

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND MALAYSIA ON RECIPROCAL TRADE

Preamble

The Government of the United States of America ("United States") and the Government of Malaysia ("Malaysia") (hereinafter referred to individually as "a Party" and collectively as "the Parties"),

EMPHASIZING their shared values, including their shared commitment to sovereignty, economic prosperity, and resilient supply chains;

RECOGNIZING the bonds of friendship and cooperation between them, in particular in their trade and investment relations, as reflected in the Trade and Investment Framework Agreement between the Government of the United States and the Government of Malaysia;

INTENDING to enhance reciprocity in their bilateral trade relationship by addressing tariff and non-tariff barriers; and

SEEKING to strengthen their commercial relationship through increased alignment on national and regional economic security matters,

HAVE AGREED as follows:

Section 1. Tariffs and Quotas

Article 1.1. Tariffs

1. Malaysia shall apply a rate of customs duty (1) on originating goods of the United States as set out in Schedule 1 to Annex I.

(1) Customs duty includes any duty or charge of any kind imposed on or in connection with the importation of a good, and any surtax or surcharge imposed in connection with such importation, but does not include any— (a) charge equivalent to an internal tax imposed consistently with Article III:2 of GATT 1994; (b) fee or other charge in connection with the importation commensurate with the cost of services rendered; or (c) antidumping or countervailing duty applied pursuant to a Party's law.

2. The United States shall apply a revised reciprocal tariff rate on originating goods of Malaysia as set out in Schedule 2 of Annex I.

Article 1.2. Quantitative Restrictions

Malaysia shall not impose quantitative restrictions on imports of originating goods of the United States except in accordance with the General Agreement on Tariffs and Trade 1994 (GATT 1994).

Section 2. Non-Tariff Barriers and Related Matters

Article 2.1. Import Licensing

Malaysia shall not apply import licensing (2) to U.S. originating goods in a manner that restricts the importation of such goods. Malaysia shall ensure that any non-automatic import licensing that it applies is applied only to administer an underlying measure, and in a manner that is transparent, nondiscriminatory, and not unduly burdensome, and that does not reduce the competitiveness of U.S. exports.

(2) For greater certainty, “import licensing”, “automatic import licensing”, and “non-automatic import licensing” have the same meanings as provided in the WTO Agreement on Import Licensing Procedures.

Article 2.2. Technical Regulations, Standards, and Conformity Assessment

1. The Parties recognize their existing rights and obligations with respect to each other under the World Trade Organization (WTO) Agreement on Technical Barriers to Trade. Malaysia shall allow U.S. originating goods that comply with applicable U.S. or international standards, U.S. technical regulations, or U.S. or international conformity assessment procedures to enter its territory without additional conformity assessment requirements. In doing so—

(a) Malaysia shall accord to the conformity assessment bodies of the United States treatment no less favorable than that it accords to its own bodies; and

(b) Malaysia shall facilitate the acceptance of U.S. compliance procedures for goods that are not subject to third-party conformity assessment in the U.S. regulatory framework.

2. Malaysia shall ensure that technical regulations, standards, and conformity assessment procedures are applied in a non-discriminatory manner and do not operate as disguised restrictions on bilateral trade, and shall remove existing technical barriers to trade in areas that undermine reciprocity, including requirements for duplicative or unnecessary testing or conformity assessment.

Article 2.3. Agriculture

Malaysia shall provide non-discriminatory or preferential market access for U.S. agricultural goods as set forth in this Agreement. In doing so—

(a) Malaysia shall ensure that its sanitary and phytosanitary (SPS) measures are science- and risk-based and do not operate as disguised restrictions on bilateral trade, and shall remove unjustified SPS barriers in areas that undermine reciprocity.

(b) Malaysia shall not enter into agreements or understandings with third countries that include non-scientific, discriminatory, or preferential technical standards or third-country SPS measures that are incompatible with U.S. or international standards; or otherwise disadvantage U.S. exports.

Article 2.4. Geographical Indications

Malaysia shall ensure transparency and fairness with respect to the protection or recognition (3) of geographical indications, including pursuant to an international agreement to which Malaysia is a party. Malaysia shall only protect or recognize a term that identifies a good as a geographical indication where there is a given quality, reputation, or other characteristic of the good that is essentially attributable to its geographical origin.

(3) For greater certainty, Malaysia shall not protect or recognize a predetermined list of geographical indications.

Article 2.5. Cheese and Meat Terms

Malaysia shall not restrict U.S. market access due to the mere use of the individual cheese and meat terms listed in Annex II.

Article 2.6. Intellectual Property

Malaysia shall provide a robust standard of protection for intellectual property. (4) Malaysia shall provide effective systems for civil, criminal, and border enforcement of intellectual property rights and shall ensure that such systems combat and deter the infringement or misappropriation of intellectual property, including in the online environment. Malaysia shall prioritize and shall take effective criminal and border enforcement actions against copyright and trademark infringements.

(4) For purposes of this Agreement, “intellectual property” refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. Further, for purposes of this Agreement, the protection of intellectual property includes matters related to technological protection measures and rights management information.

Article 2.7. Services

This Agreement incorporates, mutatis mutandis, any commitment concerning trade in services that Malaysia has made or hereafter makes in a trade agreement to any third country, jurisdiction, or economy. This Article shall not apply to any commitment to the Association of Southeast Asian Nations (ASEAN) under any ASEAN trade or investment agreement.

Article 2.8. Good Regulatory Practices

Malaysia shall adopt and implement good regulatory practices as set out in Article 2.21 of Annex III that ensure greater transparency, predictability, and participation throughout the regulatory lifecycle.

Article 2.9. Labor

1. Malaysia shall adopt and implement a prohibition on the importation of goods mined, produced, or manufactured wholly or in part by forced or compulsory labor. Malaysia may acknowledge U.S. government determinations on entities under Section 307 of the Tariff Act of 1930 and shall take appropriate action to prohibit importation of goods from those companies. The Parties shall cooperate by sharing best practices on the development and enforcement of forced labor import prohibitions, as appropriate. Malaysia shall implement the obligations in this paragraph within two years of the date of entry into force of this Agreement.

2. Malaysia shall protect internationally recognized labor rights. (5) This includes by adopting or maintaining such rights in its domestic law and practice, and effectively enforcing its labor laws, including by creating or maintaining necessary institutions to protect labor rights. Malaysia shall establish and effectively apply appropriate legal sanctions for violations of those laws. Malaysia shall not weaken or reduce the protections in its labor laws and shall address any such weakening or reduction that has been made to encourage trade or investment to date. (6) In addition, Malaysia shall address issues related to labor rights that contribute to non-reciprocal trade.

(5) For purposes of this paragraph, internationally recognized labor rights include those in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), as amended in 2022; a prohibition on the worst forms of child labor; and acceptable conditions of work with respect to minimum wages and hours of work.

(6) For greater certainty, the scope of this paragraph includes special economic zones, including export processing zones, or sector-specific laws or regulations that have lesser labor protections than the overall economy.

Article 2.10. Environment

Malaysia shall adopt and maintain environmental protections, effectively enforce its environmental laws, uphold or institute, as necessary, strong environmental governance structures, and address environment-related issues that contribute to non-reciprocal trade.

Article 2.11. Customs and Trade Facilitation

Malaysia shall facilitate technology solutions that allow for full pre-arrival processing, paperless trade, and digitalized procedures for the cross-border movement of goods.

Article 2.12. Border Measures and Taxes

1. Malaysia shall coordinate and endeavor to align its border measures applicable to third-country imports with relevant border measures that the United States may adopt in the future, such as border-adjusted tax measures or other border measures, to combat regulatory arbitrage that would disadvantage U.S. workers and businesses.

2. No Party shall contest at the WTO a measure adopted by the other Party to rebate or to refrain from imposing direct taxes in relation to exports from that Party.

3. Malaysia shall not impose value-added taxes that discriminate against U.S. companies in law or in fact.

Section 3. Digital Trade and Technology

Article 3.1. Digital Services Tax

Malaysia shall not impose digital services taxes, or similar taxes, that discriminate against U.S. companies in law or in fact.

Article 3.2. Facilitation of Digital Trade

Malaysia shall facilitate digital trade with the United States, including by—

(a) refraining from measures that discriminate against U.S. digital services or U.S. products distributed digitally; (7)

(7) For greater certainty, Malaysia has the right to regulate in the public interest.

(b) ensuring the cross-border transfer of data by electronic means across trusted borders, with appropriate protections, for the conduct of business; and

(c) endeavoring to collaborate with the United States to address cybersecurity challenges and matters of mutual interest, which may include exchanging information on threats and best practices, promoting the use of relevant international standards, and understanding capacity-building activities.

Article 3.3. Digital Trade Agreements

Malaysia shall consult with the United States before entering into a new digital trade agreement with another country that jeopardizes essential U.S. interests.

Article 3.4. Market Entry Conditions

1. Malaysia shall not impose any condition or enforce any undertaking requiring U.S. persons to transfer or provide access to a particular technology, production process, source code, or other proprietary knowledge, or to purchase, utilize, or accord a preference to a particular technology, as a condition for doing business in its territory.

2. Nothing in this Article shall—

(a) preclude the inclusion or implementation of terms and conditions related to the provision of source code in commercially negotiated contracts;

(b) preclude a Party from requiring that access be provided to software used for critical infrastructure, to the extent required to ensure the effective functioning of critical infrastructure, subject to safeguards against unauthorized disclosure;

(c) preclude a Party from requiring the modification of source code of software necessary for that software to comply with laws or regulations which are not inconsistent with this Agreement;

(d) apply to government procurement;

(e) preclude a regulatory body or judicial authority of a Party from requiring a person of another Party to preserve and make available the source code of software, or an algorithm expressed in that source code, to the regulatory body for a specific investigation, inspection, examination, enforcement action, or judicial proceeding, subject to safeguards against unauthorized disclosure; or

(f) apply to a Party's measures adopted or maintained for prudential reasons.(8)

(8) The Parties understand that the term "prudential reasons" includes the maintenance of the safety, soundness, and integrity or financial responsibility of individual financial service suppliers as well as the safety and financial and operational integrity of payment and clearing systems.

Article 3.5. Customs Duties on Electronic Transmissions

Each Party shall not impose customs duties on electronic transmissions, including content transmitted electronically, and shall support multilateral adoption of a permanent moratorium on customs duties on electronic transmissions at the WTO. For greater certainty, this Article does not preclude a Party from imposing internal taxes, fees, or other charges on electronic

transmissions, including content transmitted electronically, provided that those taxes, fees, or charges are imposed in a manner consistent with Articles I and III of the GATT 1994 or Articles II and XVII of the WTO General Agreement on Trade in Services (GATS).

Section 4. Rules of Origin

Article 4.1. General Provision

The Parties intend for the benefits of this Agreement to accrue substantially to them and their nationals. If benefits of this Agreement are accruing substantially to third countries or third-country nationals, a Party may establish rules of origin necessary to achieve the Parties' intention for this Agreement.

Section 5. Economic and National Security

Article 5.1. Complementary Actions

1. If the United States imposes a customs duty, quota, prohibition, fee, charge, or other import restriction on a good or service of a third country and considers that such measure is relevant to protecting the economic or national security of the United States, the United States intends to notify such measure to Malaysia for the purpose of economic and national security alignment. Upon receiving such notification from the United States, Malaysia shall adopt or maintain a measure with equivalent restrictive effect as the measure adopted by the United States or agree to a timeline for implementation that is acceptable to both Parties, to address a shared economic or national security concern, guided by principles of goodwill and a shared commitment to enhancing bilateral relations between the United States and Malaysia.

2. Malaysia shall adopt and implement measures, in accordance with its domestic laws and regulations, to address unfair practices of companies owned or controlled by third countries operating in Malaysia's jurisdiction that result in—

(a) the export of below-market price goods to the United States;

(b) increased exports of such goods to the United States;

(c) a reduction in U.S. exports to Malaysia; or

(d) a reduction in U.S. exports to third-country markets.

3. Malaysia shall adopt, through its domestic regulatory process, similar measures of equivalent restrictive effect as those adopted by the United States to encourage shipbuilding and shipping by market economy countries. The Parties shall discuss the structure and effect of such measures, recognizing the Parties' commitment to address shared economic or national security concerns in the shipbuilding and shipping sector.

Article 5.2. Export Controls, Sanctions, Investment Security, and Related Matters

1. Malaysia shall, through its domestic regulatory process, cooperate with the United States to regulate the trade in national security-sensitive technologies and goods through existing multilateral export control regimes, align with all unilateral export controls in force by the United States, and ensure that its companies do not backfill or undermine these controls.

2. Malaysia shall cooperate with the United States, in a manner consistent with applicable requirements of domestic laws and regulations, with a view to restricting transactions of its nationals with individuals and entities included in the U.S. Department of Commerce Bureau of Industry and Security Entity List (Supplement 4 of Part 744 of the Export Administration Regulations), as well as the U.S. Department of the Treasury Office of Foreign Assets Control Lists of Specially Designated Nationals and Blocked Persons List (SDN List) and the Non-SDN Consolidated Sanctions List.

3. Malaysia shall explore the establishment of a mechanism to review inbound investment for national security risks, including in connection with critical minerals and critical infrastructure, consistent with widely accepted international best practices, and shall cooperate with the United States on matters related to investment security.

4. If the United States determines that Malaysia is cooperating to address shared national and economic security issues, the United States may take such cooperation into account in administering its domestic laws and regulations pertaining to export controls, investment reviews, and other measures.

Article 5.3. Other Measures

1. The United States shall work with Malaysia to streamline and enhance defense trade.
2. Malaysia shall, in accordance with its domestic laws and regulations, adopt and effectively enforce measures to combat transshipment and other practices to evade or circumvent duties applied by the United States. Malaysia shall enter into a duty evasion cooperation agreement with the United States.
3. If Malaysia enters into a new bilateral free trade agreement or preferential economic agreement with a country that jeopardizes essential U.S. interests, the United States may, if consultations with Malaysia fail to resolve its concerns, terminate this Agreement and reimpose the applicable reciprocal tariff rate set forth in Executive Order 14257 of April 2, 2025.
4. Malaysia shall not purchase any nuclear reactors, fuel rods, or enriched uranium from certain countries, except where there are no alternative suppliers on comparable terms and conditions.

Section 6. Commercial Considerations and Opportunities

Section 6.1. Investment

1. With respect to the central level of government, Malaysia shall, in accordance with its laws and regulations, facilitate and promote investment by the United States in sectors including critical minerals, energy resources, power generation, telecommunications, transportation, and infrastructure services.
2. The United States shall work through U.S. institutions such as the Export-Import Bank of the United States (EXIM Bank) and the U.S. International Development Finance Corporation (DFC), if eligible, to consider supporting investment financing in critical sectors in Malaysia in collaboration with U.S. private sector partners, consistent with applicable law.
3. Malaysia shall facilitate, to the extent practicable, approximately USD70 billion in job-creating investment, including greenfield investment, in the United States over the next 10 years.

Article 6.2. Commercial Considerations

1. Malaysia shall ensure that its State-Owned or -Controlled Enterprises (SOEs) operating in its market, when engaging in commercial activities—

- (a) act in accordance with commercial considerations in their purchase or sale of goods or services; and
- (b) refrain from discriminating against U.S. goods or services.

Malaysia shall refrain from providing non-commercial assistance or otherwise subsidizing its goods-producing SOEs, except for the achievement of their public service obligations. Malaysia shall ensure a level playing field for U.S. companies in Malaysia's market with respect to SOEs of third countries.

2. Upon the written request of the United States, Malaysia shall provide non-confidential (9) information regarding all forms of non-commercial assistance or subsidies that it provides to a manufacturing enterprise in its territory, and shall take action to address the distortive impacts of those subsidies and support mechanisms that may materially affect bilateral trade and investment with the United States.

(9) For purposes of this paragraph, "non-confidential information" means information other than confidential information, and "confidential information" means information that relates to a specific enterprise and is protected under the laws and regulations of Malaysia.

Article 6.3. Purchases

Malaysia intends to purchase, or to facilitate the purchase by Malaysian companies, of originating goods of the United States, as set out in Annex IV.

Section 7. Implementation, Enforcement, and Final Provisions

Article 7.1. Recognition of Existing Rights and Obligations

The Parties recognize their rights and obligations under the WTO agreements, including provisions of those agreements that

reflect a WTO member's sovereign rights to protect essential security, address unfair trade practices, and pursue other public policy objectives.

Article 7.2. Entry Into Force

This Agreement shall enter into force 60 days after the date on which the Parties have exchanged written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree.

Article 7.3. Modifications and Amendments

Either Party may request reasonable modifications to any provision of this Agreement. The other Party shall consider such modifications in good faith. The Parties may agree, in writing, to amend this Agreement. An amendment to this Agreement shall enter into force 60 days after the date on which the Parties exchange written notification of the completion of their respective applicable legal procedures or on such other date as the Parties may agree. An amendment shall not affect the rights and obligations of the Parties provided for under this Agreement until the amendment enters into force.

Article 7.4. Enforcement

1. Nothing in this Agreement shall constrain, or otherwise prevent, a Party from imposing additional tariffs to remedy unfair trade practices, to address import surges, to protect its economic or national security, or for other similar reasons consistent with its domestic law.

2. If a Party considers that the other Party has not complied with a provision of this Agreement, the Party may review the terms of this Agreement and take action in accordance with applicable domestic law. A Party shall, when practicable, with a view to finding a mutually satisfactory solution, notify and seek consultations in good faith with the other Party prior to taking any action.

Article 7.5. Termination

Either Party may terminate this Agreement by written notification to the other Party. Termination shall take effect 180 days after the date of the notification.

Article 7.6. Annexes, Appendices, and Footnotes

The annexes, appendices, and footnotes to this Agreement constitute an integral part of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Kuala Lumpur, this 26th day of October, 2025.

For the Government of the United States of America

Donald. J. Trump

President

For the Government of Malaysia:

Anwar Ibrahim

Prime Minister

Annex IV. Purchases and Investment

A. PROCUREMENT

1. Aircraft

- Purchase by Malaysia Aviation Group (MAG) of 30 Boeing aircraft plus a purchase option for 30 additional aircraft.

2. Security Equipment

- Purchase of security equipment valued at USD67 million.

3. Liquefied Natural Gas (LNG)

- Purchase by Petronas of three million tonnes per year (MTPA) of U.S. LNG valued at approximately USD2.04 billion per year.
- Potential purchase of an additional two MTPA, valued at approximately USD1.36 billion.

4. Semiconductors, Aerospace Components & Equipment, and Data Center Equipment

- For a period of five years, from 2025 to 2029, purchase by Malaysian multinational companies (MNCs) of semiconductors, aerospace components and equipment, and data center equipment from U.S. companies with an estimated value of USD150 billion, as set out in Appendix 1.5.

Coal

- Tenaga National Berhad (TNB) has an active two-year Coal Purchase Contract with a U.S. coal supplier, with an estimated contract value of USD42.55 million per year.

6. Telecommunication • Purchase by Telekom Malaysia of U.S. products and services with an estimated value of USD119 million.

B. INVESTMENT

1. Manufacturing

- Potential investments in various sectors, including manufacturing and manufacturing-related services, valued at USD66 million.

2. Capital Fund

- Pursuant to Article 6.1.3, capital investment of USD70 billion over the next 10 years (on average USD7 billion annually).