

Malaysia's chip sector safe from US tariff revisions for now – Anwar

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Malaysia's semiconductor industry will not be affected by the United States' revised 100 percent tariff rate on chips for now, Prime Minister Anwar Ibrahim said.

The New Straits Times reported him saying that companies affected by the tariffs were either American firms or those that would continue investing and producing in the US.

"Many of you brought up anxieties about the tariffs on semiconductors this morning. Before this, we were exempted.

"Most of these companies are American companies or companies that will continue their investments and production in America.

"As of now, I think there is no effect. It's just that there are a few that are excluded from the tariff conditions," Anwar was reported saying in his closing address at the first Budget 2026 engagement session in Putrajaya.

Anwar added that the government is monitoring the tariff situation.

Govt seeks clarity on US policy

Earlier, Investment, Trade and Industry Minister Tengku Zafrul Abdul Aziz said that the government will hold discussions with several American companies under the American Malaysian Chamber of Commerce (Amcham), after US President Donald Trump proposed a 100 percent tariff on imported semiconductor chips.

Zafrul said that Trump had implied that the tariff would be imposed on companies that are not building in the US or in the process of doing so.

“(However), many companies based in Malaysia that export to the US also have facilities in the US - so we want to seek clarity from the US administration on what exactly it means by ‘companies that need to reinvest or invest more heavily in the US’.

“For example, companies like Intel or Texas Instruments - they have many suppliers among our local SMEs (small and medium enterprises).

“The potential impact (of the tariffs) on Malaysia’s semiconductor supply chain is substantial (so) we need more clarity from the US. Even the US companies based

in Malaysia are seeking answers,” he added during the Minister Question Time in Parliament today.

New tariff rate

Earlier today, it was reported that Trump had said the new tariff rate would apply to “all chips and semiconductors coming into the US”, but would not apply to firms that had made a commitment to manufacture in the US.

Noting that the move, if realised, will have major implications, especially for key exporting countries like Malaysia, Zafrul said his ministry is in constant contact with the US Trade Representative and Department of Commerce to ensure policy clarity and stability.

Previously, a new 19 percent tariff rate was imposed on Malaysia, a six percentage point reduction from the 25 percent reciprocal tariff announced in July.

Zafrul had earlier said the agreement, effective Aug 1, was achieved after “months of intense but thorough as well as methodical negotiations” without Malaysia conceding on its “red lines” in key areas.

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