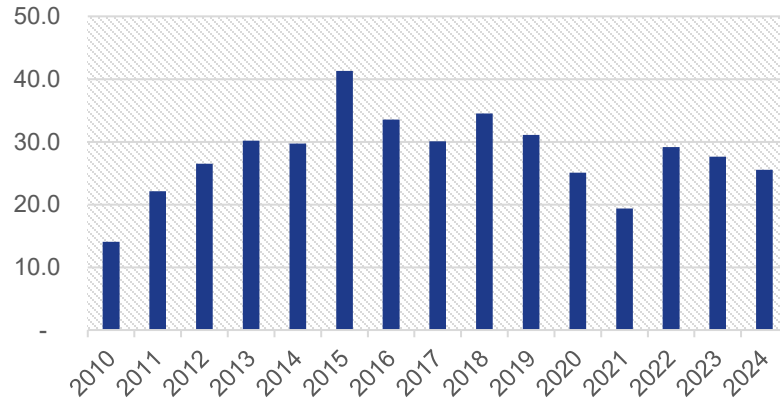
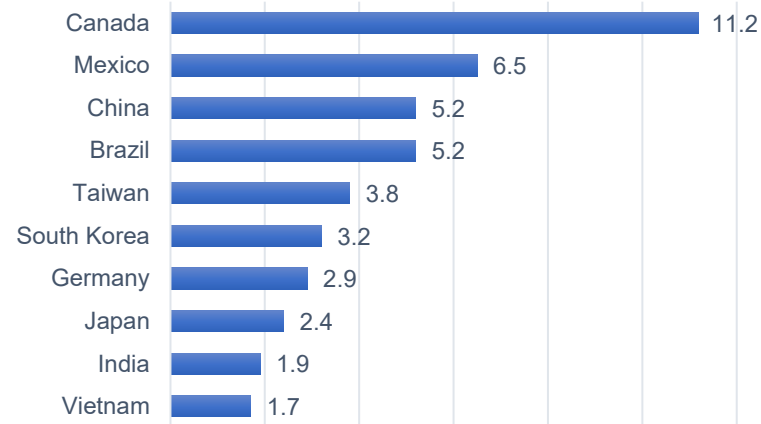


## Trump's Metal Shock: 50% Tariffs Take Effect

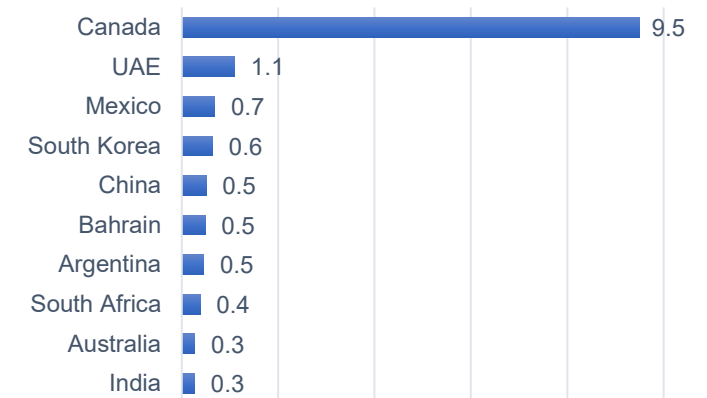
US Imports of Steel Products  
(Million metric tonne)



US Imports of Steel, by Origin  
(USD billion, 2024)



US Imports of Aluminum, by Origin  
(USD billion, 2024)



Sources: DOSM, Bloomberg, CEIC

On 3 June 2025, President Donald Trump signed an executive order to **raise tariffs on imported steel and aluminum from 25% to 50%**, marking a sharp escalation in US trade protectionism. The tariff increase, made under the authority of **Section 232 of the Trade Expansion Act of 1962**, officially came into effect on **4 June 2025**. The administration framed the decision as a necessary move to protect national security by ensuring the sustainability of domestic metals production. The tariffs apply broadly across **most US trading partners, with only the United Kingdom granted a temporary exemption** under a bilateral arrangement signed earlier in May 2025. Under this agreement, UK exports will continue to face a 25% tariff, subject to review in July.

The countries directly impacted by the new 50% tariff include:

- Canada – the largest aluminum supplier to the US
- Mexico – a key regional partner with significant steel export flows
- China – a primary focus due to long-standing concerns over subsidies and overcapacity
- Japan, South Korea, India, Australia, and the European Union

# Malaysia's Exposure and Mitigation Strategies

The impact of Trump's 50% steel and aluminum tariffs on Malaysia is **likely to be limited in direct terms**, but **potentially material through indirect channels**, especially as global trade flows adjust. We assess the risks and opportunities through two key perspectives:

## 1 Direct Export Exposure: Limited and Manageable

Malaysia's direct steel and aluminum exports to the US are **modest in scale**, accounting for a small fraction of total metal exports. Based on 2024 trade data:

- Iron & steel, and non-ferrous metals (including aluminum) exports to the US stood at **approximately RM2.99 billion, accounting for around 0.2% of our total exports**.

These represent a **small share of Malaysia's overall exports** and are unlikely to significantly disrupt national trade or sector-level performance.

## 2 Supply Chain Relocation and Risk of Regional Dumping

As major exporters like **China, Japan, and South Korea** face steep US tariff barriers, they may redirect excess steel and aluminum to alternative markets such as Southeast Asia, where trade restrictions are relatively low. Malaysia is particularly **exposed to such spillovers due to its reliance on imported steel**, especially in flat products such as coils and sheets that are not fully produced domestically. This raises the risk of import surges or dumping, where excess supply enters the local market at low prices, potentially distorting competition. Domestic steel players such as **Ann Joo Resources, Southern Steel, and CSC Steel**—already operating on thin margins—could face heightened competitive pressure, price undercutting, and capacity underutilisation.



## Mitigating measures: Malaysia's Anti-Dumping Measures on Tinplate Imports

In May 2025, Malaysia's Ministry of Investment, Trade and Industry (MITI) imposed **definitive anti-dumping duties** on imports of flat-rolled products of iron or non-alloy steel clad, plated, or coated with tin (commonly referred to as **tinplate**) **originating from China, India, Japan, and South Korea**. The decision followed an investigation initiated in August 2024 in response to a petition by domestic manufacturer Perusahaan Sadur Timah Malaysia Bhd (Perstima), which alleged that the imports were being **sold at prices below fair market value**, resulting in material injury to the local industry. The duties, which are in effect from 11 May 2025 to 10 May 2030, range as follows:

- **China:** 4.48% to 20.42%
- **India:** 27.88%
- **Japan:** 15.74% to 36.80%
- **South Korea:** 21.60% to 35.43%

# Steel Price Crunch: Who's Hurting and Why

Snapshot of leading Malaysian steel producers under market strain



## Ann Joo Resources Bhd

One of Malaysia's top long steel producers, Ann Joo slipped into losses (RM109m in 1Q2025) due to weak prices and competition from cheap Chinese imports. While not directly hit by Trump's tariffs, trade diversion has hurt domestic margins. Recovery is expected in 2H2025 as local infrastructure picks up.



MALAYSIA STEEL WORKS (KL) BHD

## Malaysia Steel Works Bhd

Specializing in billets and rebars, Masteel is among the top producers in Malaysia. The company has faced challenges due to the influx of cheaper steel imports, which have pressured domestic prices and margins.



LION INDUSTRIES CORPORATION

## Lion Industries Corp Bhd

One of Malaysia's largest steel producers, Lion Group has significant crude steel capacity. The company has been affected by the oversupply in the region, leading to price suppression and margin pressures.



CSC STEEL HOLDINGS BERHAD

## CSC Steel Holdings Bhd

A major flat steel producer, CSC Steel reported a 49.5% drop in net profit for the nine months ended September 2024, attributed to the lifting of anti-dumping duties on galvanized steel imports from China and Vietnam. This policy change led to a surge in cheaper imports, intensifying competition in the domestic market.



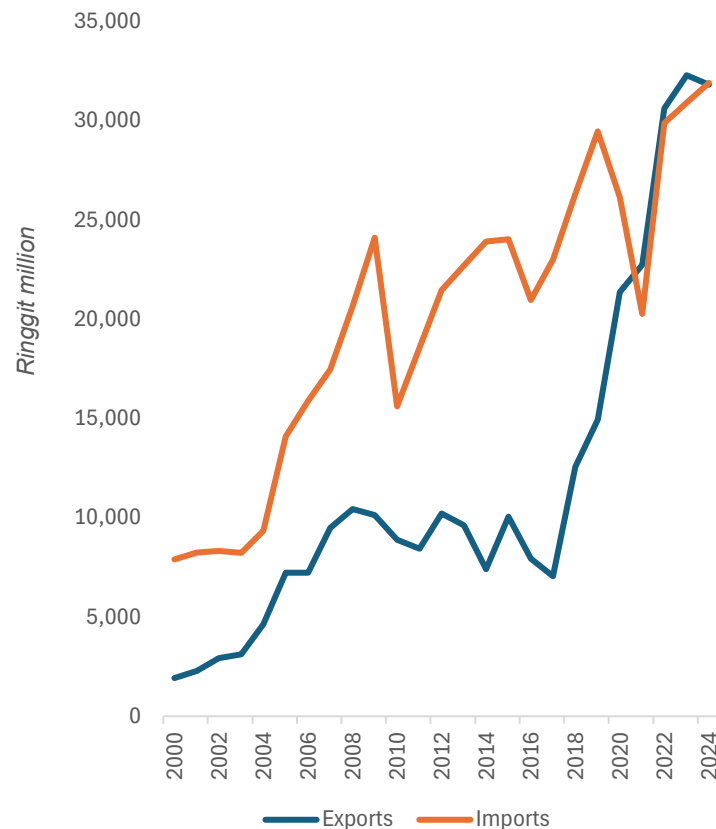
## Strategic Outlook

To navigate the challenges posed by excess Chinese steel and aluminum supply, Malaysian steel companies may consider:

- 1. Product Diversification:** Focusing on value-added and specialized steel products to differentiate from low-cost imports.
- 2. Operational Efficiency:** Streamlining operations to reduce costs and improve margins.
- 3. Market Expansion:** Exploring export opportunities in markets less saturated by Chinese steel.
- 4. Policy Engagement:** Collaborating with government bodies to advocate for protective measures against unfair trade practices.

## Appendix: Malaysia's Steel Trade Statistics and Policy Tools

Malaysia's Export and Import of Steel Products

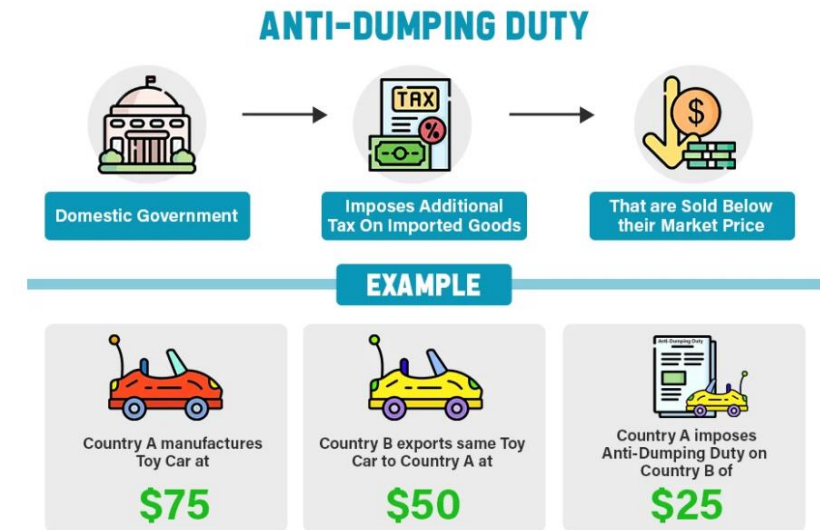


Top Sources of Malaysia's Iron & Steel Imports (2024)

Country	Million MYR	% Share
China	9,160	29.4%
Japan	4,210	13.5%
South Korea	3,424	11.0%
Taiwan	3,238	10.4%
Vietnam	3,052	9.8%
Indonesia	2,867	9.2%
Singapore	1,530	4.9%
Thailand	898	2.9%
India	638	2.1%
Australia	411	1.3%

Sources: DOSM, CEIC

Graphical representation of Malaysia's anti dumping duty



Sources: Luxmetal.com