



# Macro News

## Trumps' Tariffs

President Donald Trump's newly announced "reciprocal tariff" policy targets over 180 countries, including many of Malaysia's key trade partners, under an aggressive strategy to counter what the U.S. deems unfair trade practices. The policy imposes new tariffs roughly half the rate that foreign countries allegedly apply to U.S. goods—including non-tariff barriers and currency manipulation. While this shift may disrupt global trade flows, Malaysia faces comparatively limited direct impact from U.S. tariffs. However, broader consequences from tariffs on key partners like China, the EU, and ASEAN nations may indirectly affect Malaysia's economy. Export-oriented sectors such as electronics, palm oil, and rubber products are particularly exposed.

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### Impact on Malaysia and Its Trading Partners

The U.S. reciprocal tariff policy introduces a 10% baseline tariff, escalating for countries with high trade barriers. While Trump positions this as a fair-trade correction, the policy risks disrupting deeply interconnected global supply chains.

Malaysia, although included in the scope, is not a primary target of the most punitive U.S. tariffs. Its tariff exposure is relatively moderate compared to larger economies like China, the EU, and even some ASEAN peers such as Vietnam and Thailand. This gives Malaysia a window of relative stability, though it does not shield the country from broader global trade spillovers.

### Key Malaysia Trade Partners Facing Higher U.S. Tariffs:

- **China (54%):** A central hub for Malaysia's supply chains. High tariffs on China may reduce demand for Malaysian components integrated into Chinese exports.
- **EU:** Significant investor and trade partner. Tariffs could slow capital flows and technology exchange into Malaysia.
- **Japan & South Korea:** Tech-heavy economies deeply integrated with Malaysia's electronics and automotive supply chains.
- **ASEAN:** Vietnam and Thailand may face more aggressive tariffs, potentially leading to regional competition shifts that could either benefit or pressure Malaysia's export sectors.

### Malaysian Sectors Likely to Be Impacted

1. **Electrical & Electronics (E&E)**
  - **Why:** Malaysia's top export, with major exposure to the U.S., China, and regional hubs.
  - **Impact:** Supply chain slowdowns and demand shifts could affect chipmakers and component exporters.
2. **Palm Oil**
  - **Why:** Malaysia exports directly and indirectly to the U.S. and other tariff-affected markets.
  - **Impact:** New trade frictions may limit access, amplify protectionist sentiments, and increase global competition.




3. Rubber Products (e.g., Gloves)
  - Why: Malaysia is a dominant exporter, especially to the U.S.
  - Impact: Tariff exposure is limited, but demand could soften if U.S. substitutes or reshuffles sourcing.
4. Machinery & Equipment
  - Why: High-tech and industrial exports to the U.S. could be affected by cost-sensitive buyers.
  - Impact: Tariffs may lower demand or divert trade to lower-cost producers.
5. Textiles & Apparel
  - Why: Small but exposed industry, especially if regional peers like Vietnam are targeted more heavily.
  - Impact: May gain short-term advantage, but faces long-term competitiveness risks.

Malaysia's direct exposure to Trump's reciprocal tariffs is less severe compared to larger economies or even some ASEAN peers. However, the second-order effects from trade slowdowns, supply chain shifts, and investment redirection could still significantly impact Malaysia's economy. Policymakers are likely to focus on regional integration, trade diversification, and industrial upgrading to navigate these headwinds. Malaysia's relative insulation may offer short-term breathing room—but not immunity—from the broader challenges posed by a more protectionist global trading environment.



**APPENDIX: List of US Reciprocal Tariffs** (Source: White House, CNBC News)

	<h1>Reciprocal Tariffs</h1>	<b>Tariffs Charged to the U.S.A.</b> <small>Including Currency Manipulation and Trade Barriers</small>	<b>U.S.A. Discounted Reciprocal Tariffs</b>
Country			
China		67%	34%
European Union		39%	20%
Vietnam		90%	46%
Taiwan		64%	32%
Japan		46%	24%
India		52%	26%
South Korea		50%	25%
Thailand		72%	36%
Switzerland		61%	31%
Indonesia		64%	32%
Malaysia		47%	24%
Cambodia		97%	49%
United Kingdom		10%	10%
South Africa		60%	30%
Brazil		10%	10%
Bangladesh		74%	37%
Singapore		10%	10%
Israel		33%	17%
Philippines		34%	17%
Chile		10%	10%
Australia		10%	10%
Pakistan		58%	29%
Turkey		10%	10%
Sri Lanka		88%	44%
Colombia		10%	10%



## Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
Moldova	61%	31%
Angola	63%	32%
Democratic Republic of the Congo	22%	11%
Jamaica	10%	10%
Mozambique	31%	16%
Paraguay	10%	10%
Zambia	33%	17%
Lebanon	10%	10%
Tanzania	10%	10%
Iraq	78%	39%
Georgia	10%	10%
Senegal	10%	10%
Azerbaijan	10%	10%
Cameroon	22%	11%
Uganda	20%	10%
Albania	10%	10%
Armenia	10%	10%
Nepal	10%	10%
Sint Maarten	10%	10%
Falkland Islands	82%	41%
Gabon	10%	10%
Kuwait	10%	10%
Togo	10%	10%
Suriname	10%	10%
Belize	10%	10%



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Kuwait	10%	10%
Togo	10%	10%
Suriname	10%	10%
Belize	10%	10%



Reciprocal Tariffs		
Country	Tariffs Charged to the U.S.A. including Country Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
Maldives	10%	10%
Tajikistan	10%	10%
Cabo Verde	10%	10%
Burundi	10%	10%
Guadeloupe	10%	10%
Bhutan	10%	10%
Martinique	10%	10%
Tonga	10%	10%
Mauritania	10%	10%
Dominica	10%	10%
Micronesia	10%	10%
Gambia	10%	10%
French Guiana	10%	10%
Christmas Island	10%	10%
Andorra	10%	10%
Central African Republic	10%	10%
Solomon Islands	10%	10%
Mayotte	10%	10%
Anguilla	10%	10%
Cocos (Keeling) Islands	10%	10%
Eritrea	10%	10%
Cook Islands	10%	10%
South Sudan	10%	10%
Comoros	10%	10%
Kiribati	10%	10%

Reciprocal Tariffs		
Country	Tariffs Charged to the U.S.A. including Country Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
São Tomé and Príncipe	10%	10%
Norfolk Island	58%	29%
Gibraltar	10%	10%
Tuvalu	10%	10%
British Indian Ocean Territory	10%	10%
Tokelau	10%	10%
Guinea-Bissau	10%	10%
Svalbard and Jan Mayen	10%	10%
Heard and McDonald Islands	10%	10%
Reunion	73%	37%

Source: White House, CNBC News



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