



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

MEDIA RELEASE

US-CHINA TRADE CONFLICT

It is a real concern that in recent months, we have seen the spectre of protectionism on the rise. The protectionist measures started when the US initiated investigations in 2017 under the auspices of its Trade Act of 1974 and Trade Expansion Act of 1962. The US-China trade conflict began on 22 January 2018 when the US imposed the global safeguard measures on solar panels and washing machines. Tensions further escalated when the US invoked section 232, Trade Expansion Act of 1962 and imposed additional tariffs against aluminium and steel imports on national security grounds. These actions have resulted in numerous announcements and actions by China—retaliating against the measures taken by the US.

Trade conflict is never a beneficial move for any country simply because trade restrictions and retaliatory measures would hurt everyone, especially small countries. The conflict has not only affected the US and China but also sparked retaliatory measures by many other aggrieved countries. Among the retaliatory measures are safeguard investigations launched by European Union (EU) in March 2018 on 23 iron and steel products and followed by Turkey against numerous iron and steel products in May 2018. It did not stop there as Canada too is considering both quotas and tariffs to stop a spike in imports of foreign steel being diverted from the US. Looking at this upsetting trend, a vicious protectionist cycle will ensue and pose a threat to world trade.

Countries should halt the spread of protectionism and instead, be actively engaged in finding amicable solutions and resolving trade issues through multilateral dialogue such as the World Trade Organisation (WTO). This is to ensure that trade policies can be effective in strengthening the multilateral trading system. Hence, the Malaysian Government will continue to work with all countries to ensure that protectionism is not the preferred path in any country's policy formulation. Malaysia will also highlight our concerns at the ASEAN and APEC fora.



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With a view to monitor and coordinate the feedback from various stakeholders against the backdrop of escalating US-China's trade conflict, Ministry of International Trade and Industry (MITI) has established a task force in July 2018 with the aim to monitor and assess the developments of the US-China trade conflict and well as formulate strategies to mitigate the impact of trade protectionism. The task force will also act as a focal point for stakeholders to present their views, comments, and feedback.

Companies operating in Malaysia are encouraged to reach out to this task force on any challenges they are facing due to the on-going trade tension. The task force can be reached at taskforce.tc@miti.gov.my.

18 July 2018

Ministry of International Trade and Industry

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About MITI:

The Ministry of Commerce and Industry was established in April 1956 then was renamed as The Ministry of Trade and Industry in February 1972. On 27 October 1990, the Ministry was separated into two Ministries which are; Ministry of International Trade and Industry (MITI) and Ministry of Domestic Trade and Consumer Affairs (KPDN).

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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