



US CUTS MALAYSIA TARIFF TO 19% FROM 25%; MITI TO MAINTAIN MOMENTUM ON INDUSTRIAL REFORMS AND MARKET DIVERSIFICATION

The Ministry of Investment, Trade and Industry (MITI) acknowledges the decision by the United States (US) Government to **reduce its reciprocal tariff on Malaysian exports from 25% to 19%, effective 1 Aug 2025**. The Malaysia-United States (US) tariff negotiations – which began on 6 May 2025 – were officially concluded on 31 July 2025.

This positive outcome follows **sustained engagement between both governments** through various bilateral platforms and reflects the **high degree of Malaysia–US complementarity in trade and investment** for over 60 years. The 19% rate roughly tracks the rate of other countries in the Southeast Asian region. **Most importantly, Malaysia had stood firm on various ‘red line’ items, and the 19% tariff rate was achieved without compromising the nation’s sovereign right to implement key policies to support the nation’s socio-economic stability and growth.** MITI views this reduced rate as a **significant achievement of Malaysia’s thorough and methodical negotiating process.**

MITI Minister, YB Tengku Datuk Seri Utama Zafrul Abdul Aziz said: “This decision by the United States reflects the strong and enduring economic ties between our two nations. It is also a testament to **Malaysia’s credibility as a reliable trade and investment partner.** We **thank our counterparts in the US especially the US Trade Representative’s Office and the Department of Commerce** for their constructive cooperation and support throughout the negotiation process.”

The Ministry of Investment, Trade & Industry (MITI) has been working closely with agencies like Bank Negara Malaysia (BNM) to estimate the impact of different tariff levels on Malaysia's GDP. In managing the 19% tariff impact, MITI will:

- Continue to work closely with relevant Ministries and agencies to find ways to **mitigate the impact of tariffs on Malaysia's exports;**
- Encourage **exporters to make full use of Malaysia's 18 Free Trade Agreements (FTAs) to diversify and expand their export markets;**
- **Continue its industrial reform programmes** – as stipulated by key policies such as the New Industrial Master Plan 2030, Green Investment Strategy and the National Semiconductor Strategy – to **help Malaysian companies transform** their operations by **enhancing efficiency, embracing automation, and boosting overall productivity;** and
- Explore ways on how the Government could **continue to support Malaysian companies, especially the small and medium enterprises (SMEs),** in adjusting to the new 'baseline' tariff rate.

The **global economic outlook** has increasingly become more **uncertain since March 2025**, besieged by **shifting trade policies, tariff uncertainties, and rising geopolitical tensions**. As an open, trading economy, Malaysia's growth prospects are closely linked to these external risks. Nonetheless, MITI has repeatedly shared that **Malaysia is facing these risks and headwinds from a position of strength and resilience, as domestic demand remains robust, thanks to ongoing policy support as well as industrial and economic reforms that have sustained private consumption.**

"MITI will continue to work closely with stakeholders to maximise the opportunities from this development, including the **strong momentum in approved investments**, driven by **ongoing infrastructure projects**, a **consistent realisation rate of over 85% for approved investments**, as well as **catalytic national development initiatives**. We remain committed to defending Malaysia's trade interests while fostering mutually beneficial partnerships with key economies, including the United States. Malaysia **will also continue to pursue its industrial**

reform and strategic trade diversification initiatives to support the nation's growth," continued Tengku Zafrul.

MITI would like to take this opportunity to **thank all parties who were involved in the negotiation process**, particularly the Prime Minister himself, YAB Dato' Sri Anwar Ibrahim, the Prime Minister's Office, various Ministries and Agencies, the American-Malaysian Chamber of Commerce (AMCHAM), the US-ASEAN Business Council (USABC), as well as representatives from think tanks and industry. They were instrumental in finalising Malaysia's best offer to the US. In the coming months, **MITI, the relevant Ministries and Agencies** will be conducting **targeted outreach programmes on the implementation of the revised tariff rate for Malaysian exports to the US market**.

MITI looks forward to strengthening the bilateral trade and investment relations with the US, Malaysia's biggest export market, valued at RM198.65 billion, as well as biggest source of foreign investments, with approved investments valued at RM32.82 billion in the year 2024.

MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

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[About MITI:](#) 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 helping to achieve the country's stated goal of becoming a developed nation.

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