on commercial bases including export services and foreign investment among TPPA member states. The TPPA also has a specific chapter on trade facilitation of Small and Medium Enterprises (SMEs). Many provisions of the TPPA are subject to enforcement effects under the Dispute Settlement Mechanism (DSM) chapter. Some provisions of the TPPA are viewed on a broader scope such as labour, environment, pharmaceuticals and SOEs towards ensuring a comprehensive transformation of existing systems and this will lead to major challenges among TPPA member states (Lakatos *et al.*, 2016).

The European Union (EU) and the United States are known for their high sets of labour standards which are considered to offer the highest level of labour protection in the world. The TPPA facilitates key actors in playing their role in trading by developing a framework which not only reflects high labour standards but also strengthens their collective capacity by addressing the concerns of workers in developing countries particularly with their trading partners and investment relations with the United States and the EU. The TPPA will also broaden the market for the services and goods sectors through its strong commitment to labour aspects. In terms of market access, the TPPA will aid in the growth of the Malaysian market through global competition rather letting it lag behind (Banga, 2015).

The TPPA is also seen as a catalyst to check China's position in the global economy which has grown significantly especially through the export of goods that are cheaper and more affordable to consumers worldwide. Currently, China leads in many services sectors and has established contracts with various countries. In addition, many manufacturers of European branded goods have given licenses to produce them in China to reduce their production costs. Consequently, China has strong potential to become an economic superpower which is of some concern to the United States. Thus, the TPPA will be a new platform for the United States to moderate China's position in the global economy. However, the withdrawal of the United States from the TPPA deal by President Trump renders this argument invalid. No study has yet been conducted to assess the impact of the US withdrawal from the TPPA. Malaysia has until now not officially withdrawn from her commitment to TPPA. Some arguments in this study still refer to the US as the reason for most of the states signing the TPPA was because of the major role to be played by the US and the argument put forward by the then US President. The TPP-Side Letter Labour Consistency Plan Malaysia-United States is an example that has to be referred to in this study although, the US has withdrawn from the TPPA.

LABOUR CHAPTER IN THE TRANS-PACIFIC PARTNERSHIP AGREEMENT

One of the controversial issues involving the TPPA relates to its scope and provisions on the preservation of the rights of workers. Previously, strong proponents of worker's rights such as trade unions and Non-Governmental Organizations (NGOs) expressed their concerns that failure to protect and implement such rights including consultation of workers could lead to low employment and poor working conditions. This will cause

workers to compete for jobs under unhealthy and discriminatory employment practices (Drake *et al.*, 2015). The labour provisions in the TPPA aim to address concerns over the violation of worker's rights in terms of protection affected by the Free Trade Agreement (FTA). The TPPA and the most recent US FT as have included labour provisions in trade agreements which are subject to the procedures and processes of the DSM chapter in the TPPA agreement. The TPPA imposes several labour obligations to parties to comply with through the adoption and enforcement of laws that are consistent with fundamental principles based on ILO standards. TPPA member states are also responsible for enforcing labour laws to conform with the requirements of trade and investment. In other words, they are prohibited from setting aside or reducing the standards as stated in the agreement in order to attract trade and foreign investment (Cimino-Isaacs and Schoot, 2016).

Under the Obama administration, the TPPA required countries to take responsibility for adopting and maintaining the rights of workers in their respective domestic laws as provided in the ILO Declaration on the fundamental principles and rights at the workplace. Employees should be allowed to have trade unions, collective bargaining and freedom from forced labour and child labor and be free from any form of discrimination in employment. The TPPA aims to adopt the ILO Declaration 1998 to include the obligation of member states to enact laws and enforcement measures that are consistent with prescribed international standards. The harmonization of labour standards in the TPPA will have major implications on developing countries involved such as Malaysia, Mexico, Peru and Vietnam. A TPPA state party that fails to preserve such rights will be subjected to the processes and procedures of the DSM as stipulated under the agreement (Anonymous, 2015).

The TPPA provides that the main principle of working as stipulated by the ILO shall be adopted by maintaining domestic legislation to be in line with international labor standards. It also established a separate side letter, the labour consistency plan, between the United States and Vietnam, Malaysia and Brunei individually. This was due to concerns of the United States over labour protection issues of potential signing states. There are several impacts to be considered if domestic labour standards do not comply with the TPPA. Among them is that it will discourage the import of products from infringing states for example those allowing forced labour practices. The TPPA directly helps improve the conditions of workers by placing the obligation on member states to comply with international standards on the protection of their rights.

Specific labour rights protected under the TPPA: Protect the freedom to form unions and bargain collectively; eliminate any form of exploitative child labour and forced labour; protect against employment discrimination; require laws on acceptable conditions of work related to minimum wages, hours of work and occupational safety and health; combat trade in goods made by forced labour in countries inside and outside the TPPA; establish a transparent and responsive process in allowing labour unions, advocates and other takeholders to raise concerns regarding any TPPA country's adherence to labour commitments; includes separate and comprehensive commitments with Vietnam, Malaysia and Brunei to ensure compliance with high labour standards; Mexico is also developing its parallel labour reforms including better protecting collective bargaining and reforming its system for administering labour justice; the TPPA includes the strongest labour provisions of any trade agreement in history; the TPPA renegotiates NAFTA, putting fundamental labour rights at the core of the agreement and making those rights fully enforceable through the same type of dispute settlement as other obligations, including the option to impose trade sanctions; these rights include freedom of association, the right to collective bargaining, prohibitions on and effective elimination of child and forced labour and protection against employment discrimination. For the first time in a trade agreement, the TPPA requires countries to adopt laws on minimum wages, hours of work and occupational safety and health; with respect to Vietnam, Malaysia and Brunei who are first-time signatories to a trade agreement with the United States, the TPPA contains country-specific labour reform commitments to meet their obligations that are themselves subject to dispute settlement; the TPPA puts in place the largest expansion of enforceable labour rights in history, more than quadrupling the number of people outside the United States that are covered by enforceable labour provisions. This expansion helps make it more likely that strong labour provisions in trade agreements will become the new global standard; prevents the degradation of labour protection in export processing zones; TPPA requires each member state to establish a public submission process to allow for labour unions, advocates and other stakeholders to raise specific concerns related to adherence to the commitments under the labour chapter; by bringing enforceable commitments on fundamental labour rights into trading relationships with TPPA countries, it expands the fight for decent work around the world and creates a fairer and level playing field for American workers; full text TPP agreement (Anonymous, 2015).

IMPLICATIONS OF TPPA FOR MALAYSIAN LABOUR LAWS

Currently, TPPA member states are in the process of improving their domestic laws and labour administrations by amending related laws to maintain and protect worker's rights in line with ILO Declaration 1998. The principle of non-discrimination is applied where all sorts of injustices and discrimination will be eliminated such as forced labour and child labour and any relevant labour laws need to comply with provisions on a good working environment, right of association with trade unions, elimination of any form of discrimination in employment, safety and health at work and providing for a minimum wage and reasonable working hours. Compliance with labour standards will ensure better protection, whereby good working condition will contribute to enhanced productivity and healthy competition among workers (Rafael *et al.*, 2015).

A review of the current situation shows that Malaysia needs to amend several labour laws in order to comply with the TPPA. Malaysia would benefit in the long run because such amendments would improve public perception on Malaysian labour standards. Currently, there are loopholes and differences in local laws and practices that contradict obligations under the TPPA. The TPPA allows Malaysia to implement provisions and domestic legislation for protection based on Article 19.3.2 (Anonymous, 2015). The amendments will affect nine laws on forced labour and freedom of association. However, allowing the establishment of unions in every type of industries would have a negative impact on many employers in Malaysia (Malaysian EF, 2014) and the majority of companies do not have trade unions while employees are not allowed to be members of trade unions and practice collective bargaining (ILO, 2016). Therefore, the government is advised to examine the risks involved in allowing the right of association and how this could be managed without jeopardizing national economic and social interests.

THE TPPA AND MALAYSIAN LABOUR LAWS

The TPPA contains provisions for protecting the rights and welfare of worker's such as minimum wage and health and safety standards which have already been implemented by the government of Malaysia. Requirements for foreign workers and expatriates to enter Malaysia will be always governed by appropriate provisions under existing laws and regulations. Labour standards adopted under the labour chapter of the TPPA are advantageous to developed economies as their labour

legislations match or comply with the ILO standards. However, this is not so for, developing countries such as Malaysia, Brunei, Vietnam and Mexico whose labour rights are wholly not in line with ILO standards. TPPA member states are required to enforce the whole gamut of the labour laws. Obligations are not limited to enforcement operations but also require member states to provide a specific number of labour officers and appropriate budgets for them. Obligations under the Labour chapter of the TPPA are in relation to trade and investment practices that are subject to ILO Declaration 1998. Table 1 shows the differences between TPPA labour standards and current labour law practices in Malaysia.

MALAYSIA AS A MEMBER STATE OF INTERNATIONAL LABOUR ORGANIZATION

The Labour chapter in the TPPA explicitly provides that member states are obliged to adopt labour rights as enshrined in ILO Declaration 1998. These rights prohibit forced labour and child labour, allow freedom of association, eliminate discrimination in employment, provide for safety and health at the workplace and access to minimum wages and working hours. The ILO includes eight fundamental conventions relating to worker's rights (Table 2). The obligations of TPPA member states which ratify the fundamental conventions.

There is no single text in the TPPA that requires member states to ratify the fundamental conventions as an obligation to comply with the TPPA for trade and investment purposes. However, the TPPA adopts the ILO Declaration 1998 and its basic principles to protect the rights of workers through labour standards that must be complied with by the states. As the table shows, developed economies such as Canada, New Zealand and Japan do not ratified all the Fundamental Conventions. Chile and Peru are the only countries that have ratified all the fundamental conventions. The requirement of the TPPA that member states amend their relevant legislations to comply with ILO Declaration 1998 is intended to safeguard the welfare and rights of workers of all member countries signing the TPPA. However, the requirement of a uniform labour standards under the TPPA based on the ILO Declaration is to ensure such labour standards are complied with not as happened in as previous trade agreements that failed to protect worker's rights under the Bipartisan Agreement signed on May 10, 2007 (Drake *et al.*, 2015). An international labour standards such as the TPPA provisions is to create a level playing field among member states so that no member state

Table 1: Difference between TPPA labour standards and current labour law practice

Obligations under labour chapter of the TPPA	Current practices in Malaysia	Impact on Malaysian laws	
		Positive	Negative
Freedom of association			
Formation of many trade unions allowed in similar industry	Only one association allowed per industry	-	✓
Workers cannot be restricted to hold position in the association	Foreign workers are not allowed to hold positions in organizations unless the unions cater for foreign workers	-	✓
Workers allowed to join several trade unions	Formation of trade unions is only for similar occupation, trade and industry	-	✓
Forced labour			
Malaysia needs to eliminate any kind of forced labour and amend any labour laws allowing for forced labour	Basically Malaysia labour and anti-trafficking legislation prohibits forced labour	✓	-
Child labour			
Child labour must be eliminated and is prohibited	Malaysia allows child labour as long as the provisions in the employment (children and young persons) act 1966 is complied with	-	✓
Elimination of discrimination in employment			
Malaysia must eliminate any form of discrimination and amend any laws that discriminate against workers	Malaysia does not fully comply with this position Discrimination exists in social security legislation such as the employees social security act	-	✓
Adopt and maintain regulations relating to minimum wage, working hours, safety and health at the work place			
Malaysia must adopt and protect labour rights under these three categories	Malaysia has fulfilled these obligations by passing new legislation such as the minimum wages order. Working hours as provided in the employment Act 1955 and provisions in OSHA 1994 are in line with the ILO standards	✓	-

Study on potential economic impact of TPPA on the Malaysian economy and selected key economics sectors. Unit peneraju agenda Bumiputera and PwC advisory services Sdn Bhd (TERAJU, 2015); National interest analysis of Malaysia’s participation in the trans-pacific partnership, Institute of Strategic and International Studies (ISIS) Malaysia

Table 2: List of ratification of TPPA member states on fundamental conventions as provided by the ILO

Countries	Freedom of association		Forced labour		Discrimination		Child labour	
	C087	C098	C029	C105	C100	C111	C138	C182
United States	X	X	X	1991	X	X	X	1999
Australia	1973	1973	1932	1960	1974	1973	X	2006
Brunei	X	X	X	X	X	X	2011	2008
Canada	1972	-	2011	1959	1972	1964	X	2000
Chile	1999	1999	1933	1999	1971	1971	1999	2000
Vietnam	X	X	2007	X	1997	1997	2003	2000
Singapore	X	1965	1965	X	2002	X	2005	2001
Peru	1960	1964	1960	1960	1960	1970	2002	2002
New Zealand	X	2003	1938	1968	1983	1983	X	2001
Mexico	1950	X	1934	1959	1952	1961	2015	2000
Malaysia	X	1961	1957	1958	1997	X	1997	2000
Japan	1965	1953	1932	X	1967	X	2000	2001

Fundamental conventions, International Labour Organization (ILO) 2016

practising lower labour standards will gain advantage by employing cheap labour thus lowering prices of goods.

According to the International Trade Union Confederation (ITUC), Malaysia is in the category of countries that do not provide guarantees to protect worker’s rights. The ITUC provides a ranking of countries’ positions in relation to protection of labour rights using a global rights index. Table 3 shows the position of TPPA member states based on the index.

Table 4 shows most TPPA member states violate the rights of their employees, the only difference being the rate and level of violations. The United States is a key actor and major factor impacting the effectiveness of the TPPA as well as its main beneficiary. Based on the table above, the United States is indexed at systematically violating worker’s rights over the 2 years while Malaysia improved from no guarantee of rights to systematic violations of rights from 2015-2016. In addition, Malaysia, Indonesia, Mexico and Vietnam have a Labour Consistency Plan with the United States to amend

Table 3: Global rights index on worker's rights

2015		2016	
Countries	Ranking	Countries	Ranking
United States	4	United States	4
Australia	3	Australia	3
Canada	3	Canada	2
Chile	3	Chile	3
Singapore	3	Singapore	3
Peru	4	Peru	3
Mexico	4	Mexico	4
Brunei	Not Indexed	Brunei	Not indexed
Vietnam		Vietnam	5
Malaysia	5	Malaysia	4
Japan	2	Japan	2
New Zealand	2	New Zealand	2

Table 4: Assessment rating used by ITUC

Ratings	ITUC assessment
5+	No guarantee of rights due to the breakdown of the rule of law
5	No guarantee of rights
4	Systematic violations of rights
3	Regular violations of rights
2	Repeated violations of rights
1	Irregular violations of rights

The 2015 and 2016 ITUC global rights index (International Trade Union Confederation)

Table 5: Example of provisos related to trade union

Section and statute (TUA)	Subject matter	ILO (Convention 87)
8	Compulsory registration of trade unions	Art. 2
12(2) and (3)	Discretionary power of director general to refuse registration of trade unions	Art. 2
15	Revocation of certificate of trade union by the director general	Art. 4
17	Suspension of trade union branch by the director general	Art. 4
18	Suspension of trade union by the minister	Art. 4

relevant laws on the welfare and rights of labour. In fact, the report shows that Malaysian Labour Standards at the international level is at par with some developed countries. Based on Table 5, the pattern of trade in the TPPA is pro-US as Malaysia, Mexico, Vietnam and Brunei are required to amend some of their domestic laws specifically those on labor to protect worker's rights. This will cause problems as serious discriminatory employment exists and worker's rights are not protected in those countries, especially in regard to human trafficking (Anonymous, 2016a-c).

MAJOR ISSUES AND CHALLENGES FOR MALAYSIAN LABOUR FRAMEWORK

A country's labour force is a key factor contributing to the productivity of the economy. Effective productivity means revenues that are derived from the same source of production processes (Automotif *et al.*, 2013). The

adoption of the ILO Declaration 1998 will objectively eliminate sanctions on TPPA member states in forming trade unions (Potential effect similarly to the case of the National Union of Plantation Workers vs. Dynamic Plantations in 2002. It occurred due to discrimination of wages increase to foreign workers according to Sec 17 (1) Industrial Relations Act 1967 in Industrial Court) and enable workers to have collective bargaining (Malaysia is estimated to have lost US\$300 million from disruption in productivity by workers based on one week impact at Plantation Groups in Malaysia. Refer to Bloomberg, MAA Market Review 2014, PwC Analysis for 10 days impact on productivity disruption in automotive sector) rights. This might affect the effectiveness of productivity even though domestic laws are still applicable as resolution mechanisms. The risk of disruption of productivity is high if the government of Malaysia does not strongly address issues relating to foreign workers in the country. Illegal immigrants may be disruptive and have the potential to cause social unrest.

Malaysia also faces other challenges in complying with the Labour chapter under the TPPA as obligations on the amendment of nine laws related to labour issues. The nine legislations (Rosli *et al.*, 2015) are as follows:

- Employment Act 1955
- Trade Unions Act (TUA) 1959
- The Child and Young Persons (Employment) Act 1966
- Passport Act 1966 (the Implementation and Regulations)
- Industrial Relations Act 1967
- The Sabah Labour Ordinance (Cap 67)
- The Sarawak Labour Ordinance (Cap 76)
- Private Employment Agencies Act 1981
- Minimum Standards of Housing and Amenities Act, 1990

Among the current provisions in regard to trade unions that need amendment are:

- Duty to register trade unions
- Need union membership in the industry and similar jobs
- The discretion of the Director General (DG) and the minister for registration, suspension and revocation of the union, conditions and obstacles strike
- The right of workers to form and join trade unions
- Protection of migrant workers and social workers
- Discrimination in employment

The ILO's Committee on Freedom of Association was critical of Malaysia's position on certain labour rights and

freedom of association issues which it deemed to be contrary to ILO conventions (Hassan, 1996; 2002). As such, this can be used as the basis for amending the country's labour laws to ensure compliance with the provisions of the TPPA. ILO labour standards violated by Malaysia are mostly based on Convention No. 87 which Malaysia has as yet not ratified Table 5 provides examples of provisions related to trade unions in Malaysia which are clearly contradictory and should be amended to comply with Convention 87 of the ILO.

In addition, Malaysia is also responsible for improving and strengthening enforcement of the legal and administrative system relating to labour force issues as follows:

- Improve labour productivity source
- Improving labour inspection and monitoring systems
- Review procedures for enforcement and labour inspections
- Promote and provide training or programmes with the ILO to improve labour monitoring systems

In addition, Malaysia has to come out with effective actions to increase awareness and understanding of workers on their rights in ensuring that Malaysia meets the TPPA-Labour Standards as negotiated among its member states. The TPP-side Letter between Malaysia and the United States shows that Malaysian negotiators have compromised and decided to amend several labour laws to include obligations to be met by Malaysia as a TPPA member state. As stated in the TPP-Side Letter Labour Consistency Plan Malaysia-United States, Malaysia is responsible for amending the nine labour law legislations relating to membership in the TPPA. Malaysian negotiators action on compromising domestic policies and laws will have major implications and will be a challenge to the government of Malaysia because of the commitments and obligations involved (Ffriench-Davis *et al.*, 2013). As a result with all the amendments to Malaysian labour laws, either directly or indirectly, the Malaysian labour framework might end up following and be influenced by developed economies labour standards based on the ILO Declaration 1998 as adopted by the TPPA. The trends and patterns of Malaysian labour laws will face changes and will apply to both foreign and local workers in regard to the establishment of trade unions. The issue is whether Malaysia will be influenced by the developed economies labour standards or will adopt a framework that is appropriate for both countries.

CONCLUSION

TPPA member states would mostly benefit in economic terms from the agreement. However, the several

challenges in the labour framework should be addressed immediately in order to ensure that Malaysia will comply with the obligations under the TPPA's Labour chapter of TPPA that are in line with the provisions of the ILO Declaration 1998. There will be positive and negative impacts on labour laws in Malaysia particularly on the major issues of association and collective bargaining. The government of Malaysia will face some issues in allowing foreign workers to establish unions and the possibility of foreign workers holding high positions in existing trade unions will be a new and big challenge on how to accommodate their rights through specific arrangements. The implementation of the TPPA will result in the abrogation of several provisions on existing Malaysian legislation on trade unions and industrial relations which clearly provide discretionary powers to the executive. This scenario will be completely new to the current culture and the political system of this country. Over the long term, the TPPA has the potential to have significant and positive impact on the government of Malaysia through the amendments to labour laws and in transforming the country's labour administrative systems. However, over the short term there will be some negative impacts as amendments will have to be made to several labour laws in compliance with ILO Declaration 1998. In total there are nine legislations related to labour issues which should be taken into account for amendment and this will surely contribute to direct and indirect costs as Malaysia seeks to comply with obligations under the TPPA.

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