

# 100% Semiconductor Tariffs Threaten Malaysia’s Tech Trade Exposure

## Policy Announcement

On **6 August 2025**, the US announced plans to impose **100% tariff on imported semiconductors**, with the policy set to take effect on **1 November 2025**. The move is intended to bring semiconductor manufacturing back to US soil and reduce reliance on foreign supply chains — a core element of the administration’s broader “America First” agenda.

Of note, companies that commit to domestic production are expected to receive exemptions. Notably, Apple secured an exemption after committing an additional USD100 billion in US manufacturing, bringing its total domestic investment pledge to USD600 billion<sup>1</sup>.

## Malaysia’s Export Significance and Vulnerability

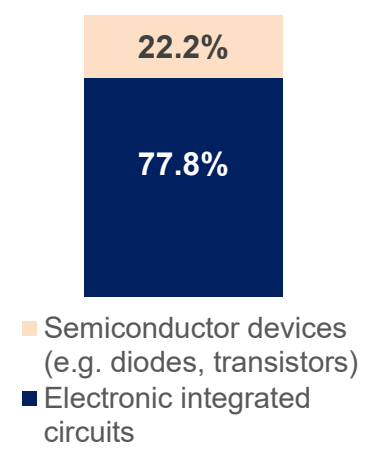
Malaysia is a **critical global hub for semiconductor assembly, testing, and packaging** — particularly in the back-end segment of the value chain. In 2024, **semiconductor exports totalled RM 387.98 billion**, accounting for **64.5%** of Malaysia’s total Electrical & Electronics (E&E) exports.<sup>1</sup> Given the scale of exposure, the proposed 100% US tariff could pose a significant threat to Malaysia’s export competitiveness.

Top Markets for Malaysia's Semiconductor Exports (2024)\*

Rank	Export partner	% of Total Semiconductor Exports
1	Singapore	21.8
2	Hong Kong SAR	15.6
3	US	14.5
4	China	13.8
5	Taiwan	10.1
6	Viet Nam	4.9

\*Data extracted from UN COMTRADE, based on Malaysia’s 2024 exports of semiconductor-related products, including electronic integrated circuits, diodes, transistors, and similar devices.

Breakdown of Malaysia's Semiconductor Exports to the US (2024)



*Electronic integrated circuits are mainly used in computers, smartphones, telecom, and industrial systems.*  
*Semiconductor devices (e.g. diodes, transistors) support power management, signal processing, and consumer electronics.*

Sources: UN Comtrade, BMMB Economics

1 Investors Business Daily - [Apple Stock Rises On Company's New U.S. Investment Commitment](#), 7 Aug 2025  
2 MATRADE Press Release – [Malaysia Deepens Semiconductor Market Reach at SEMICON SEA 2025](#), 23 May 2025.

# 100% Chip Tariff Seen as Strategic Pressure to Onshore Production — No Case for BNM Easing in Upcoming MPC

## Malaysia's Export Exposure to the US

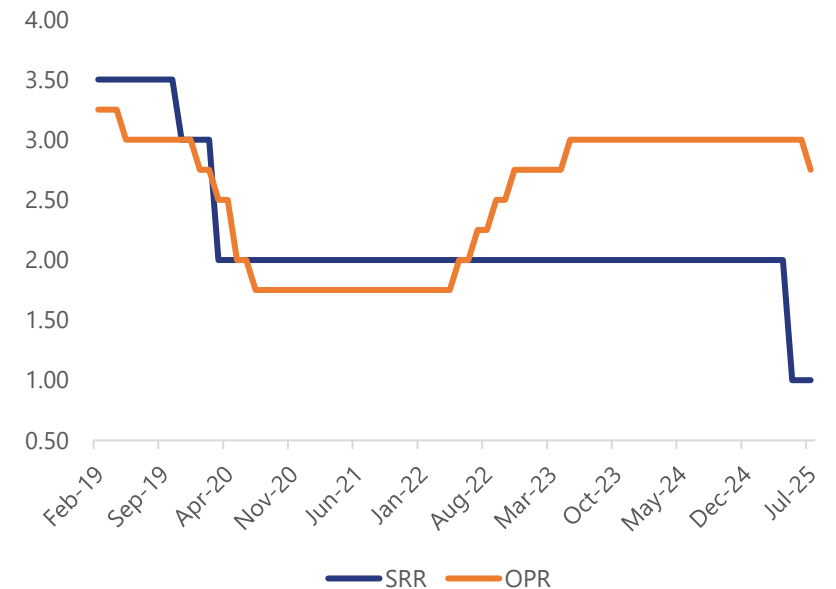
The US accounts for **14.5%** of Malaysia's total semiconductor exports, making it one of the country's largest markets after Singapore and Hong Kong. The bulk of these exports are **high-value integrated circuits** and related components widely used in electronics and data infrastructure. While Malaysia previously secured an exemption from the earlier 19% reciprocal tariff, the **current measure appears unilateral and more sweeping in scope**, with potential to override past concessions.

## Our take

While **no formal executive order has been issued**, the 100% tariff announcement appears to us as **strategic lever to pressure global manufacturers to localize production in the US**. We will continue to monitor developments ahead of the proposed implementation date of **1 November 2025**, as further negotiation or clarification — including exemptions — may still materialize.

If enacted as planned, the tariff could **dampen external demand going into 2026**, particularly for semiconductor-related exports. However, for the remainder of 2025, Malaysia's growth momentum remains supported by domestic drivers. At this juncture, **we see no case for monetary easing at BNM's upcoming MPC** meeting in September, as the central bank is expected to maintain a steady policy stance while assessing global risks and domestic growth momentum.

OPR & SRR (%)



Sources: CEIC, BMMB Economics