

# TALKS WITH U.S. RAISE HOPES OF TARIFF CUTS

**But negotiations still in preliminary stage, says PM**

**KUALA LUMPUR**

**T**HE United States has agreed to further trade negotiations with Malaysia, with the possibility of reducing the previously imposed tariffs.

Prime Minister Datuk Seri Anwar Ibrahim said discussions with the US government were still in the early stage and no final agreement had been reached.

"I would like to emphasise that this process is still at a preliminary stage, with no agreement yet finalised by either side," he said during a special sitting of the Dewan Rakyat yesterday.

Anwar, who is finance minister, said all discussions with the US were bound by a non-disclosure agreement, in line with international practice for negotiations involving strategic and sensitive matters.

"Any policy proposals requiring approval will undergo a thorough review process, including at the cabinet level and, if necessary, be tabled in Parliament."

Anwar dismissed the US's claim that Malaysia had imposed a 47 per cent tariff on American imports. He said the US based its calculation on the ratio of its trade deficit with Malaysia to total imports in 2024.

"This claim was used as the basis to impose a retaliatory 24 per cent tariff on Malaysia — a 50 per cent reduction from the purported 47 per cent tariff imposed by Malaysia on US imports.

"Such a calculation does not reflect the actual tariff level and lacks sound economic grounding.

"In reality, the average tariff imposed on US goods imported into Malaysia is only 5.6 per cent as acknowledged by the Office of the US Trade Representative in its 2025 National Trade Estimate Report on Foreign Trade Barriers of the President of the US on the Trade Agreements Programme, published on March 31."

Anwar added that although the situation was fluid, it was in-



*Prime Minister Datuk Seri Anwar Ibrahim and Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Aziz arriving at Parliament yesterday for the special session on the United States tariff. BERNAMA PIC*

creasingly unlikely that the government will meet the 2025 Budget's gross domestic product (GDP) growth projection of between 4.5 and 5.5 per cent.

He said the Finance Ministry and Bank Negara Malaysia were studying the impact of the tariffs and will revise the GDP growth forecast once there is greater clarity on the Trump administration's tariff policies and the outcome of negotiations with the US.

On April 2, US President Donald Trump announced a baseline 10 per cent tariff on all imports into the US, with higher rates for selected countries, including a 145 per cent tariff on Chinese goods.

Trump, on April 9, announced a 90-day pause on tariffs for most countries after acknowledging that the move had unsettled markets, but maintained the higher rates against China. Anwar said Malaysia was actively exploring new trade markets to reduce reliance on any single major partner.

He said the effort was initiated by his administration over the past year through Asean and engagements with key leaders from Gulf countries, China and BRICS.

"These efforts are bearing fruit. For instance, exports to Asean countries rose 4.2 per cent and exports to the European Union increased 2.6 per cent.

"In 2024, exports to non-traditional markets also surged significantly, including Egypt by 53.6 per cent, Pakistan by 29 per cent and Cambodia by 30.1 per cent."

Anwar said the figures reflected the success of ministers' overseas visits and the government's commitment to avoiding overdependence on any one market.

He reiterated a previous statement that Asean will not retaliate against the US, opting instead to resolve the tariff issue through diplomatic negotiations.

He said the regional bloc remains firmly committed to fostering strong and sustainable ties with the US, which is Asean's largest source of foreign direct investment and second-largest trading partner.

Anwar said member states had expressed their full support for Malaysia, as Asean chair, in forming a collective regional voice and presenting a united front as a major economic bloc in negotiations with the US.

