



# Reduction of US Tariffs on Malaysia: Prospects of Improvement in Malaysia–US Ties

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## **Reduction of US Tariffs on Malaysia: Prospects of Improvement in Malaysia–US Ties**

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### **KEY TAKEAWAYS**

- The reduction of Trump's reciprocal tariffs on Malaysia's trade with the United States represents a positive outcome that is part of the wider, ongoing efforts of the Anwar Ibrahim government to improve bilateral relations.
- It also indicates some success in Anwar's substantial efforts to enhance the image of Malaysia in US policy circles.
- Furthermore, these efforts may reflect Anwar's non-aligned policy of ensuring that Malaysia's relations with China, which are on an upswing, would not be perceived unfavourably by the Trump administration.

### **COMMENTARY**

On 2 April 2025, US President Donald Trump announced sweeping tariffs on trade across the globe. As the United States has a [trade deficit](#) with Malaysia which stood at US\$24.9 billion in 2024, Malaysia initially faced [24%](#) US tariffs. This was raised to [25%](#) in early July 2025. However, on 1 August 2025, which was the deadline to [reach a trade deal with Washington](#), US tariffs on Malaysia were [scaled down](#) to 19%.

This development not only represents a breakthrough for Malaysia in negotiating a reduction in US tariffs but is also a sign of improvement in Malaysia–US relations. This positive outcome has emerged from wider and ongoing efforts by the Anwar Ibrahim government to bolster ties with the United States that had been strained during the Biden administration. Furthermore, efforts to improve these ties ensure that Malaysia maintains non-aligned and balanced relations with both the United States and China.



The reduction in US tariffs marks a breakthrough for Malaysia and signals improvement in Malaysia–US relations. *Image source: Hafiz343, [CC BY-SA 4.0](#), via Wikimedia Commons.*

## Negotiating Trade Deals and Anwar's US Policies

As Malaysia–US ties had gone sour owing to differences over issues such as the Israel– Hamas conflict in Gaza, Anwar has been eager to reverse this downward spiral in view of the strategic importance of the United States to Malaysia in security and trade. However, this has been a challenging task for Anwar. One reason is that the Israeli lobby has considerably undermined Malaysia's position in the United States. Despite efforts by successive Malaysian ambassadors in Washington, as well as US-based multinationals with substantial investments in Malaysia, KL's relations with the White House have not been stable or rewarding in Malaysian eyes.

Consequently, Anwar has invested substantial efforts in trying to improve Malaysia's image in US policy circles. This had begun during the Biden administration, when the Anwar administration openly supported the need for [strong security and trade relations](#) between both countries.

Subsequently, the considerable uncertainties over Trump's policies in his second presidency, such as his tariffs on trade, provided further impetus for Anwar to make concerted efforts to improve Malaysia–US relations. In this regard, as US tariffs could undermine Malaysia's [trade links and economic ties with countries such as China](#), Malaysian Minister for Investment, Trade, and Industry (MITI) Tengku Zafrul Aziz led a delegation to Washington in [April](#) and [June](#) this year to negotiate a suitable trade deal to reduce tariffs. The urgency in Anwar's diplomatic activism towards the United States to reduce the tariffs was further evinced when he directly [called](#) Trump on 31 July 2025 before the 1 August 2025 deadline to reach a trade deal.

Malaysia's eventual success in achieving a reduction in US tariffs was paralleled and buttressed by the positive atmospherics arising from Anwar's diplomatic activism in utilising Malaysia's role as the ASEAN chair in 2025 to [promote ties with the United States through multilateral means](#). Indeed, when US Secretary of State Marco Rubio and Malaysian Foreign Minister Mohamad Hasan met during the 58th ASEAN Foreign Ministers' Meeting (AMM) held in Kuala Lumpur in July, both sides [expressed their commitment to enhance security and trade ties](#). Also, Anwar had relied on Malaysia's role as ASEAN chair to foster cooperation with the Trump administration by [brokering a ceasefire](#) following the Thai–Cambodia border clashes in July 2025.

Nonetheless, the gains in Anwar's diplomatic activism to seek better prospects in ties with the United States are not without their drawbacks. For example, on 19 August

2025, in response to a query from a Pakatan Harapan (PH) Member of Parliament (MP) about inviting Trump to the ASEAN Summit in October 2025 despite the ongoing conflict in Gaza, Malaysian Foreign Minister Hasan reportedly sought to [defend](#) the invitation, stating that Malaysia as ASEAN chair has to invite Trump. He added that the invitation is not about agreeing with US foreign policy as the summit is an avenue to confront the United States directly regarding the atrocities in Gaza.

An implication of Hasan's defence is that while Anwar has actively sought to build up the image of Malaysia in US policy circles, the Anwar government must also protect its image domestically by maintaining a politically correct distance from the United States. Issues such as the Gaza conflict remain a sensitive and charged topic in Malaysia. The Anwar administration would not want to be perceived as being too friendly with the United States as this could further erode Anwar's legitimacy among Malay-Muslim constituents.

### **Ensuring Balanced Relations with the United States and China**

Anwar's policy of seeking better prospects in ties with the United States should also be understood in the wake of the increased publicity given to the heightened diplomatic activism between Malaysia and China over the past three years that signifies an upswing in bilateral ties. This diplomatic activism has led to commitments from both countries to deepen bilateral cooperation, for example, through substantial Chinese involvement in infrastructure investments in Malaysia, trade, and Malaysia's bid to eventually become a member of the BRICS bloc.

For Beijing, such diplomatic activism towards Malaysia presents opportunities to portray China as a more reliable partner in promoting trade, multilateralism, and regional security, in contrast to Trump's unilateral and isolationist policies. This portrayal continues to be [exhibited](#) by China through the Shanghai Cooperation Organisation (SCO) Summit in Tianjin and the subsequent military parade at Tiananmen Square in early September 2025 to deepen relations with Malaysia and other countries attending these events. In turn, Anwar's attendance at these events is an opportunity to continue boosting Malaysia-China relations.

However, these developments may be perceived by the Trump administration as being incongruent with US interests. For one, Trump criticised Chinese President Xi Jinping's visit to Cambodia, Vietnam, and Malaysia in April 2025 as an attempt to [upset](#) the position of the United States. Moreover, the Trump administration is wary of countries that serve as conduits for exporting goods of Chinese origin to the United States. Furthermore, Trump has threatened action against BRICS as he considers it [a threat to US economic hegemony](#).

Given these circumstances, it is not inconceivable for the Trump administration and US policy circles to use tools such as the imposition of tariffs to pressure Malaysia to adopt more favourable policies towards the United States. Not surprisingly, Malaysia sought to put in considerable diplomatic efforts, including negotiating a suitable trade deal, to strengthen its relations with the United States without compromising ties with China.

In other words, to allay perceptions that Malaysia has been inclining too closely towards China, Anwar's policy to bolster relations with the United States is a signal to the latter that Malaysia continues to adhere to a non-aligned policy that emphasises balanced and positive relations with all powers, including the United States and China.

## **Conclusion**

Overall, Malaysia's negotiations with the United States on the reduction of reciprocal tariffs are part of the wider, ongoing diplomatic activism by Anwar to build relations with the United States after a period of strain. Malaysia's ability to secure a reduction in US tariffs while strengthening ties with the United States bilaterally and multilaterally via ASEAN indicates some level of success in Anwar's policy to foster better prospects in ties with the United States. It also points to Anwar's policy of seeking balanced relations with both China and the United States based on the principles of non-alignment. Moving forward, whether Anwar can maintain such a balanced relationship between these two powers will be a key issue to watch in Malaysia's navigation of the US–China rivalry.

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