

YAB PRIME MINISTER'S MEDIA TALKING POINTS ON THE UNITED STATES RECIPROCAL TARIFFS

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Venue : -

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Assalamualaikum wbt dan Salam Malaysia MADANI.

1. On 2 April, the United States announced sweeping tariffs affecting its imports from almost the entire world.
2. Malaysia is among those affected. From 5 April, every Malaysian product shipped to the US will face at least a 10 percent duty; from 9 April, most will face a 24 percent rate, with some exemptions.
3. As an open trading nation, Malaysia deems the unilateral decision on reciprocal tariffs as a major threat to the current global trade and investment system.
4. The MADANI government firmly holds the view that imposition of additional tariffs on every country that trades with the United States

constitutes a rejection of the principles of free, non-discriminatory, predictable and open trade under the World Trade Organization. This very organization was established by, among others, the US itself in 1948 through the General Agreement on Tariffs & Trade (GATT).

5. As one of the United States' largest trading partners in this region and as a major destination of US-based foreign direct investment, the mid-to-long-term impact will be challenging. These tariffs have also impacted almost every other trade and investment partner of Malaysia and will likely hit global economic growth.

6. While some exemptions partially shield semiconductors, which is Malaysia's largest export category to the US, nevertheless, these new tariffs will still adversely impact many of our Malaysian industries including textiles, furniture, rubber and plastics.

7. The MADANI government understands the concerns, anxieties and difficulties faced by the workers, manufacturers and businesses in these sectors, and we affirm our determination to overcome and adapt to this challenge.

8. Make no mistake, we are taking these tariffs seriously because it challenges the fundamental principle of nondiscrimination underpinning global trade rules. Further, it strikes at the heart of Malaysia's identity as a proud nonaligned trading nation, affecting the livelihoods and economic security of countless Malaysians who depend upon open and fair access to international markets.

9. We refute the claim by the US authorities that Malaysia has imposed a 47% tariff on US imports into Malaysia. The basis for calculating this tariff is fundamentally flawed, which has inaccurately resulted in Malaysia being imposed a reciprocal tariff of 24%.

10. Yet, our response will be calm, firm and guided by Malaysia's strategic interests. Our goal is clear. We are fully committed to securing a favourable resolution that preserves vital market access, attracts continued foreign investment, and supports the well-being of Malaysian workers and businesses. Malaysia will not introduce retaliatory tariffs.

11. In the spirit of maintaining positive and progressive relations with all trading partners, the MADANI government will engage constructively with the US to safeguard vital market access, preserve investor confidence and secure fair outcomes for our exporters. In short, we must find a mutually acceptable, fair and equitable solution to this problem.

12. Some of these efforts are already underway. Our trade and foreign ministries are analysing impacts in detail, running simulations, consulting stakeholders across industries and communicating directly with US government counterparts as well as American firms which have long operated in Malaysia.

13. If the 24% tariff were implemented, from an economic perspective, the 2025 GDP growth projection of 4.5 – 5.5% will need to be reviewed. However, for now, let me reassure you that the Government does not foresee a recession in Malaysia. Our economy remains resilient. Our

macroeconomic foundations remain strong including our robust household spending, strong domestic investment, healthy tourism receipts, and the continued implementation of national masterplans. Our sound economic fundamentals, therefore, will enable us to weather this challenge from a position of strength and preparedness.

14. Our trade is built upon a diversified network of regional and global partnerships consolidated over many years – including through ASEAN, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Comprehensive Economic Partnership (RCEP), and ongoing negotiations with the European Union and deepening ties across the Global South.

15. The Government has taken several initial steps to address the impact of tariffs, including the establishment of the National Geo-economic Command Centre (NGCC), which I chair.

16. Within this coming week, MITI will submit an in-depth study on the impact of tariffs on several export sectors to the US. The MITI Minister will also hold a virtual meeting with all ASEAN Economic Ministers, to prepare a coordinated ASEAN response.

17. An impact study on specific sectors will be carried out to determine the form of support for sectors that will be severely impacted by the implementation of tariffs. All options will be studied and considered to ensure the wellbeing of our people and business sectors.

18. The MADANI government will also accelerate our economic and industrial reform agenda – as outlined by master plans such as the New Industrial Master Plan 2030 (NIMP 2030), the National Energy Transition Roadmap (NETR) and others – to build the long-term resilience of Malaysia’s economy and industry.

19. At the regional level, we will strengthen our collaboration with our ASEAN neighbours. ASEAN nations are amongst the countries hit with the highest US tariffs. Malaysia, as ASEAN Chair, will lead efforts to present a united regional front, maintain open and resilient supply chains, and ensure ASEAN’s collective voice is heard clearly and firmly on the international stage.

20. We must acknowledge that this round of sweeping tariffs may just be the beginning of greater challenges to come in the external economy. We must all be mentally prepared to weather the potential storm ahead and work together as a nation to safeguard our continued prosperity. But this government stands ready to address and mitigate them. We will do this, not alone and not confrontationally but in collaboration with friends and partners, and constructively.

21. Rest assured, the MADANI government will continue to prioritize the interests of Malaysia, our people, businesses and exporters.

22. Thank you. Wabillahitaufik walhidayah. Assalamualaikum wbt.

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