



MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

# MALAYSIA - UNITED STATES

## MERCHANDISE TRADE RELATIONS



2025



MALAYSIA TRADE STATISTICS REVIEW (MTSR)

Published by:

**Department of Statistics Malaysia,**

Block C6 & C7, Complex C,

Federal Government Administrative Centre,

62514 Putrajaya,

**MALAYSIA**

Tel.	:	03-8885 7000
Fax	:	03-8888 9248
Portal	:	<a href="https://www.dosm.gov.my">https://www.dosm.gov.my</a>
Facebook / X / Instagram / Youtube	:	StatsMalaysia
Email	:	info@dosm.gov.my (general enquiries) data@dosm.gov.my (data request & enquiries)

Published on 29<sup>th</sup> December 2025

Malaysia External Trade Statistics can be accessed here



**All rights reserved**

No part of this publication may be reproduced or distributed in any form or by any means or stored in data base without the prior written permission from Department of Statistics Malaysia. Users reproducing content of this publication with or without adaptation should quote the following:

"Source: Department of Statistics Malaysia"

# Contents

	<b>Page</b>
<b>i. Key Review</b>	<b>2</b>
<b>ii. Introduction</b>	<b>3</b>
<b>iii. Trade Relations Between Malaysia The United States In Electrical &amp; Electronical Products</b>	<b>7</b>
<b>iv. Seeing Beyond Borders: Malaysia's Optical &amp; Scientific Trade With The United States</b>	<b>19</b>
<b>v. Malaysia's Machinery, Equipment &amp; Parts Trade With The United States</b>	<b>29</b>
<b>vi. Charting The Journey Of Malaysia's Rubber Products Exports To The United States</b>	<b>39</b>
<b>vii. Malaysia's Wood Products Trade With The United States</b>	<b>47</b>
<b>viii. Way Forward</b>	<b>54</b>
<b>ix. Editorial Board</b>	<b>55</b>



# Key Review

The merchandise trade relationship between Malaysia and the United States has long been an important part of Malaysia's external sector. It is supported by strong industrial links, investment activities and complementary strengths in both economies. In 2024, this relationship remained stable and resilient despite global economic challenges such as tighter financial conditions, shifting supply chains and ongoing geopolitical uncertainty. The United States continued to be one of Malaysia's main trading partners, driven by steady demand for high-technology and industrial products. For Malaysia, the United States market remains a key destination for export-oriented manufacturing, while Malaysia continues to serve as an important supply chain base for American multinational companies operating in the region.

In 2024, changes in technology, investment patterns and industrial strategies influenced the direction of Malaysia–United States trade. These developments highlighted the need to strengthen cooperation, especially in sectors that depend on innovation and high-value production. Both countries also experienced new trade realities, including greater efforts to diversify supply sources, increased investment in semiconductor and advanced manufacturing activities and a stronger focus on supply chain security. Together, these trends reinforce the strategic importance of Malaysia–United States merchandise trade and show why it is necessary to continuously review the performance and structure of key sectors.

This journal focuses on **five major product categories** that make up a significant share of Malaysia's exports and imports with the United States:

1. Electrical & electronics (E&E)
2. Optical & scientific instruments
3. Machinery, equipment & parts
4. Rubber products
5. Wood products

These sectors reflect the technological strengths, industrial capabilities and natural resources that shape Malaysia's economic structure. In 2024, the E&E sector continued to lead Malaysia's exports to the United States, supported by the global recovery in semiconductor demand and the growth of downstream assembly and testing activities. Trade in optical & scientific instruments remained strong, driven by rising the United States demand for medical devices, precision tools and healthcare technologies. Machinery and equipment flow showed deeper industrial connections as both countries adopted more automation and advanced manufacturing solutions. Rubber

products especially, medical gloves and industrial components kept a stable trade presence, even as global markets adjusted after the pandemic. Wood products meanwhile, continued to evolve as Malaysia shifted towards more sustainable and value-added timber exports that meet the United States market standards.

The objectives of this study are threefold:

- **To provide a comprehensive review of Malaysia–United States merchandise trade in 2024**, with a focus on sector performance and overall trends.
- **To analyse competitiveness and trade patterns** in the five key sectors, including changes in market demand, product specialisation and supply chain developments.
- **To identify opportunities and challenges** that will influence the future of bilateral trade, especially in a period shaped by rapid technological change, global uncertainty and shifting trade policies.

Through the use of data analysis, sectoral review and policy insights, this journal aims to present a clear and evidence-based understanding of Malaysia–United States trade relations. The findings are intended to support policymakers, industry stakeholders and researchers in recognising the United States' role in Malaysia's external trade landscape and how Malaysia can continue to strengthen its position in global value chains.



# Introduction

The Malaysia Trade Statistics Review (MTSR) provides a comprehensive overview and detailed insights into the performance of Malaysia's trade in selected products, while also examining its relationship with other key statistical indicators. The publication is designed to offer users valuable information that contributes to a more holistic understanding of the national economy.

Its primary objective is to present official statistics in a dynamic and accessible manner, through reviews and features that highlight trade trends and related developments, supported by impartial commentary and analysis. MTSR represents one of the Department of Statistics Malaysia's (DOSM) initiatives to enhance public understanding of Malaysia's economic performance by transforming data into engaging and informative narratives.

Malaysia Trade Statistics Review (MTSR) 2025, now in its seventh edition, will focus on and highlight five major product categories that constitute a substantial share of Malaysia's merchandise trade in exports and imports with the United States. Notably, the United States remained Malaysia's third-largest trading partner in 2024, with total trade reaching RM325.2 billion a significant increase of 30 per cent compared to RM250.1 billion in 2023. This sharp growth underscores the critical importance of the United States market to Malaysia's external trade sector.

MTSR is a good referral for policy makers, academicians, economists, researchers and other users of interest in studies related to the international trade. DOSM gratefully acknowledges the cooperation rendered by all parties who have contributed directly and indirectly in realising this edition. Every feedback and suggestion towards improving future release is highly appreciated.



This page is deliberately left blank

# TRADE RELATIONS BETWEEN MALAYSIA AND THE UNITED STATES IN ELECTRICAL & ELECTRONIC PRODUCTS



This page is deliberately left blank



## TRADE RELATIONS BETWEEN MALAYSIA AND THE UNITED STATES IN ELECTRICAL & ELECTRONIC PRODUCTS

Abdul Latif Abd Kadir<sup>1</sup>; Nur Khairunnadia Kharudin<sup>1</sup>

<sup>1</sup> International Trade Statistics Division, Department of Statistics Malaysia

### INTRODUCTION

Trade relations between Malaysia and the United States constitute one of the most dynamic bilateral linkages in the Asia-Pacific region. Over the decades, this partnership has evolved from a traditional commodity exchange to high-value manufacturing and technology-driven sectors. At the core of this development lies the electrical & electronic (E&E) industry, which has consistently served as the backbone of Malaysia's export performance and a vital component in the United States' global supply chain.

The E&E sector constitutes Malaysia's largest export segment, contributing significantly to national revenue, job creation and technological advancement. Its prominence reflects Malaysia's role as a regional hub for manufacturing, assembly, testing and design services within the electronics industry. In bilateral trade with the United States, E&E products account for a substantial share, underscoring the mutual dependence between the two economies. Malaysia supplies intermediate goods, components and finished products, while the United States provides advanced technologies, precision equipment and capital goods that reinforce Malaysia's industrial base.

The significance of the sector extends beyond bilateral trade figures. E&E products are embedded within global production networks, where value

chains are fragmented and production stages are distributed across multiple economies. Malaysia's active participation in this ecosystem enhances its integration into international markets, at the same time the United States benefits from a diversified and reliable supply of electronic components that are critical for innovation-driven industries such as aerospace, defence, information technology and healthcare.

Furthermore, the E&E industry exemplifies the broader transformation of Malaysia's economy. From its beginnings as a resource-based exporter in the 1960s, Malaysia has transitioned into a manufacturing-driven economy, with electronics catalysing skills development, infrastructure expansion and technology transfer. This trajectory underscores the strategic importance of trade relations with partners such as the United States in sustaining industrial competitiveness.

Overall, the E&E sector not only drives Malaysia's economic growth but also strengthens global supply chain resilience, particularly for the United States. In the context of shifting geopolitical dynamics, intensifying technological competition and recurring supply chain disruptions, the Malaysia-United States partnership in E&E has become increasingly vital for both nations as well as for the stability of global trade.

### BACKGROUND OF MALAYSIA-UNITED STATES TRADE

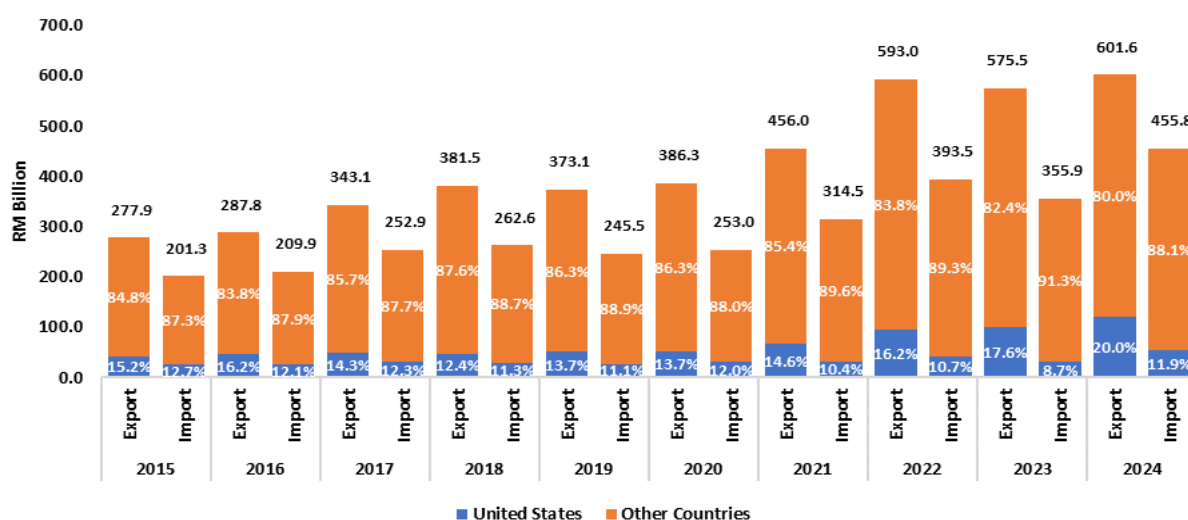
Trade relations between Malaysia and the United States date back to Malaysia's independence and have expanded significantly as the country embraced an export-oriented industrialisation strategy. Over time, the United States has emerged as one of the key destinations for Malaysia's manufactured exports, particularly in the E&E sector, which now represents the backbone of the country's external trade.

This bilateral partnership has deepened through sustained growth in goods and services exchange, supported by cooperation in investment, technology transfer and human capital development. The United States functions not only as a major market for Malaysia's exports but also as a critical source of advanced equipment, high-technology machinery and industrial inputs that drive Malaysia's industrial growth.

The significance of the United States as one of Malaysia's leading trading partners is evident in the consistently high volume of bilateral trade. It regularly ranks among Malaysia's top five trading partners, alongside China, Singapore and Japan. This role is crucial given the strong demand for Malaysia's E&E products, complemented by imports of the United States capital goods and components that strengthen Malaysia's domestic supply chains. In 2024, the United States was Malaysia's third-largest trading partner, with total trade valued at RM325.2 billion, comprising RM198.9 billion in exports and RM126.3 billion in imports.



Chart 1: Malaysia's Electrical &amp; Electronics Trade with the United States vs. Other Countries, 2015 - 2024



Source: Department of Statistics Malaysia

Malaysia's trade of E&E products to the United States and other countries grew steadily from 2015 to 2024. Malaysia experienced a steady trade surplus during this period, always having exported more E&E products than it imported. Exports grew steadily year after year and reaching their highest point in 2024. As illustrated in **Chart 1**, both exports and imports of E&E products showed a consistent upward trend over the period, with exports remaining well above imports. Overall, Malaysia's E&E exports between 2022 and 2024 exceeded RM500.0 billion, while total imports surpassed RM300.0 billion. The United States emerged as one of Malaysia's principal trading partners during this period. Throughout the 10-year, the United States accounted for more than 15.0 per cent of Malaysia's E&E exports, while its share of Malaysia's E&E imports averaged below 12.0 per cent. This indicates Malaysia's consistent trade surplus in the E&E sector with the United States over the decade. The highest export value to the United States was recorded in 2024, reaching RM120.1 billion, or 20.0 per cent of Malaysia's total E&E exports valued at RM601.6 billion. Similarly, imports from the United States peaked at RM54.2 billion in 2024, representing 11.9 per cent of Malaysia's total E&E imports of RM455.8 billion. These figures

demonstrate that the United States is not only a major destination for Malaysia's E&E exports but also a key source of high-value electronic components. Strengthened trade relations with the United States are expected to further enhance Malaysia's position in the global E&E industry.

The trade relationship between Malaysia and the United States reflects a mutually complementary partnership. Malaysia contributes through its competitive manufacturing capabilities and strategic position in Asia, while the United States provides access to a vast consumer market, advanced technology and substantial high-value investment. Collectively, these factors reinforce the importance of Malaysia–United States trade relations as a significant component of the global trading system.

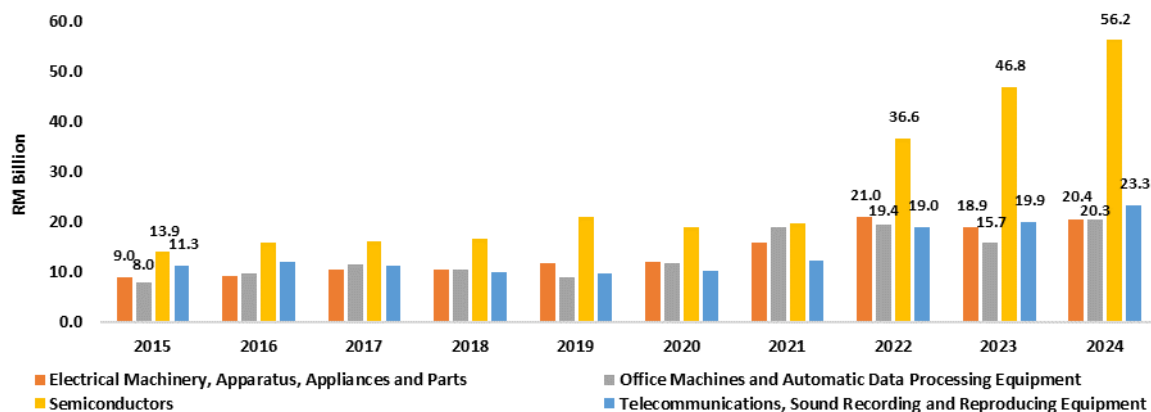


## PERFORMANCE OF MALAYSIA-UNITED STATES ELECTRICAL AND ELECTRONIC TRADE

The E&E industry remains a cornerstone of Malaysia's trade relations with the United States, reflecting the deep industrial linkages and technological cooperation between both nations. Over the past decade, Malaysia's E&E exports to the United States have demonstrated resilience and steady growth, supported by strong demand for semiconductors, integrated circuits and electronic components. This sector not only underscores Malaysia's role as a key player in the global value chain but also highlights the importance of continuous innovation and investment in advanced manufacturing to sustain competitiveness.

E&E products constituted the core of Malaysia's exports to the United States, accounting for 60.4 per cent of total export value in 2024. Semiconductors stood out as the leading component within this category, contributing 46.8 per cent of Malaysia's total E&E exports to the United States market. This was followed by telecommunications, sound recording and reproducing equipment at 19.4 per cent, electrical machinery, apparatus, appliances & parts at 17.0 per cent and office machines and automatic data processing equipment at 16.9 per cent.

**Chart 2: Electrical & Electronics Exports from Malaysia to the United States, 2015 - 2024**



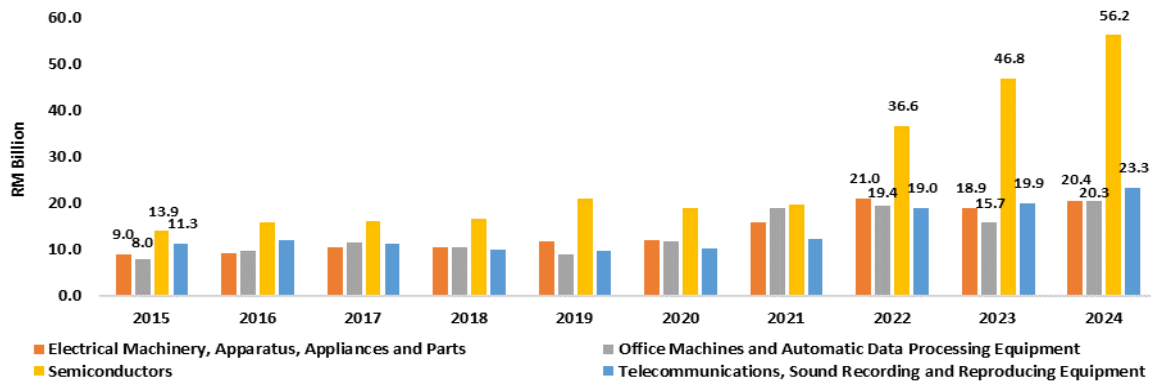
Source: Department of Statistics Malaysia

Malaysia's exports of E&E products to the United States grew steadily from 2015 to 2024 across four major product categories. Among these, semiconductors stood out as the top export item. In 2015, semiconductor exports were valued at RM13.9 billion, rising sharply from RM36.6 billion in 2022 to RM56.2 billion in 2024. This significant increase reflects strong global demand and Malaysia's expanding role in the high-technology electronics supply network. As illustrated in **Chart 2**, semiconductors dominated Malaysia's E&E exports to the United States over the period, followed by electrical machinery, apparatus, appliances & parts, office machines & automatic data processing equipment and telecommunications, sound recording & reproducing equipment, all of which recorded upward trends. Electric

machinery, apparatus, appliances & parts grew from RM9.0 billion in 2015 to RM21.0 billion in 2022, dipped slightly to RM18.9 billion in 2023 and rebounded to RM20.4 billion in 2024. Office machines & automatic data processing equipment increased from RM8.0 billion in 2015 to RM20.3 billion in 2024, with some fluctuations in between. Meanwhile, telecommunications, sound recording & reproducing equipment maintained consistent growth, rising from RM11.3 billion in 2015 to RM23.3 billion in 2024. Overall, all four product groups experienced growth, with semiconductors showing the most significant increase, particularly in recent years. This trend highlights Malaysia's growing prominence as a key player in the global electronics industry.



Chart 3: Electrical &amp; Electronics Imports into Malaysia from the United States, 2015 - 2024

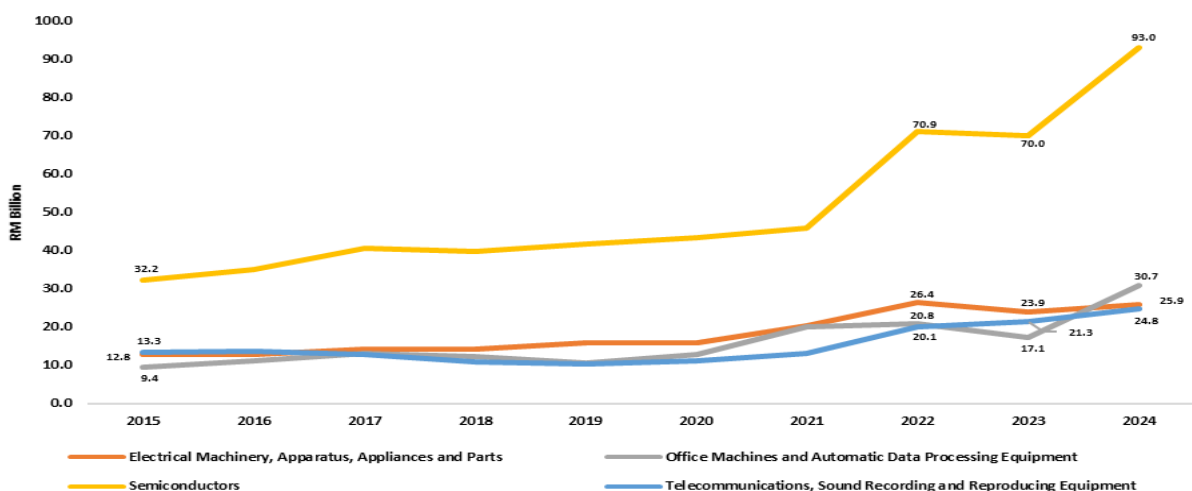


Source: Department of Statistics Malaysia

Malaysia's imports of E&E products from the United States exhibited varying trends across four major product categories between 2015 and 2024. Among these categories, semiconductors consistently represented the largest share of total imports. In 2015, Malaysia imported RM18.3 billion worth of semiconductors and the value demonstrated notable year-to-year fluctuations, reaching RM34.3 billion in 2022, declining to RM23.2 billion in 2023 and subsequently increasing to a record RM36.8 billion in 2024. This trend underscores the indispensable role of United States made semiconductor components in sustaining Malaysia's manufacturing capacity and high-technology industries. As presented in **Chart 3**, semiconductor distinctly dominated Malaysia's E&E imports from the United States, showing greater variability compared to the relatively steady performance of other product categories such as electrical machinery, apparatus, appliances & parts, office machines & automatic data processing equipment &

telecommunications, sound recording & reproducing equipment. Imports of electrical machinery, apparatus, appliances & parts exhibited gradual yet consistent growth, rising from RM3.8 billion in 2015 to RM5.5 billion in 2024. Imports of office machines & automatic data processing equipment remained relatively stable at approximately RM1.4 billion between 2015 and 2023 before recording a substantial increase to RM10.4 billion in 2024. Meanwhile, imports of telecommunications, sound recording & reproducing equipment remained modest and stable throughout the period, fluctuating between RM0.8 billion and RM2.0 billion, with RM1.5 billion reported in 2024. Overall, the data reaffirm that semiconductors have remained the dominant component of Malaysia's E&E imports from the United States, reflecting the country's deep integration into the global electronics value chain and the enduring technological interdependence between the two economies.

Chart 4: Analysis of Current Trade Performance, 2015 - 2024



Source: Department of Statistics Malaysia



Malaysia's E&E products recorded strong and steady growth between 2015 and 2024, with semiconductors serving as the main driver of trade performance. Among the four major categories electrical machinery, apparatus, appliances & parts, office machines & automatic data processing equipment, semiconductors & telecommunications, sound recording & reproducing equipment semiconductors consistently led the way, reaching RM93.0 billion in 2024, a substantial increase from RM32.2 billion in 2015. This upward trend reflects the rising importance of semiconductors in Malaysia's E&E trade. As shown in **Chart 4**, semiconductors maintained their dominance throughout the period, while the other categories also displayed steady and notable expansion. The trade value of electrical machinery, apparatus, appliances & parts also increased consistently, rising from RM12.8 billion in 2015 to RM25.9 billion in 2024. Although there was a temporary decline from RM26.4 billion in 2022 to RM23.9 billion in 2023, the

figure recovered to RM25.9 billion in 2024. Likewise, the total trade of office machines and automatic data processing equipment continued to improve, growing from RM9.4 billion in 2015 to RM30.7 billion in 2024, with exceptionally strong performance in the later years. Telecommunications, sound recording & reproducing equipment also showed consistent growth, with total trade value increasing from RM13.3 billion in 2015 to RM24.8 billion in 2024, supported by steady year-to-year expansion. Overall, the data demonstrate the sustained strength of Malaysia's E&E trade, led by the exceptional growth of semiconductors, which continue to play a vital role in driving the nation's trade performance and reinforcing its position in the global electronics industry.

### DETERMINANTS OF MALAYSIA-UNITED STATES TRADE IN ELECTRICAL & ELECTRONIC PRODUCTS

The growth of Malaysia-United States trade in the E&E sector is shaped by a combination of interrelated determinants that reinforce the bilateral partnership. These determinants highlight Malaysia's comparative advantages as a regional hub and the complementary role of the United States in global production networks.

First, the strong United States demand for Malaysia's semiconductor products has been a key determinant of export expansion. Semiconductors are indispensable to industries such as communications, information technology, automotive and medical equipment. The United States' reliance on a reliable supply of these components has reinforced Malaysia's position as a strategic trading partner.

Second, Malaysia has established itself as a leading manufacturing and export hub for E&E products within ASEAN. With robust industrial infrastructure, a skilled workforce and extensive supplier networks, Malaysia can meet global demand at competitive costs. This role not only enhances Malaysia's position within ASEAN but also deepens its trade ties with the United States, which benefits from consistent supplies from the region.

Third, Malaysia's integration into global supply chains has further expanded bilateral trade. Many of the E&E products exported to the United States are intermediate goods or final products embedded in cross-border production processes. By positioning itself as both a producer of intermediate components and finished goods, Malaysia plays a pivotal role in the global technology ecosystem, making Malaysia-United States trade highly complementary and resilient to shifts in international markets.

Fourth, supportive policies from both governments have also acted as important determinants. Malaysia's initiatives such as free industrial zones, investor-friendly regulations and infrastructure support have attracted significant multinational investment. In parallel, United States policies emphasising supply chain diversification have created broader opportunities for Malaysia to expand its export base.

Taken together, these determinants of strong market demand, Malaysia's strategic role in ASEAN, deep integration into global supply chains and supportive government policies have firmly positioned the E&E sector as a central pillar of Malaysia-United States trade relations.



## CHALLENGES IN MALAYSIA–UNITED STATES TRADE RELATIONS

The E&E product trade between Malaysia and the United States is a cornerstones of Malaysia's export economy. The United States remains an important destination for various Malaysian exports, such as semiconductors and electrical components, among other high-tech products. However, this long-standing relationship now faces several challenges that could influence Malaysia's competitiveness and sustainability in the global E&E market.

First, Malaysia faces growing competition from regional peers, notably Vietnam, Thailand and China. With their relatively lower operating costs, competitive labour markets and more generous fiscal incentives, these countries have rapidly become formidable competitors in attracting large multinational corporations. Consequently, many global manufacturers choose to relocate or expand their production in these markets. While some companies are indeed adopting a "China-plus-one" strategy for diversified supply chains, Malaysia is not always their primary beneficiary. This imposes pressure on Malaysia's producers to remain competitive in cost and technology, while increasing competition challenges its traditional role as the major E&E manufacturing hub in Southeast Asia.

Second, Malaysia's trade with the United States is increasingly influenced by tariff and non-tariff barriers. So far, Malaysian semiconductor exports have been largely excluded from retaliatory United States tariffs; this is far from assured over the longer term, inserting a significant element of uncertainty for exporters in Malaysia. The United States has also imposed non-tariff measures such as more stringent environmental standards, technical certification and compliance with United States labour laws, which make it more difficult and expensive for Malaysian manufacturers to export to the United States market. Non-compliance could be subject to delays, increased cost and even loss of market access, emerging as ongoing risks for exporters from Malaysia amidst shifting trade policies.

Third, Malaysia's E&E industry benefits from being deeply integrated into global supply chains. However, it faces significant challenges that could impact its trade with the United States. Its dependence on both the United States and China puts Malaysia at risk due to geopolitical tensions between these two major economies, which can disrupt the supply of essential components and raw materials. Additionally, Malaysia's focus on semiconductor assembly, testing and packaging makes it vulnerable to disruptions in the supply of high-value machinery and materials from abroad. With ongoing changes in global trade and advancements in technology, Malaysia must continuously adjust to remain competitive and reduce potential supply chain risks that could limit its export capacity.

Fourth, Malaysia faces continuing challenges in terms of labour and skills. The E&E sector has a constant demand for skilled engineers and technicians due to increased advanced manufacturing, integrated circuit design and R&D activities. Nonetheless, the current output of skilled engineering and technical graduates falls far short of the sector's rapidly growing demand. On the other hand, several experienced professionals find countries with more lucrative job offers overseas, causing continuous brain drain in the country. Alongside, adherence to United States standards on labour and human rights became an increasingly critical component of export competitiveness to the United States, with Malaysia's E&E sector heavily reliant on migrant labour.

In all, Malaysia's trade in E&E products remains strong and vital with the United States; however, it is equally under pressure as a result of regional competition, trade policy uncertainties, global supply chain risks and talent constraints. It is necessary for Malaysia to continue building its technological capabilities, investing in workforce development and aligning policies according to evolving international standards and expectations to retain its position as a competitive and reliable hub in the global electronics value chain.



## FUTURE PROSPECTS OF MALAYSIA–UNITED STATES TRADE IN ELECTRICAL & ELECTRONIC PRODUCTS

The future prospects of Malaysia–United States trade in E&E products appear highly promising, driven by strong industrial linkages, evolving global supply chain dynamics and Malaysia's strategic role as a key manufacturing hub in Southeast Asia. The E&E industry remains the backbone of Malaysia's manufacturing and export base, while the United States continues to be a critical destination for high-value electronic components such as semiconductors, integrated circuits and data processing equipment. This mutually beneficial trade relationship is expected to strengthen as both nations deepen cooperation in advanced technologies, sustainable production and digital transformation.

A key factor supporting this trade growth has traditionally been the favourable tariff landscape that governs bilateral exchange. Under the World Trade Organization's Information Technology Agreement (ITA), most E&E products traded between Malaysia and the United States have been exempted from import duties. This tariff-free environment has long enhanced Malaysia's export competitiveness and supported the integration of both economies into global value chains.

However, this landscape shifted in August 2025, when the United States introduced a new 19.0 per cent reciprocal tariff on Malaysian exports following an earlier proposal of 24.0 per cent announced in April 2025. Fortunately, semiconductors and integrated circuits, Malaysia's largest export category to the United States, were temporarily exempted from the new tariff, recognising their importance to the United States technology supply chain. Nonetheless, the new tariff regime signals a shift toward a more protectionist trade stance by the United States and highlights the need for Malaysia to enhance product competitiveness, diversify export markets and strengthen its technological capacity to mitigate future policy risks.

In addition to tariffs, non-tariff measures such as product certification, technical standards and compliance with United States environmental and labour regulations continue to shape trade dynamics. These factors underscore the growing complexity of trade governance and the importance of building transparent, sustainable supply chains. At the same time, geopolitical and policy developments are reshaping the regional trade environment in Malaysia's favour. The United States-China tariff conflict has prompted many multinational firms to diversify production and relocate parts of their supply chains to Southeast Asia, with Malaysia emerging as a key alternative hub due to its established

infrastructure, skilled labour and expertise in semiconductor assembly and testing. In the long term, the negotiation of a potential bilateral Free Trade Agreement (FTA) could further enhance market access, lower non-tariff barriers and provide a more stable policy environment for trade and investment.

Looking ahead, Malaysia possesses numerous opportunities for growth in its E&E trade with the United States despite recent tariff challenges. The ongoing global semiconductor boom presents strong potential for export expansion, particularly as demand surges for advanced chips used in artificial intelligence (AI), 5G networks and EVs. Malaysia's well-established capabilities in semiconductor assembly, testing and packaging position it strategically within the United States linked supply chain. Additionally, the United States transition toward green and digital technologies aligns with Malaysia's industrial transformation agenda, opening new avenues for trade in components supporting renewable energy, automation and the Internet of Things (IoT).

Furthermore, Malaysia's role in supply chain diversification remains crucial as global manufacturers seek stability amid policy uncertainty. The country's skilled workforce, competitive investment policies and central ASEAN location make it an attractive destination for United States technology firms looking to balance efficiency with resilience. However, to fully capitalise on these opportunities, Malaysia must accelerate value-chain upgrading by strengthening research and development (R&D), promoting local innovation and deepening partnerships with United States technology firms to move into higher-value segments such as chip design and advanced manufacturing.

Although the introduction of the 19.0 per cent United States tariff in August 2025 presents new challenges for Malaysian exporters, the overall outlook for Malaysia–United States E&E trade remains cautiously optimistic. The sector's strong foundation, built on technological collaboration, supply chain integration and shared industrial interests, continues to offer opportunities for sustainable growth. Moving forward, Malaysia must adapt to the evolving tariff landscape through market diversification, value-added production and proactive participation in trade negotiations. Strengthening bilateral cooperation, potentially under future FTA frameworks and advancing innovation-driven growth will be essential for Malaysia to maintain its position as a trusted and strategic partner in the United States high-technology and semiconductor ecosystem.



## CONCLUSION

E&E products remains the cornerstone of Malaysia–United States economic relations and continues to shape the trajectory of bilateral cooperation. Over the past decade, Malaysia has strengthened its position as a major global hub for semiconductor manufacturing, assembly, testing and high-value electronics production, while the United States has maintained its role as a key market and technology provider. Malaysia's persistent trade surplus in the E&E sector, combined with the United States' strong demand for intermediate and advanced electronic components, underscores the deep interdependence and complementarity of this partnership.

Malaysia's strong export performance, particularly supported by the rapid expansion of semiconductor shipments, reflects the country's industrial capabilities and its strategic integration into global value chains. At the same time, imports of United States high-technology equipment and components contribute to domestic technological upgrading, enhance productivity and strengthen Malaysia's competitiveness amid increasing regional rivalry from economies such as Vietnam, Thailand and China. These developments demonstrate how technological collaboration, investment flows and supply chain linkages contribute to the resilience and depth of Malaysia's trade relations with the United States.

However, the bilateral partnership faces emerging challenges. Intensifying regional competition, uncertainties arising from tariff and non-tariff measures, geopolitical tensions that affect supply chain stability and ongoing shortages of skilled labour all pose risks to Malaysia's long-term competitiveness. The introduction of the 19.0 per cent United States reciprocal tariff in 2025 further reflects a more complex policy landscape, making it increasingly important for Malaysia to strengthen its technological capabilities, diversify

export markets, upgrade its industrial base and align with evolving global standards. Addressing these structural challenges will be critical to safeguarding Malaysia's position in the global electronics ecosystem.

Despite these challenges, the outlook for Malaysia–United States E&E trade remains broadly positive. Rising global demand for advanced semiconductors driven by artificial intelligence, electric vehicles, smart devices, automation and digital infrastructure presents significant opportunities for Malaysia's continued export expansion. Malaysia's established industrial ecosystem, skilled workforce and strategic location continue to attract United States firms seeking diversified and resilient supply chains. In addition, potential future collaboration through a bilateral FTA, together with deeper cooperation in research and development, green technology and digital transformation, could further strengthen the competitiveness and stability of bilateral trade.

Overall, the Malaysia–United States E&E trade relationship stands at a pivotal turning point, defined by strong opportunities while shaped by evolving global dynamics. By strengthening innovation capabilities, upgrading value chains, enhancing workforce skills and actively engaging in strategic trade and investment initiatives, Malaysia is well-positioned to sustain and expand its role as a trusted partner within the United States high-technology and semiconductor value chain. This partnership will remain vital not only for the economic prosperity of both nations but also for the resilience and sustainability of global supply chains in the years ahead.

## DISCLAIMER

The views expressed are those of the author and do not represent the views of DOSM (Department of Statistics Malaysia).





### REFERENCES

Department of Statistic Malaysia, (2025). Malaysia External Trade Statistics.

Malaysian Investment Development Authority (MIDA). (2024). *E&E industry in Malaysia*. <https://www.mida.gov.my/industries/electrical-electronics/>

Ministry of International Trade and Industry (MITI), Malaysia. (2022). *Review report on non-tariff barriers in E&E exports to the United States*. Putrajaya: Author.

Organisation for Economic Co-operation and Development (OECD). (2023). *Global value chains and trade in the electronics sector: The case of Malaysia*. Paris: OECD Publishing.

U.S. Census Bureau. (2024). *Foreign trade statistics: Trade in goods with Malaysia*. <https://www.census.gov/foreign-trade/balance/c5570.html>

World Bank Group. (2021). *Disruptions and resilience: The global semiconductor supply chain in the wake of the pandemic*. Washington, D.C.: World Bank Publications.

World Trade Organization (WTO). (2022). *Trade policy review: Malaysia*. Geneva: WTO Publications.



This page is deliberately left blank



# SEEING BEYOND BORDERS: MALAYSIA'S OPTICAL & SCIENTIFIC TRADE WITH THE UNITED STATES

This page is deliberately left blank



## SEEING BEYOND BORDERS: MALAYSIA'S OPTICAL & SCIENTIFIC TRADE WITH THE UNITED STATES

Nazarina Nasir<sup>1</sup>; Nur Diyana Mohd Jamal<sup>1</sup>

<sup>1</sup> International Trade Statistics Division, Department of Statistics Malaysia

### INTRODUCTION

The optical & scientific equipment industry represents one of Malaysia's most technologically advanced and rapidly developing manufacturing sectors. Its growth is closely tied to the nation's broader industrialisation efforts, which intensified in the late twentieth century as Malaysia shifted from resource-based activities towards high-technology, export-oriented production. Early industrial policies and the establishment of free industrial zones attracted multinational corporations involved in optics, precision instruments and scientific technologies, laying the foundation for a specialised manufacturing ecosystem capable of supporting high-quality scientific devices and optical components (Rasiah, 2010; Yusuf & Nabeshima, 2009).

Initially, Malaysia's participation in this industry centred on basic assembly and low-complexity component manufacturing. Over subsequent decades, however, the sector experienced substantial upgrading as local firms and multinational subsidiaries expanded their capabilities to include precision engineering, lens fabrication, metrology equipment, photonics applications and advanced laboratory instrumentation. This transition was driven by improvements in skill development, technological adoption and rising demand for scientific and measurement tools across various industries (Wong & Tang, 2017).

The industry's evolution is also closely linked to Malaysia's strong position in electronics and medical device manufacturing. The expansion of the semiconductor sector created significant domestic demand for optical inspection instruments, imaging systems and measurement devices, encouraging local manufacturers to develop higher-precision and value-added products. Parallel to this, the growth of the medical technology industry strengthened Malaysia's capacity to produce diagnostic equipment, laboratory tools and specialised optical components for healthcare applications (Athukorala & Kohpaiboon, 2021).

Today, Malaysia is recognised as a notable exporter of optical & scientific equipment to major global markets, including the United States, Europe and countries within the Asia-Pacific region. Its exports encompass a diverse range of products such as optical lenses, microscopes, scientific measurement instruments and complex diagnostic devices. Malaysia's competitive position is supported by its skilled technical workforce, adherence to international quality standards and sustained investment in advanced manufacturing technologies that reinforce the nation's role in global high-technology supply chains (Lim & Lee, 2022).

### OVERALL VIEWS ON MALAYSIA'S OPTICAL & SCIENTIFIC EQUIPMENT

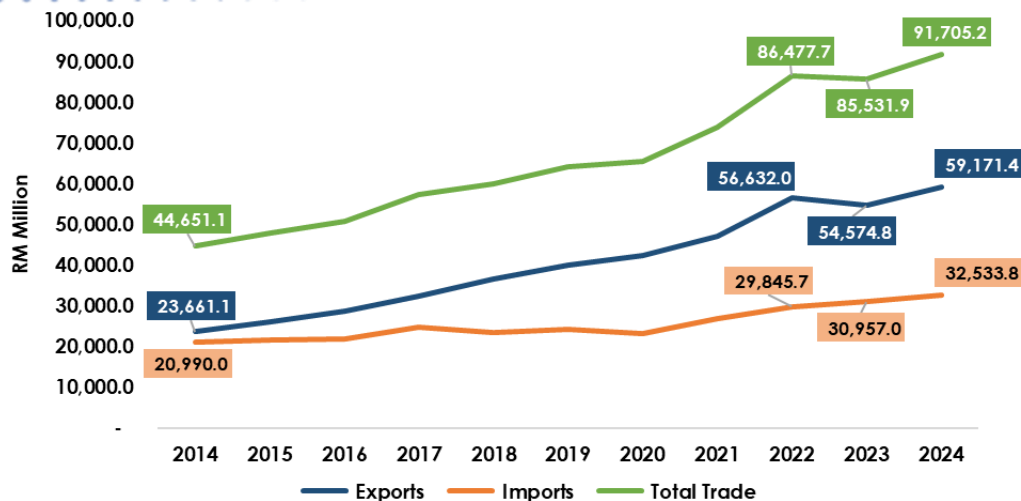
In **Chart 1**, the industry recorded a clear upward trend, especially in export performance from 2014 to 2024. Malaysia's exports rose from RM23.7 billion in 2014 to RM59.2 billion in 2024, reflecting Malaysia's strengthening position in high-technology manufacturing. A significant jump occurred in 2021, when exports reached RM56.6 billion, reflecting strong post-pandemic demand for healthcare and diagnostic products.

Imports increased at a slower pace from RM21.0 billion to RM32.5 billion over the same period, showing that local manufacturers continue to rely on certain specialised inputs but are gradually strengthening their own production capabilities (Industry Trade Statistics, 2019).

The total trade in optical & scientific equipment rose from RM44.7 billion in 2014 to RM91.7 billion in 2024. This growth highlights the sector's expanding role in the country's industrial development and its growing relevance in international supply chains. With global demand for high-quality medical, scientific and precision equipment expected to remain strong, Malaysia is well-positioned to continue developing this sector as an important contributor to the nation's export performance and technological progress.



Chart 1: Trade Performance of Optical &amp; Scientific Equipment (2014 – 2024)



Source: Department of Statistics Malaysia

### MALAYSIA'S EXPORTS TO THE UNITED STATES

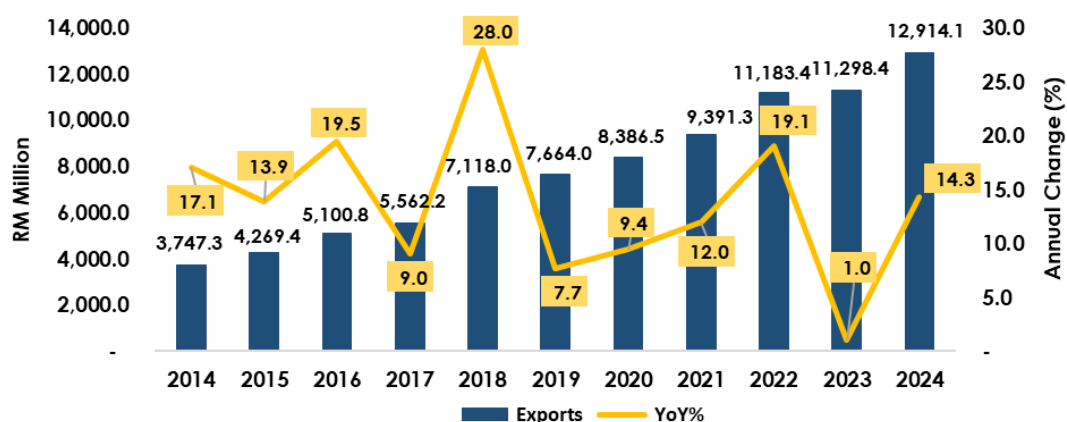
As shown in **Chart 2**, exports increased steadily from RM3.7 billion in 2014 to RM12.9 billion in 2024, with several periods of strong year-on-year expansion. Several years recorded robust growth, including 2016 (+19.5%) and (+28.0%) in 2018, driven by higher purchases of diagnostic instruments and precision components (Industry Trade Statistics, 2019). The overall trend remained positive with exports recovering quickly in subsequent years.

The period after 2020 stands out as particularly strong. Exports rose from RM7.7 billion in 2019 to RM8.4 billion in 2020, followed by further expansion during the global post-pandemic recovery. The sharp increases in 2021 (+12.0%) and 2022 (+19.1%) underscore the United States market's continued

reliance on Malaysia for high-value scientific and healthcare products. By 2024, exports reached their highest point in the decade at RM12.9 billion.

Overall, the export trend reflects Malaysia's strengthening capability in producing advanced optical, medical and scientific equipment that meets the United States market standards. Despite short-term fluctuations, the long-term trajectory signals a resilient and expanding trade relationship, underpinned by Malaysia's growing role in global high-technology supply chains.

Chart 2: Optical &amp; Scientific Equipment Exports to the United States (2014 – 2024)



Source: Department of Statistics Malaysia

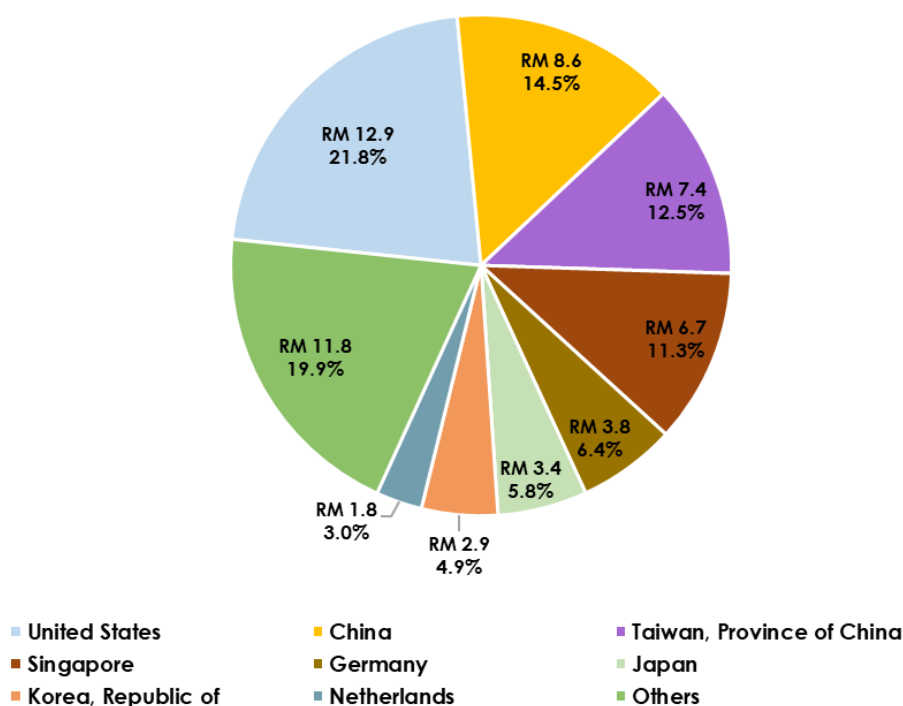


As illustrated in **Chart 3**, Malaysia's export share for optical & scientific equipment in 2024 shows a well-diversified market structure, with the United States standing as the largest individual destination. The United States accounted for RM12.9 billion (21.8%), highlighting its role as a key high-value market for Malaysia's advanced scientific and optical products.

Within Asia, China, Taiwan and Singapore form a strong regional cluster. China contributed

RM8.6 billion (14.5%), followed by Taiwan at RM7.4 billion (12.6%) and Singapore at RM6.7 billion (11.3%). These markets play an important role in regional production chains, especially in electronics, optical components and medical technologies. Meanwhile Germany recorded RM3.8 billion (6.4%), reflecting steady demand from Europe's industrial and precision equipment sector.

**Chart 3: Export's Share of Optical & Scientific Equipment to Trading Partners (2024)**



Source: Department of Statistics Malaysia

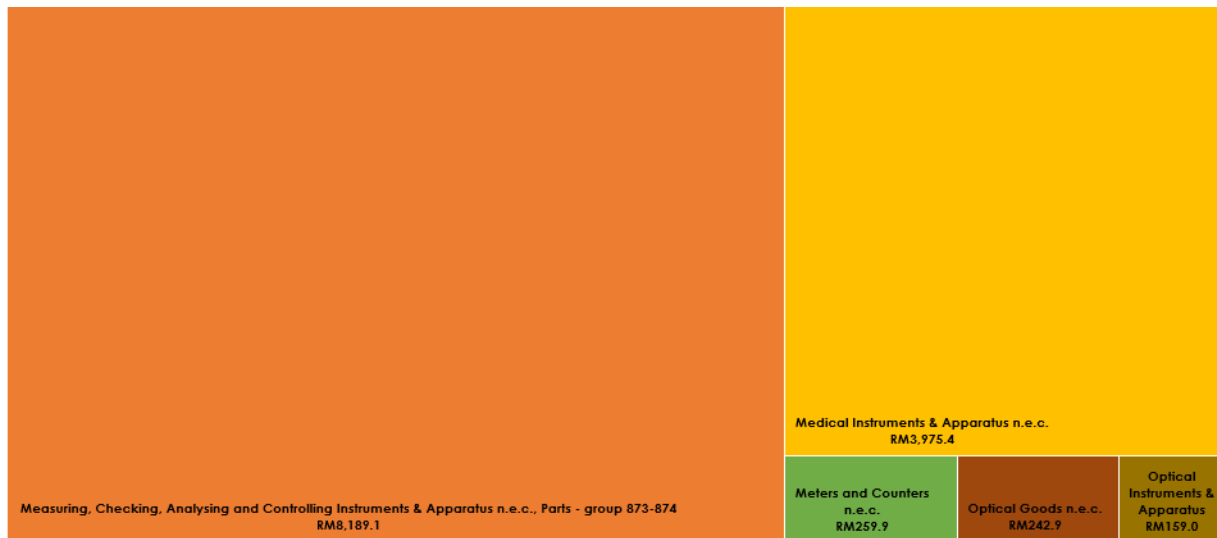
**Chart 4** highlights the composition of Malaysia's top optical & scientific equipment exports to the United States in 2024, showing a clear concentration in higher-value and technology-intensive product categories. The largest segment is measuring, checking, analysing and controlling instruments & apparatus (Parts, Group 873-874), which recorded RM8.2 billion in export value. This category's dominant share reflects the strong demand from the United States industries for precision parts used in manufacturing, automation and quality-control systems. Its scale also suggests Malaysia's competitive strength in producing complex components that support advanced industrial supply chains.

The second-largest contributor is medical instruments & apparatus n.e.c., valued at RM4.0 billion. This segment captures a broad range of devices used in diagnostics, treatment and healthcare monitoring, underscoring the continued growth of the medical technology market in the United States.

Smaller but notable categories include meters and counters n.e.c. (RM259.9 million), optical goods n.e.c. (RM242.9 million) and optical instruments & apparatus n.e.c. (RM159.0 million). Although these segments account for a smaller proportion of total exports, they represent specialised, niche markets that rely on precision engineering and technical expertise.



Chart 4: Top 5 Optical &amp; Scientific Equipment Exports to the United States (2024)

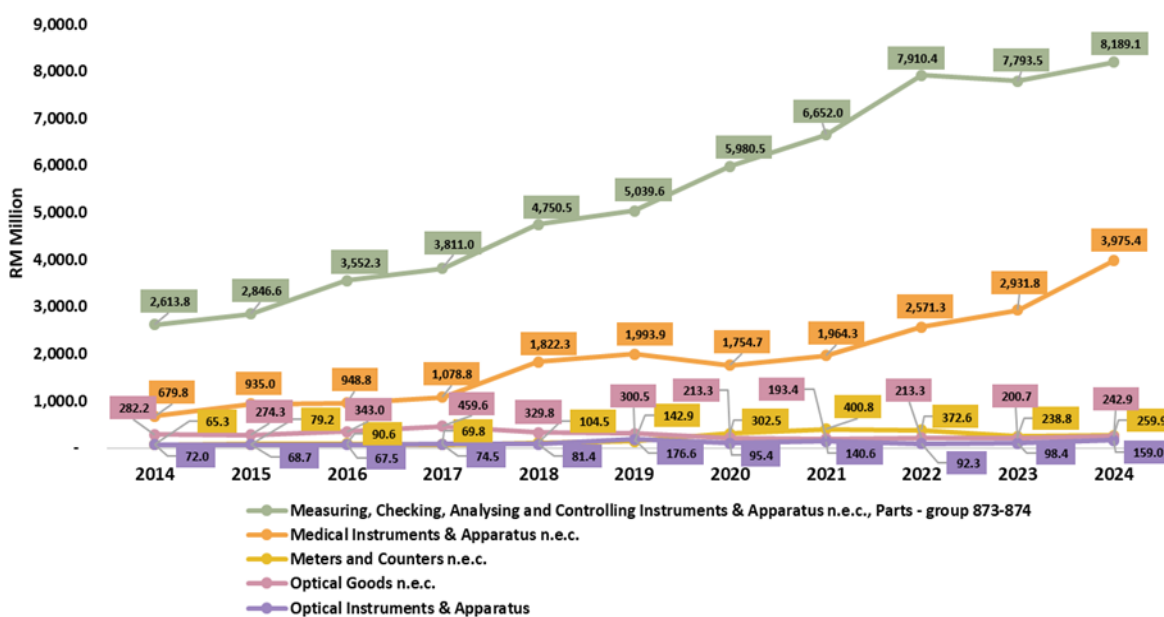


Source: Department of Statistics Malaysia

In **Chart 5**, Malaysia's top five optical & scientific equipment exports to the United States show a clear upward trend from 2014 to 2024, led by strong growth in high-technology segments. The largest category, measuring, checking, analysing and controlling instruments, increased sharply from RM2,613.8 million in 2014 to RM8,189.1 million in 2024, reflecting rising the United States demand for precision engineering and automation components. Medical instruments & apparatus also expanded notably, growing from

RM679.8 million to RM3,975.4 million, driven by heightened needs in healthcare and diagnostic technologies. The remaining category meters and counters remained smaller in scale, generally ranging between RM65.3 million and RM259.9 million. Followed by optical goods, RM282.2 million to RM242.9 million and optical instruments & apparatus, RM72.0 million to RM159.0 million.

Chart 5: Top 5 Optical &amp; Scientific Equipment Exports Trend to the United States (2014–2024)



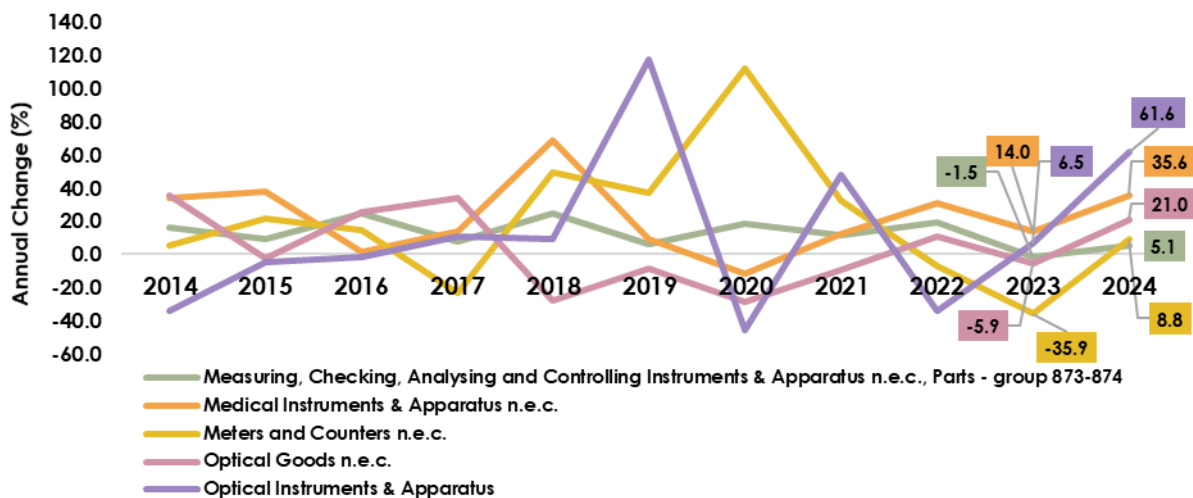
Source: Department of Statistics Malaysia



From 2023 to 2024, Malaysia's exports of optical & scientific equipment to the United States recorded noticeable improvements across most major categories. Measuring, checking, analysing and controlling instruments, growth shifted from a slight decline of 1.5 per cent in 2023 to 5.1 per cent in 2024, indicating a recovery in demand for precision industrial components. For medical instruments and apparatus saw the strongest jump, rising from 14.0 per cent in 2023 to 35.6 per cent in 2024, reflecting continued demand for healthcare and diagnostic products in the United States. Smaller product groups showed clearer signs of recovery.

Meters and counters moved from a sharp 35.9 per cent fall in 2023 to a 8.8 per cent increase in 2024, while optical goods rebounded from a negative growth of 5.9 per cent to a positive growth of 21.0 per cent. Optical instruments & apparatus also gained momentum, rising from 6.5 per cent to 61.6 per cent. Overall, the growth in 2024 points toward a strengthened market, especially for medical and precision-related products as shown in **Chart 6**.

**Chart 6: Annual Growth of Top 5 Exports of Optical & Scientific Equipment to the United States (2014-2024)**



Source: Department of Statistics Malaysia

## CHALLENGES FOR GROWING EXPORTS

Malaysia faces several challenges in exporting optical & scientific products to the United States, mainly due to intense global competition and strict regulatory requirements (WTO, 2023). The United States market is dominated by established manufacturers from countries like Germany, Japan and the United States itself, making it difficult for Malaysian products to compete in high-precision segments such as advanced optical lenses and specialised scientific instruments (MIDA, 2024; MITI, 2023). The major challenge is meeting the United States certification and compliance standards, especially FDA regulations for medical devices, ISO quality standards and safety testing requirements. These certifications can be costly and time-consuming, increasing the export burden for

Malaysian manufacturers. Malaysia's exports are affected by currency fluctuations, where a stronger the United States dollar may benefit exports, but volatility complicates long-term pricing and supply contracts. Logistics and supply chain issues also pose constraints, as optical & scientific equipment are sensitive products requiring careful handling, secure packaging and temperature-controlled shipping for certain devices. Higher freight costs and long transit times to the United States ports add pressure to maintain product quality upon arrival.



## FUTURE OPPORTUNITIES

Despite existing challenges, Malaysia has strong opportunities to expand its exports of optical & scientific products to the United States. The growing demand in the United States healthcare and biotechnology sectors supported by rising investments in diagnostics, laboratory testing and medical technology creates significant export potential for Malaysian-made medical devices and laboratory instruments (WTO, 2023). As Malaysia continues to develop advanced manufacturing capabilities in optics, electronics and precision engineering, local companies are increasingly able

to supply components used in the United States imaging systems, semiconductor tools and scientific equipment (MIDA, 2024). Government initiatives such as Industry4WRD and the National Policy on Science, Technology and Innovation (NPSTI) encourage automation, innovation and higher-value production, enabling Malaysian manufacturers to meet the United States quality and certification standards more effectively (MITI, 2023).

## CONCLUSION

Overall, Malaysia's optical & scientific equipment industry has shown strong and consistent growth over the past decade, supported by rising global demand and the country's expanding technological capabilities. Export performance remained robust across major markets, with the United States, China and key Asian partners driving much of the momentum. At the same time, market diversification and the development of higher-value product segments particularly precision instruments and medical devices have helped

strengthen Malaysia's position in global supply chains. Despite periodic fluctuations, the sector has demonstrated resilience and continues to move toward more advanced, innovation-driven production. This steady trajectory suggests that Malaysia is well-placed to maintain its competitiveness and capture new opportunities in the fast-growing scientific, optical and medical technology markets.

## DISCLAIMER

The views expressed are those of the author and do not represent the views of DOSM (Department of Statistics Malaysia).



## REFERENCES

- Athukorala, P., & Kohpaiboon, A. (2021). Global production sharing and technological capability development in Malaysia's electronics industry. *Journal of the Asia Pacific Economy*, 26(1), 23–45.
- Industry Trade Statistics. (2019). Malaysia External Trade Performance Report. Ministry of Investment, Trade and Industry (MITI).
- Industry Trade Statistics. (2024). Malaysia Trade Analysis Report. Ministry of Investment, Trade and Industry (MITI).
- Lim, C. S., & Lee, K. H. (2022). Industry 4.0 adoption and precision manufacturing in Malaysia. *Journal of Manufacturing Technology Management*, 33(4), 681–699.
- Malaysia Investment Development Authority (MIDA). (2024). Medical Devices and Advanced Technology Industry Outlook 2024. MIDA Publications.
- Malaysia Investment Development Authority (MIDA). (2025). Malaysia High-Technology Exports: Sectoral Performance Review. MIDA Publications.
- Ministry of International Trade and Industry (MITI). (2023). National Industry 4.0 Policy: Industry4WRD Progress Report. Government of Malaysia.
- Rasiah, R. (2010). Industrial policy and industrialization in Malaysia. *Journal of the Asia Pacific Economy*, 15(3), 209–223.
- Wong, C. Y., & Tang, T. (2017). The evolution of Malaysia's medical devices industry: Industrial upgrading and global value chain integration. *Asian Journal of Technology Innovation*, 25(sup1), 140–156.
- World Trade Organization (WTO). (2023). Trade Policy Review: United States—Market Access and Regulatory Environment. WTO Secretariat Report.
- Yusuf, S., & Nabeshima, K. (2009). Tiger economies under threat: Industrialization in Malaysia and Thailand. Edward Elgar Publishing.



This page is deliberately left blank



# **MALAYSIA'S MACHINERY, EQUIPMENT & PARTS TRADE WITH THE UNITED STATES**

This page is deliberately left blank

## MALAYSIA'S MACHINERY, EQUIPMENT &amp; PARTS TRADE WITH THE UNITED STATES

Rashidah Yusof<sup>1</sup>; Siti Sofiah Zakaria<sup>1</sup><sup>1</sup> International Trade Statistics Division, Department of Statistics Malaysia

## INTRODUCTION

Malaysia continued its strong trade performance in 2024 as exports and imports rebounded to reach a total trade value of RM2.879 trillion, representing a 9.2 per cent year-on-year (y-o-y) increase. This marks the fourth consecutive year in which Malaysia has surpassed the RM2 trillion trade threshold. Among the key contributors to this achievement was the product in machinery, equipment and parts category, one of the country's highest-performing trade segments (Trade Performance 2024 - MATRADE, 2025).

The machinery, equipment and parts industry forms a critical pillar of Malaysia's manufacturing base and external trade structure. It plays a pivotal role in supporting industrial development, infrastructure expansion and export-oriented activities by providing essential inputs to key sectors such as construction, agriculture, energy, transport and electronics. This industry spans a broad spectrum of

products, including industrial machinery, electrical and power-generation equipment, precision instruments and a wide range of mechanical components used in production systems across diverse industries (Malaysia External Trade Development Corporation [MATRADE], n.d.). Products under this category are widely used to improve efficiency, accuracy, productivity and operational safety. The industry is the cornerstone of Malaysia's rapid economic growth and industrial advancement over the decades.

Over the past decade, Malaysia's trade in machinery, equipment and parts grew at an average annual growth rate of 7.7 per cent. Exports expanded at 8.7 per cent per year, while imports increased at 7.1 per cent annually.

WHAT IS MACHINERY, EQUIPMENT AND PARTS?

Machinery, equipment, and parts are classified into four product groups. The first group is general industrial machinery, equipment and machine parts, covering a wide category of products which includes air conditioning plants, elevators, cranes, conveyor systems, pumps, compressors, welding machines, fans and blowers, valves and others. These components are crucial in the automated production lines of automotive factories, enhancing efficiency and precision. The second group of products is machinery specialised for particular industries, which refers to machinery designed specifically for a certain industrial process or sector. For instance, machines such as processing equipment, used in agricultural sector. In addition, the other group of products is categorized as metalworking machinery, which includes equipment for cutting, forming, shaping, welding, or finishing metal, widely used across automotive, electric & electronic (E&E), to meet the required precision standards. The manufacturing of metalworking in Malaysia is expected to grow at 7.3 per cent annually up until 2027, (New Industrial Master Plan 2030, 2023). The final category is power generating machinery and

equipment, which refers to machines used to produce or convert power, such as turbines, engines, generators, and renewable-energy devices. These technologies underpin the importance of electricity supply for the country's economic and energy landscape. In addition, the power generating machinery and equipment category will be essential for the expansion of renewable energy capacity, (National Grid, 2023) which is a goal countries are striving to attain. As a result, the adoption of solar inverters, hydropower turbines, and battery-storage systems can contribute to the achievement of low-carbon electricity generation.





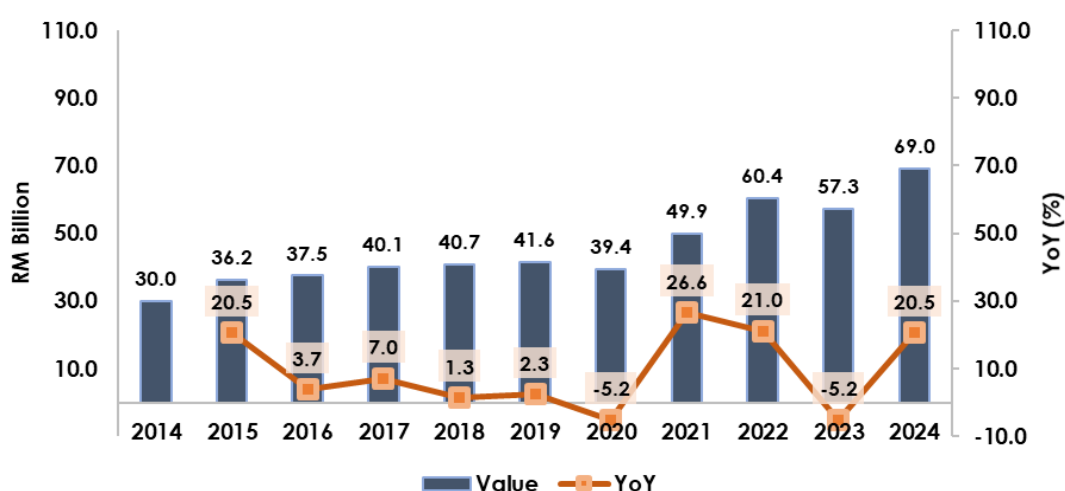
## EXPORTS IN 2024

Malaysia's export of machinery, equipment and parts has emerged as an increasingly essential component of the country's manufacturing-driven economy. Malaysia's manufacturing sector contributed around 23.1 per cent to GDP in 2024 (Department of Statistics Malaysia, 2025). Export of machinery, equipment and parts contributed 4.6 per cent of total export in 2024, to reach RM69.0 billion (**Chart 1**). The primary driver was products in the category of machinery specialised for particular industries, which contributed RM35.1 billion.

Additionally, products under the category of general industrial machinery, equipment and machine parts generated RM27.0 billion. Malaysia's globally competitive semiconductor industry relies on the M&E sector as machinery and parts are upstream components of the E&E supply chain. From the total export of RM69.0 billion, re-export accounted for RM8.4 billion.

Over a 10-year period (from 2014 to 2024), export products of machinery, equipment & parts grew at an average annual growth rate of 8.7 per cent.

**Chart 1: Export of Machinery, Equipment & Parts in Malaysia, 2014-2024**



Source: Department of Statistics Malaysia

### EXPORT PERFORMANCE FOR MAJOR COUNTRY OF DESTINATION

Malaysia's largest trading partners of machinery, equipment & parts in 2024 were Singapore, the United States, China, Indonesia and Thailand. Exports to these countries accounted for 58.4 per cent of Malaysia's total export in machinery, equipment & parts and rose 23.6 per cent over the same period in the previous year, amounting to RM40.3 billion (**Chart 2**).

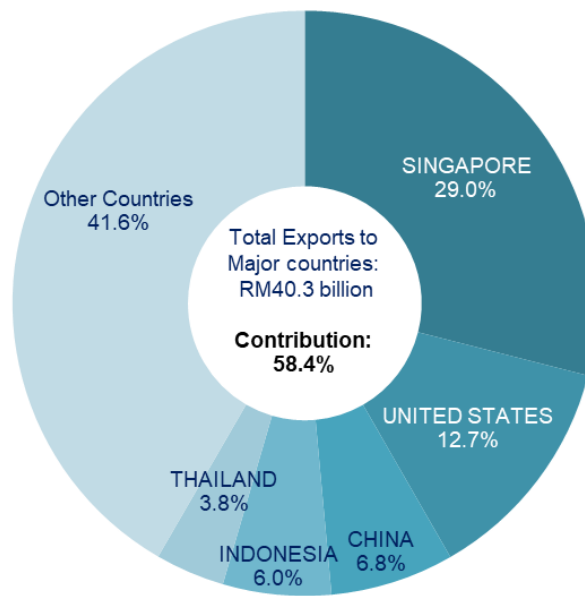
Exports to Singapore reached RM20.0 billion, which represents a 31.5 per cent increase from 2023 (**Chart 3**). On a year-on-year basis, exports to the

United States, China and Thailand increased by 33.6 per cent, 19.3 per cent and 2.0 per cent respectively. On the other hand, exports to Indonesia slipped by 3.2 per cent as compared to 14.1 per cent the year before. This decline can be attributed to a downward trend of exports under the category of machinery specialised for particular industries and metalworking machinery. The former had a decrease of 8.9 per cent, while the latter experienced a decrease of 41.8 per cent.



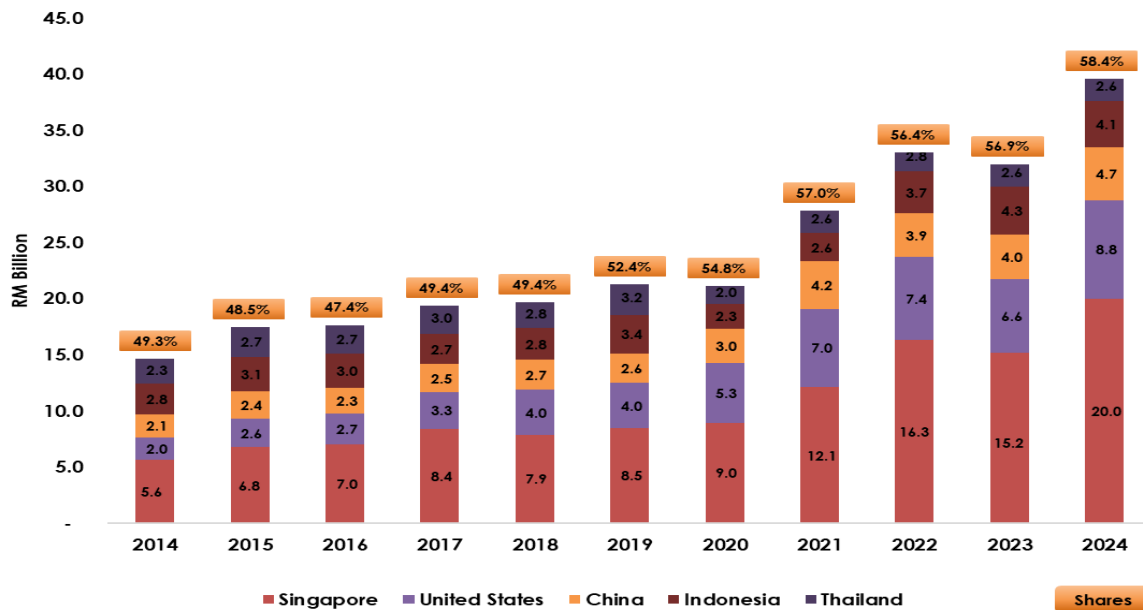


Chart 2: Percentage share of Exports to Major Countries, 2024



Source: Department of Statistics Malaysia

Chart 3: Export of Machinery, Equipment &amp; Parts for Major Country of Destination, 2014-2024



Source: Department of Statistics Malaysia

## IMPORTS IN 2024

Malaysia's imports of machinery, equipment and parts recorded an increase of 27.4 per cent, rebounding from a -0.2 per cent growth in 2023 to record RM113.6 billion in 2024. Major imports included general industrial machinery, equipment and machine parts, which contributed

RM44.1 billion. Additionally, products under the category of machinery specialised for particular industries generated RM40.1 billion in import value in 2024. Over a 10-year period (from 2014 to 2024), imports of machinery, equipment and parts grew at an average annual growth rate of 7.1 per cent.

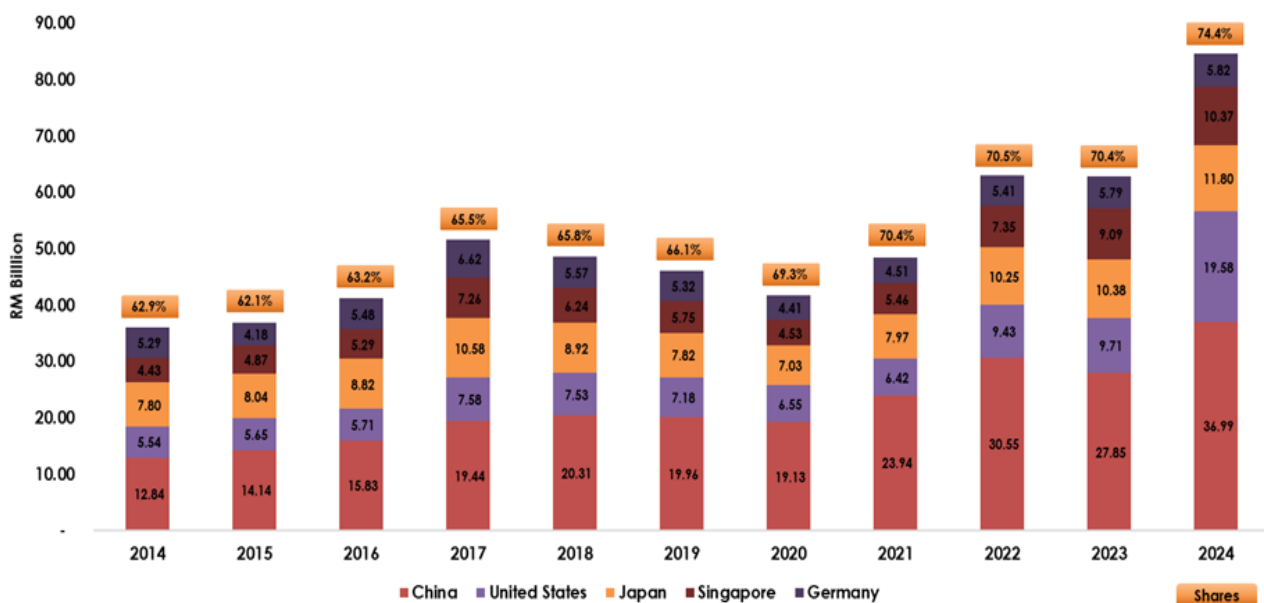


## IMPORTS PERFORMANCE FOR MAJOR COUNTRY OF DESTINATION

China, the United States, Japan, Singapore and Germany were among Malaysia's top major countries of origin for imports in 2024, contributing 74.4 per cent of Malaysia's total imports of machinery, equipment and parts. It rebounded to 34.6 per cent from a decline of 0.2 per cent over the same period in the previous year, amounting to RM84.6 billion (**Chart 4**).

In 2024, imports from China reached RM37.0 billion, a 32.8 per cent rise from a decline of 8.8 per cent. Imports from the other countries, such as the United States, Japan, Singapore and Germany, also showed an upward trend.

**Chart 4: Imports of Machinery, Equipment & Parts for Major Country of Origin, 2014-2024**



Source: Department of Statistics Malaysia

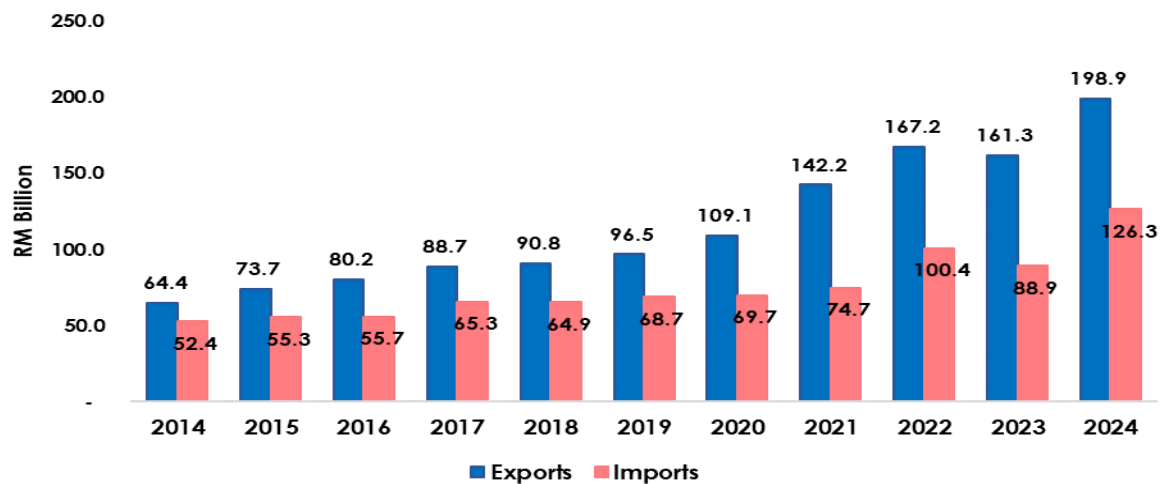
## MALAYSIA'S TRADE WITH THE UNITED STATES

Malaysia and the United States have maintained a strong trade relationship over the years, with the United States among Malaysia's major trading partners. In 2024, Malaysia's trade performance with the United States amounted to RM325.2 billion, a rise of RM75.0 billion or 30.0 per cent year-on-year (y-o-y). Export and import grew by 23.3 per cent and 42.1 per cent to RM198.9 billion and RM126.3 billion respectively. Malaysia also recorded a trade surplus that grew by 0.3 per cent to RM72.7 billion compared to RM72.4 billion in the preceding year.

Over the last 10 years, Malaysia's trade performance with the United States has shown significant growth, as depicted in **Chart 5**. Malaysia's top exports to the United States include electric & electronic products (E&E), optical & scientific equipment, machinery, equipment & parts, rubber, as well as wood products.



Chart 5: Malaysia's Total Export and Import to the United States, 2014-2024

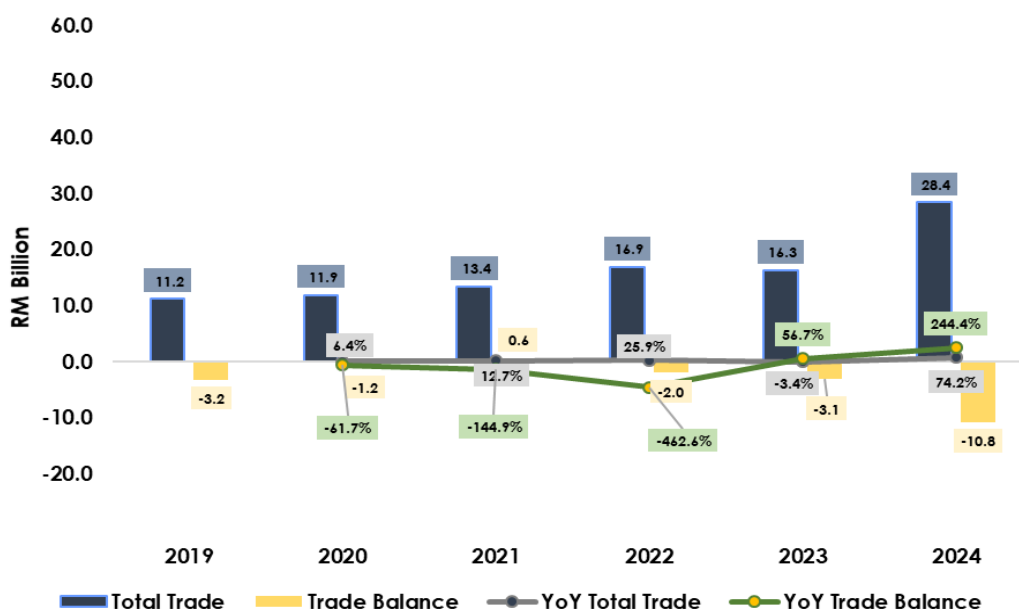


Source: Department of Statistics Malaysia

Machinery, equipment & parts are consistently ranking among Malaysia's top exports to the United States. This sector represents a significant portion of Malaysia's exports to the United States and contributes to both nations' economic and industrial development. In 2024, trade with the United States accounted for 15.5 per cent or RM28.4 billion, of Malaysia's total trade in machinery, equipment & parts, which amounted to RM182.7 billion. This was an increase from -3.4 per cent in the previous year to 74.2 per cent in 2024. This growth was driven by increased trade in machinery specialised for particular industries together with power generating machinery and equipment, which rose by 86.2 per cent and 189.6 per cent respectively.

While machinery, equipment & parts remain a key driver of Malaysia–United States trade, the expansion in this sector has not translated into a favourable trade balance. Malaysia recorded a trade deficit of RM10.8 billion with the United States, up 244.4 per cent in 2024 as compared to 2023, reflecting a higher value of imports relative to exports (Chart 6). Malaysia's trade deficit with the United States has widened since 2022, which indicates the imbalances in high-technology and capital-intensive sectors, underscoring the country's reliance on imported intermediate and capital goods. For instance, in 2024, imports in machinery, equipment and parts from the United States were valued at RM19.6 billion, expanded by 101.7 per cent year-on-year compared with 3.0 per cent in 2023.

Chart 6: Total Trade and Trade Balance of Machinery, Equipment and Parts, Malaysia and the United States, 2019-2024



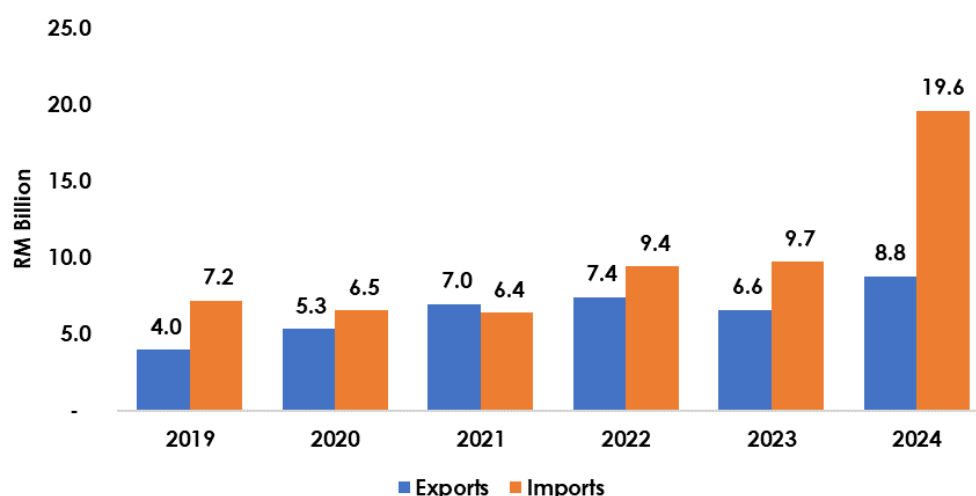
Source: Department of Statistics Malaysia



Exports to the United States accounted for 12.7 per cent of Malaysia's total export of machinery, equipment and parts, grew by 33.6 per cent to RM8.8 billion from RM6.6 billion the previous year (**Chart 7**). This growth a decline of 11.5 per cent in 2023. Malaysia's major export include machinery specialised for particular industries as well as general industrial machinery, equipment and machine parts. They play a vital role in improving productivity and efficiency, ensuring consistency and quality, minimising labour

and human error, facilitating mass production and thus promoting long-term industrial development. Since 2019, exports of machinery, equipment and parts to the United States have demonstrated consistent growth with the exception of 2023, which declined by 11.5 per cent.

**Chart 7: Malaysia's Export and Import of Machinery, Equipment and Parts to the United States, 2019-2024**



Source: Department of Statistics Malaysia

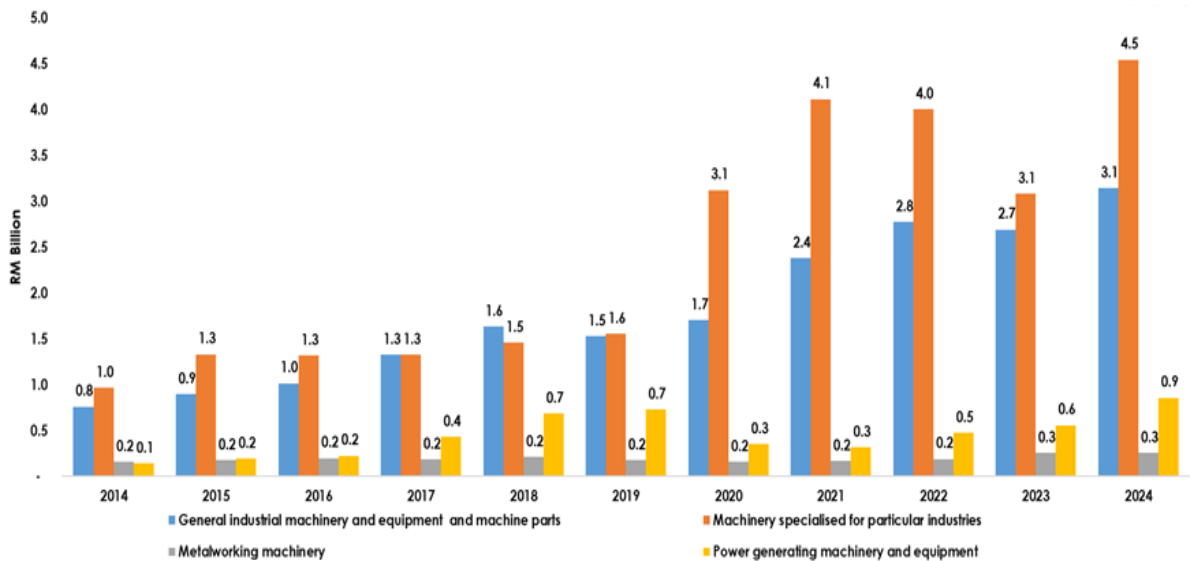
Among these four categories, machinery specialised for particular industries demonstrated the highest export value to the United States in 2024, reaching RM4.5 billion compared to RM3.1 billion in 2023. This represents a 47.4 per cent increase, after a 23.1 per cent decline the previous year. Meanwhile, general industrial machinery, equipment and machine parts, ranked second, grew by 16.8 per cent from a decline of 3.0 per cent in the preceding year to reach RM3.1 billion in 2024. The other two categories, metalworking machinery and power generating machinery and equipment, contributed RM250.8 million and RM852.6 million, respectively (**Chart 8**). Of these four groups, only metalworking machinery declined by 1.0 per cent in 2024, while power generating machinery and equipment increased by 53.9 per cent.

Between 2014 and 2024, exports of machinery, equipment and parts to the United States increased at an annual rate of 15.9 per cent. During this period, all four product groups recorded double-digit growth except for metalworking machinery, which grew at 5.0 per cent annually. General industrial machinery, equipment & machine parts, machinery specialised for particular industries and power-generating machinery & equipment, grew at 15.3 per cent, 16.8 per cent and 20.0 per cent per year, respectively.





**Chart 8: Malaysia Export of Machinery, Equipment and Parts to the United States, by Group of Products, 2014-2024**



Source: Department of Statistics Malaysia

## CONCLUSION

In conclusion, Malaysia's exports of machinery, parts & equipment, particularly to the United States, have shown substantial growth, positioning the United States as one of the country's major trading partners in this field of trade. The significant increase in export value, particularly in the product category of machinery and power generation equipment, demonstrates Malaysia's

ability to meet the demands of the United States market and the strength of its bilateral trade relations. Thus, highlighting the sector's ability to innovate and adapt. The ongoing collaboration, high-value investment and technology are essential to foster long-term trade growth with the United States.

## DISCLAIMER

The views expressed are those of the author and do not represent the views of DOSM (Department of Statistics Malaysia).

## REFERENCES

Department of Statistics Malaysia. (2025). Gross Domestic Product, Third Quarter 2025. [https://www.dosm.gov.my/uploads/release-content/file\\_20251114080552.pdf](https://www.dosm.gov.my/uploads/release-content/file_20251114080552.pdf)

Malaysia External Trade Development Corporation (MATRADE). (n.d.). Malaysia exporters of machinery, parts & equipment directory (Basic HTML Version). Retrieved from <https://www.matrade.gov.my/documents/ebook/machinery/files/assets/basic-html/index.html#page6>

National Grid. (2023, June 26). What is renewable energy storage? National Grid. Retrieved from <https://www.nationalgrid.com/stories/energy-explained/what-is-renewable-energy-storage>

New Industrial Master Plan 2030. (2023). Sectoral plan: Machinery and equipment industry. Ministry of Investment, Trade and Industry Malaysia. Retrieved from [https://www.nimp2030.gov.my/nimp2030/modules\\_resources/bookshelf/e-11-Sectoral\\_NIMP-Machinery\\_and\\_Equipment\\_Industry/E-11-Sectoral\\_NIMP-Machinery\\_and\\_Equipment\\_Industry](https://www.nimp2030.gov.my/nimp2030/modules_resources/bookshelf/e-11-Sectoral_NIMP-Machinery_and_Equipment_Industry/E-11-Sectoral_NIMP-Machinery_and_Equipment_Industry)

Trade Performance 2024 - MATRADE. (2025). Trade Performance: December 2024 and January - December 2024. Retrieved from <https://www.matrade.gov.my/en/export-to-the-world/216-malaysian-exporters/trade-performance-2024>



This page is deliberately left blank

# **CHARTING THE JOURNEY OF MALAYSIA'S RUBBER PRODUCTS EXPORTS TO THE UNITED STATES**



This page is deliberately left blank



## CHARTING THE JOURNEY OF MALAYSIA'S RUBBER PRODUCTS EXPORTS TO THE UNITED STATES

Nurul Faziera Khairul Adlee<sup>1</sup>; Nur Sa'eda Humairah Khairul Nizat<sup>1</sup>

<sup>1</sup> International Trade Statistics Division, Department of Statistics Malaysia

### INTRODUCTION

Malaysia and the United States have cultivated a long-standing and active trade relationship, particularly in the exchange of manufactured and industrial goods. Data from the Department of Statistics Malaysia (DOSM) show that natural rubber and rubber-based products continue to form an important part of Malaysia's export structure, reaching diverse international markets including the United States. This enduring partnership is reinforced through sustained cooperation, programmes that facilitate market access and industry engagement platforms coordinated by Malaysia's trade and government agencies (MATRADE, 2025).

Rubber products form a cornerstone of Malaysia's manufacturing exports. Over the decades, the country has progressed from primarily producing raw natural rubber to developing a wide range of advanced downstream products such as medical gloves, tyres, rubber threads and industrial goods (Shahrizal, 2024). The Malaysian Rubber Council (MRC) highlights Malaysia's strength in value-added rubber exports, underscoring its role as a leading global supplier of high-quality rubber products (Malaysian Business, 2024).

In recent years, the industry has gone through big changes to stay competitive despite higher production costs, changes in the global market

and stricter rules. The Malaysian Rubber Council (MRC) has worked harder to improve environmental, social and governance (ESG) practices. At the same time, international groups have checked labour conditions and supply chain standards to push for more openness and responsibility in the sector (Boles & ILO, 2023). These efforts show a move towards a rubber industry that is modern, responsible and in line with global standards.

Given the strong trade relationship between Malaysia and the United States and the strategic role of rubber-based exports within that partnership, this article provides a comprehensive review of Malaysia's rubber goods exports to the United States, situating them within the broader context of Malaysia–United States trade relations. Drawing on data from the Department of Statistics Malaysia (DOSM, 2025), the discussion traces how export patterns have evolved over time, examines the composition of products within the sector and considers the directions in which the market is moving. By reviewing both statistical evidence and institutional perspectives, the article aims to offer readers a clear and structured understanding of Malaysia's rubber export landscape with particular attention to its engagement with the United States.

### MALAYSIA'S RUBBER TRADE AT A GLANCE

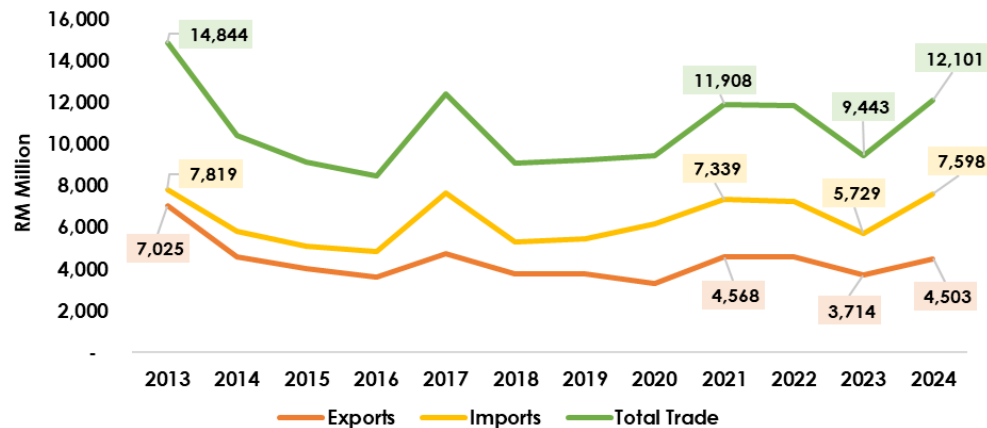
Malaysia's rubber industry continues to be one of the country's most important contributors to manufacturing and international trade. Over the years, Malaysia has built a reputation as a major global supplier, particularly in the healthcare sector where Malaysian-made gloves are used in hospitals and industries worldwide (MIDA, 2007). The sector has also continued to demonstrate its resilience through ongoing investment in manufacturing capabilities, automation and product innovation helping producers remain competitive in a rapidly changing global environment. The industry showed remarkable strength during the COVID-19 pandemic, especially in 2021 when exports soared to RM64.6 billion reflecting the massive worldwide demand for medical and examination gloves. This period highlighted the strategic importance of Malaysia's downstream rubber capabilities as the country successfully met the rapid rise in global requirements. Overall, Malaysia remains a key

global hub in the rubber supply chain and continues to play a central role in meeting international demand for high-quality rubber goods (MRC, 2025).

Malaysia shows two very different trade patterns when comparing natural rubber and rubber products. For natural rubber, Malaysia usually buys more from overseas than it sells because local factories need natural rubber for processing and manufacturing. As shown in **Chart 1**, natural rubber exports fell sharply from RM7.0 billion in 2013 to RM4.5 billion in 2024, while imports remained higher at RM7.6 billion in 2024. This visual makes clear how Malaysia's reliance on imported raw rubber has grown, even as its export earnings from natural rubber have declined.



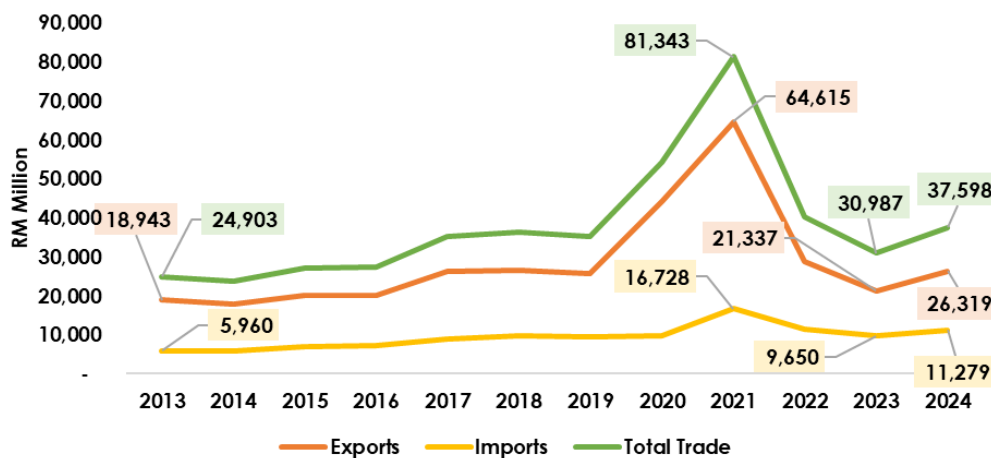


**Chart 1: Total Trade, Export & Import Malaysia for Natural Rubber (2013-2024)**

Source: Department of Statistics Malaysia

In contrast, Malaysia is a strong exporter of rubber products where export earnings for rubber products were RM18.9 billion in 2013 and increased to RM26.3 billion in 2024, peaking at RM64.6 billion in 2021 when global demand for medical gloves was extremely high during the pandemic. Although imports of rubber products have also increased over the years from RM6.0 billion in 2013 to RM11.3 billion in 2024, it remains much lower

than exports proving that Malaysia earns a strong trade surplus from its downstream rubber industry. This trend is clearly illustrated in **Chart 2**, which highlights Malaysia's role as a rubber "processing hub," where imported raw rubber is turned into high-value goods and sold to international markets for higher income (NER, 2024).

**Chart 2: Total Trade, Export & Import Malaysia for Rubber Products (2013-2024)**

Source: Department of Statistics Malaysia

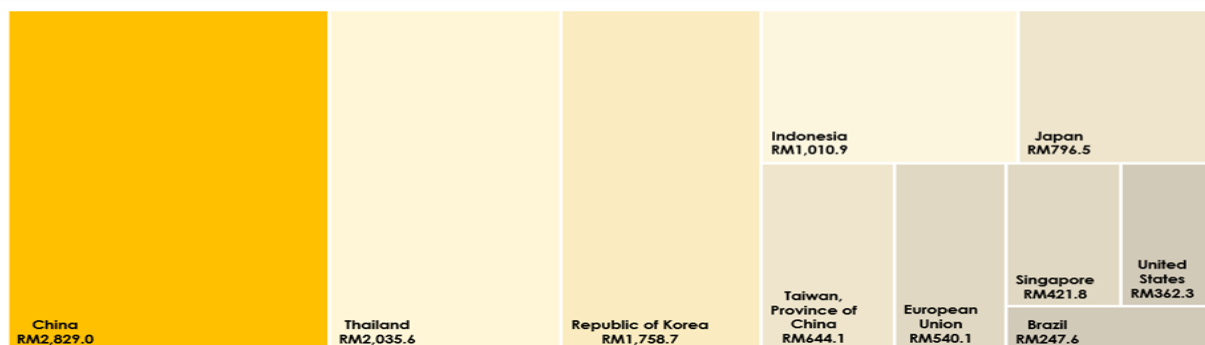
Malaysia's rubber industry is made up of five main product groups which are articles of rubber not elsewhere classified, materials of rubber, rubber gloves, rubber tyres and tyre cases including interchangeable tyre products and synthetic rubber. These products serve many sectors such as healthcare, automotive, machinery, electronics and household goods showing how widely Malaysian rubber products are used and how important the industry is to daily life and national manufacturing (MIDA, 2025).

Malaysia imports rubber products and raw materials from a diverse range of countries but several consistently emerge as the main suppliers. As illustrated in **Chart 3**, Thailand, China,

South Korea, Japan, Indonesia, Taiwan, the European Union and the United States are among Malaysia's top import sources each year. Thailand typically ranks as the largest supplier while China and South Korea also contribute significantly high import values. This pattern highlights Malaysia's strong reliance on regional partners particularly Thailand and China to supply raw rubber, latex and semi-processed rubber materials needed to support its downstream manufacturing industry.



Chart 3: Top 10 Rubber Products Imports from Origin Country, 2024



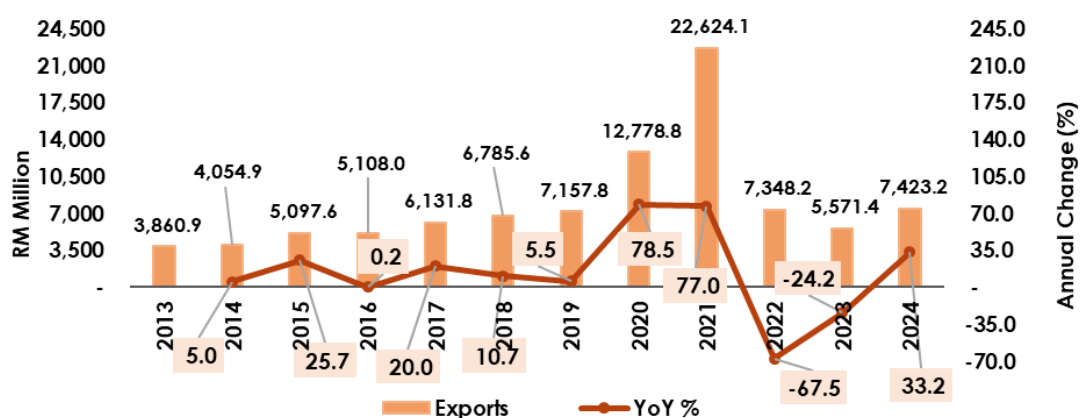
Source: Department of Statistics Malaysia

#### MALAYSIA'S RUBBER PRODUCT EXPORTS TO THE UNITED STATES

Malaysia's exports of rubber products to the United States show a strong upward trend over the past decade although the growth pattern is not straight and experienced major fluctuations. From 2013 to 2019, exports increased steadily from RM3.9 billion to RM7.2 billion as demand for Malaysian industrial and consumer rubber goods continued to grow. The following years saw a sharp expansion in export earnings driven by exceptional global conditions that temporarily elevated the United States import requirements. Exports to the

United States jumped to RM12.8 billion in 2020 and reached RM22.6 billion in 2021 marking the highest level recorded in the entire series. After 2021, exports declined in 2022 and 2023 but remained above pre-pandemic averages before rising again to RM7.4 billion in 2024. The trajectory is captured vividly in **Chart 4**, underscoring that even with market normalisation, the United States continues to be a strong and resilient market for Malaysia's rubber industry.

Chart 4: Rubber Products Exports to the United States (2013-2024)



Source: Department of Statistics Malaysia

Malaysia's exports of rubber products to the United States between 2020 and 2024 were strongly shaped by pandemic-driven demand with rubber gloves remaining the dominant export category throughout the period. Total rubber product exports jumped from RM12.8 billion in 2020 to a record RM22.6 billion in 2021 at the height of the COVID-19 pandemic driven largely by rubber glove exports which surged from RM11.9 billion in 2020 to RM21.4 billion in 2021. As global demand normalised, total exports eased to RM7.4 billion in 2022 and RM5.6 billion in 2023 before recovering to RM7.4 billion in 2024. Other product groups also contributed to the United States market performance including articles of rubber n.e.c. which ranged from RM197.6 million in 2020 to

RM213.2 million in 2023 before settling at RM200.3 million in 2024 and materials of rubber which grew steadily from RM136.7 million in 2020 to RM320.7 million in 2024. Exports of rubber tyres, Tyre cases and interchangeable tyre rose from RM539.2 million in 2020 to RM852.1 million in 2023 before moderating to RM715.2 million in 2024 while synthetic rubber, though the smallest category, consistently contributed tens of millions annually ranging from RM9.9 million in 2020 to RM54.8 million in 2021 and RM31.2 million in 2024. These detailed figures, presented in **Table 1**, emphasise that while Malaysia exports a broad mix of rubber-based products to the United States, rubber gloves remain the core export driver within the 2020–2024 period.



**Table 1: Rubber Products Exports to the United States (RM), 2020 – 2024**

Rubber Products	2020	2021	2022	2023	2024
Articles of rubber n.e.c.	197,557,942.0	200,220,895.0	197,701,127.0	213,248,649.0	200,288,337.0
Materials of rubber	136,747,764.0	184,025,976.0	243,229,261.0	285,953,548.0	320,718,002.0
Rubber gloves	11,895,395,879.0	21,417,308,341.0	6,095,937,750.0	4,194,398,163.0	6,155,721,515.0
Rubber tyres, tyre cases, interchangeable tyre	539,166,134.0	767,696,775.0	774,921,205.0	852,147,172.0	715,223,074.0
Synthetic rubber	9,912,292.0	54,806,461.0	36,411,414.0	25,614,322.0	31,209,957.0
<b>TOTAL</b>	<b>12,778,780,011.0</b>	<b>22,624,058,448.0</b>	<b>7,348,200,757.0</b>	<b>5,571,361,854.0</b>	<b>7,423,160,885.0</b>

Source: Department of Statistics Malaysia

Malaysia's export data show that the United States is the country's largest single destination for rubber products with exports rising from RM3.9 billion in 2013 to a peak of RM22.6 billion in 2021 before normalising to RM7.4 billion in 2024. As illustrated in **Exhibit 1**, Malaysia's outbound shipments are heavily concentrated in developed economies with strong industrial and healthcare demand and this pattern is clearly reflected when comparing the United States with other major destinations such as China, the European Union, Japan, Australia and Brazil. China recorded RM5.2 billion in 2013 and RM4.5 billion in 2024 while the EU imported RM3.6 billion in 2013 and RM3.9 billion in 2024. Countries such as Japan, Brazil, Australia, India, Thailand and Singapore also represent

important buyers but at much lower levels with Japan's imports reaching RM1.2 billion in 2024 and Singapore importing RM481.9 million. When all these markets are viewed together and as visually supported by the distribution of export destinations in **Exhibit 1**, it becomes evident that although Malaysia exports rubber products to a wide range of developed and emerging economies, none of them reach the same levels as the United States in most years. This shows that the strongest market for selling finished Malaysian rubber products is the United States placing it firmly at the top among export destinations especially during the pandemic years when demand surged sharply and pushed the United States imports to unprecedented levels.

**Exhibit 1: Total Rubber Products Exports to Destination Country, 2024**

Source: Department of Statistics Malaysia

## CONCLUSION

In conclusion, the journey of Malaysia's rubber exports particularly to the United States reflects a story of resilience, adaptability and long-term industry development. Malaysia has successfully moved from exporting mainly raw rubber to becoming a well-recognised global hub for high-value downstream products especially rubber gloves and other engineered industrial goods. The data clearly show that the United States has remained Malaysia's most important market over the years with exports reaching record highs during the pandemic before stabilising at levels still well above those seen a decade ago.

Beyond the numbers, these trends also highlight how Malaysia's rubber industry has continued to

evolve in response to global competition, higher production requirements and stronger environmental and social expectations. Investments in technology, automation and supply-chain improvement have helped the industry maintain its competitive edge while greater attention to ESG and responsible production demonstrates the sector's commitment to long-term sustainability. With continued innovation, supportive policies and solid engagement with international partners such as the United States, Malaysia is well positioned to maintain and strengthen its role in the global rubber economy in the years ahead.

## DISCLAIMER

The views expressed are those of the author and do not represent the views of DOSM (Department of Statistics Malaysia).

## REFERENCES

Boles, H., & ILO. (2023). Decent work challenges and opportunities in Malaysia's rubber glove supply chain. Switzerland: International Labour Organization (ILO). Retrieved from [https://www.researchgate.net/publication/380533525\\_Decent\\_work\\_challenges\\_and\\_opportunities\\_in\\_Malaysia's\\_rubber\\_glove\\_supply\\_chain](https://www.researchgate.net/publication/380533525_Decent_work_challenges_and_opportunities_in_Malaysia's_rubber_glove_supply_chain)

DOSM. (2025). External Trade Statistics. Retrieved from Department of Statistics Malaysia: <https://www.dosm.gov.my/portal-main/search?keyword=external+trade>

Malaysian Business. (2024, January 18). Malaysian Rubber Council Leads Sustainability Drive in Rubber Industry. Retrieved from Malaysian Business by amaniemedia Online: <https://www.malaysian-business.com/index.php/wordpress/item/8568-malaysian-rubber-council-leads-sustainability-drive-in-rubber-industry>

MATRADE. (2025). Malaysia–United States ART: Strengthening Growth and Competitiveness of Malaysian Exporters. Retrieved from The Official Portal of Malaysia External Trade Development Corporation, the National Trade Promotion Agency of Malaysia (MATRADE): [https://www.matrade.gov.my/en/about-matrade/media/press-releases/6467-malaysia-u-s-art-strengthening-growth-and-competitiveness-of-malaysian-exporters?utm\\_](https://www.matrade.gov.my/en/about-matrade/media/press-releases/6467-malaysia-u-s-art-strengthening-growth-and-competitiveness-of-malaysian-exporters?utm_)

MIDA. (2007). Malaysia Performance of The Manufacturing & services Sectors 2007.

Retrieved from Malaysia Industrial Development Authority: [chrome-extension://efaidnbmnnnibp cag pcglclefindmkaj/https://www.mida.gov.my/wp-content/uploads/2020/12/20140126145649\\_slides2007eng.pdf?utm\\_](chrome-extension://efaidnbmnnnibp cag pcglclefindmkaj/https://www.mida.gov.my/wp-content/uploads/2020/12/20140126145649_slides2007eng.pdf?utm_)

MIDA. (2025). Rubber Products. Retrieved from Malaysian Investment Development Authority (MIDA): <https://www.mida.gov.my/industries/manufacturing/chemical-advanced-materials/chemicals-advance-materials-rubber-products/>

MRC. (2025). e-newsletter of the Malaysian Rubber Council. Retrieved from Malaysia Rubber Council : [https://www.myrubbercouncil.com/stretch/pdf/2022\\_D3V1.pdf?utm\\_](https://www.myrubbercouncil.com/stretch/pdf/2022_D3V1.pdf?utm_)

NER. (2024, May 08). The Malaysian Rubber Strategy : how the world's largest producer became immune to price volatility. Retrieved from North East Rubber Public Company Limited (NER): <https://www.nerubber.com/en/updates/blog/55/the-malaysian-rubber-strategy-how-the-worlds-largest-producer-became-immune-to-price-volatility>

Shahrizal. (2024, September 23). MRC Projects Malaysia's Rubber Exports To Soar Past RM30 Billion. Retrieved from Business Today: <https://www.businesstoday.com.my/2024/09/23/mrc-projects-malaysias-rubber-exports-to-soar-past-rm30-billion/>



This page is deliberately left blank



# **MALAYSIA'S WOOD PRODUCTS TRADE WITH THE UNITED STATES**

This page is deliberately left blank



## MALAYSIA'S WOOD PRODUCTS TRADE WITH THE UNITED STATES

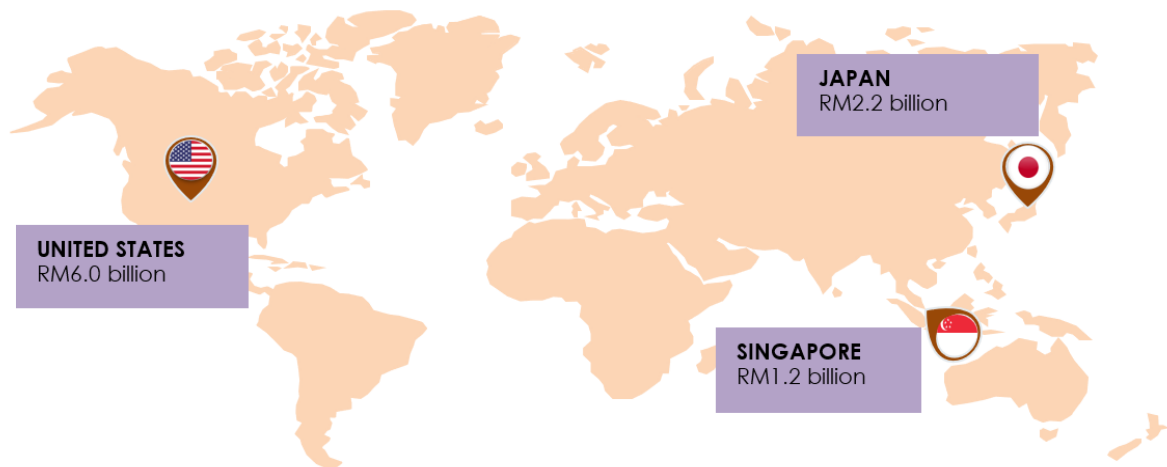
Nur Nabilla Said Ahmad<sup>1</sup>; Siti Nur Syuhada Sulaiman<sup>1</sup>;<sup>1</sup> International Trade Statistics Division, Department of Statistics Malaysia

## INTRODUCTION

One of Malaysia's most significant manufacturing sectors for a long time, the wood-based industry generates jobs nationwide and makes a substantial contribution to export revenue. Plywood, veneer, particle board, reconstituted wood and wooden and rattan furniture are just a few of the many downstream products produced by this industry. These goods bolster Malaysia's industrial supply

chain and solidify the country's standing as a competitive supplier on the international stage. Consequently, the industry continues to be a crucial pillar of Malaysia's export-oriented economy.

Figure 1: Top Export Destinations for Wood Products



Source: Department of Statistics Malaysia

The United States has consistently been one of the top destinations for Malaysian wood products (**Figure 1**). Alongside the United States, Japan and Singapore rank among the leading countries importing Malaysian wood. This strong position is largely due to Malaysia's commitment to maintaining high quality in its sustainably sourced wood products. The United States market, in particular, presents significant opportunities for Malaysian exporters, especially in the luxury furniture sector and engineered wood products tailored to meet the preferences of the United States consumers.

Malaysian wood products are highly competitive in terms of quality, craftsmanship and design, which has contributed to steady export growth. Malaysian manufacturers have adeptly responded to shifting trends in the United States market, notably the increasing preference for minimalist, comfortable and eco-friendly furniture designs. Additionally, Malaysia's commitment to sustainable forest management has enhanced the credibility of its products in environmentally conscious markets.

The adoption of advanced technologies has further strengthened the capabilities of Malaysian wood exporters. While many manufacturers in the United States have shifted towards producing high-value, customised products for niche markets, Malaysia has positioned herself as a reliable and innovative supplier.

Given the size, potential and stability of the United States market, the trade relationship between Malaysia and the United States in wood products is expected to grow even stronger in the coming years. With increasing demand for high-quality and eco-friendly wood products, Malaysia is well-placed to capitalise on its strengths. To seize further opportunities in the United States market, it is essential to understand the industry landscape, export performance and the factors influencing market demand.



## GENERAL SCENARIO OF MALAYSIA'S WOOD INDUSTRY

The wood industry in Malaysia is still strong and able to change as global market trends and rules change. It is one of the most important parts of the economy in the country. It includes a wide range of activities, such as logging, sawmilling, making panels and making furniture. The industry has been moving towards higher value-added products over the past ten years in response to international demand and expectations for sustainability.

The wood industry in Malaysia is putting progressive emphasis on sustainable forest management and certifying timber products for both domestic and export markets. The Malaysian Timber Certification Scheme (MTCS) and other certification programs have facilitated Malaysia's reputation as a reliable source of legal and sustainable wood products.

Technological progress has also been a key factor in bringing production methods up-to-date. Automation, digitalisation and the use of smart manufacturing systems have all made things more efficient and productive, which has helped

manufacturers meet global quality standards better. The furniture sub-sector has especially benefited from new designs and branding, which have made it more competitive in high-end export markets.

The industry keeps going strong by adding new products and moving into niche markets, even though it is encountered with some challenges. Government programs and incentives have also helped the sector move forward.

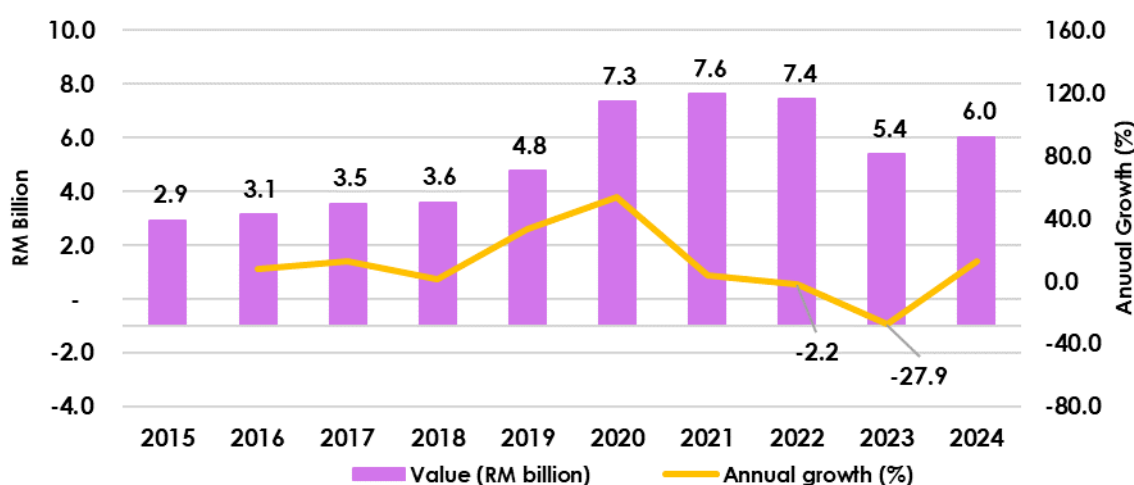
In short, Malaysia's wood industry is known for its use of modern technology, commitment to sustainable practices and focus on producing goods that add value. All of these elements together help it stay at the top of the global market for timber and wood products.

## MALAYSIA'S TRADE PERFORMANCE OF WOOD PRODUCTS TO THE UNITED STATES

**Chart 1** illustrates that in the last ten years, Malaysian wood product exports to the United States have steadily increased, with a big jump between 2015 and 2021. A big change happened in 2020, when export values jumped from RM4.8 billion in 2019 to RM7.3 billion. This showed that demand from the United States was rising rapidly. This trend of growth continued into 2021, when it hit an all-time high of RM7.6 billion.

Exports dropped to RM5.4 billion in 2023, but they rose to RM6.0 billion in 2024. This shows that Malaysia's wood products sector is strong and that its export policies work. In general, the changes that have happened since 2020 mark the start of a new era of higher demand and more important Malaysian wood products in the United States market. This trend is still going strong today.

**Chart 1: Value and Annual Change of Exports of Wood Products in United States**



Source: Department of Statistics Malaysia

Even though there was a pandemic in 2020, the United States still imported a lot of wood products. More people working from home and more people renovating their homes led to more demand for furniture and wood products, which helped keep sales up. This lifestyle change has had a direct effect on Malaysia's wood exports to the United States.

Veneer, plywood, improved or reconstituted wood and wooden and rattan furniture are the three most popular wood products in the United States. People still want wood furniture because homes are still being built. Engineered plywood and panels are especially useful for building and remodelling homes. Engineered wood is becoming more popular in furniture making because it is cheap, lightweight and long-lasting.

**Chart 2: Percentage Exports of Wood Product in the United States, 2024**



Source: Department of Statistics Malaysia

In the United States, some of the most popular wood products are plywood, veneer, improved or reconstituted wood and wooden and rattan furniture. People continue to desire wood furniture due to the ongoing construction of new homes.

Malaysian wood and rattan furniture are a top choice for the United States consumers (**Chart 2**), especially for outdoor spaces, living rooms and the ready-to-assemble (RTA) segment. People really want these products because Malaysia is known for making furniture that is strong, stylish and reasonably priced. This demand fits well with what United States consumers want, especially since simple, nature-inspired decor is becoming more popular.

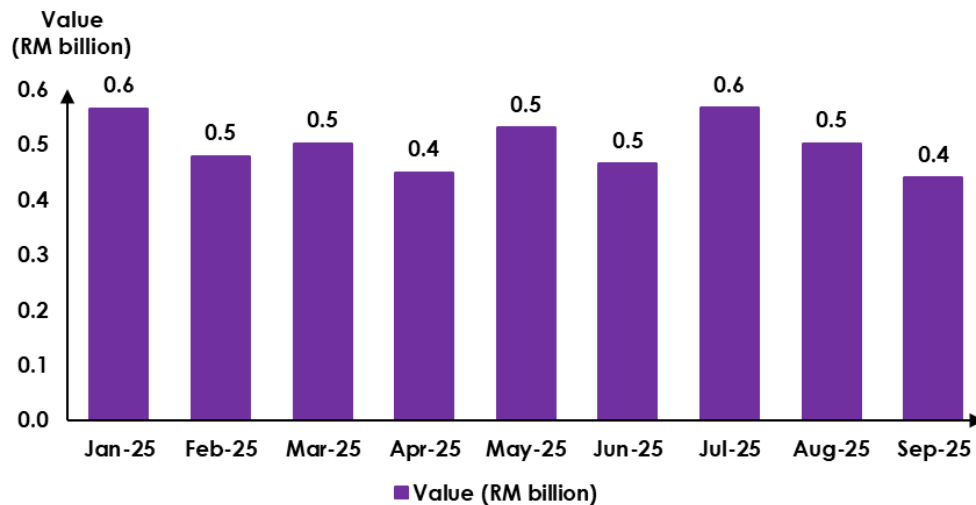
Malaysian veneer, plywood and better or remade wood products are also popular in the United States market. People like these materials because they are always of high quality. They are often used in flooring, cabinetry and construction. Malaysia has to compete with countries like Indonesia and Vietnam, but its reliable supply chain and commitment to eco-friendly practices give it a unique edge. Furthermore, reconstituted wood products that are good for the environment and do not cost too much are slowly taking over the United States market.





## GENERAL SCENARIO OF MALAYSIA'S WOOD INDUSTRY

Chart 3: Value of Exports of Wood Products in United States, Jan-Sept 2025



Source: Department of Statistics Malaysia

**Chart 3** shows, the export value of wood products to the United States from January to September 2025 shows that the trend has stayed the same. Notably, despite the announcement of an increase in the United States tariffs on Malaysian products in April 2025, there has been no significant impact on the export trend. The figures indicate that export volumes have continued at a stable rate, demonstrating the resilience of Malaysia's wood product exports to the United States market, even in the face of rising trade barriers.

In summary, Malaysia's ability to meet sustainability standards, offer diverse products and maintain the high quality has supported its wood exports to the United States. As the United States market continues to prioritise eco-friendly and high-quality wood products, Malaysia is well-positioned to sustain and expand its market share. Future research will examine the key factors driving trade growth, as well as the challenges and opportunities that lie ahead.

## THE FACTORS INFLUENCING OF DEVELOPMENT OF WOOD PRODUCT TRADE

### QUALITY AND DESIGN COMPETITIVENESS OF MALAYSIAN WOOD PRODUCTS

The quality and competitiveness of the products offered by exporting nations have a direct impact on the growth of the wood product trade. The growth of Malaysia's wood-based industry, which remains a significant contributor to the country's economy is heavily dependent on how well Malaysian wood products satisfy the demands of the international market.

Product quality is one of the main elements influencing trade development. Malaysian goods are more credible in the international market thanks to their superior timber, superb craftsmanship and adherence to international standards. Customers in important markets like the United States, Europe and East Asia are calling for goods that are reliable, accurate and consistent. To maintain a competitive edge, Malaysian

manufacturers invest in quality control systems, skilled labour and contemporary production technologies.

Design competitiveness is just as significant as quality. Consumers nowadays look for wood products that are both aesthetically pleasing and functional. Malaysian manufacturers have switched from mass production to design-driven innovation to remain competitive. Product development these days focuses on elements like eco-friendly concepts, customisation and modern styling. The marketability of Malaysian wood products can be further enhanced by working with designers, participating in international furniture shows and embracing international design trends.



## CERTIFICATION AND SUSTAINABILITY CREDENTIALS (MTCS, PEFC, FSC)

As sustainability is increasingly acknowledged as a crucial requirement in the global timber industry, Malaysia's commitment to certified and environmentally responsible practices has an increasing impact on the growth of the country's wood product trade. Certifications such as the Malaysian Timber Certification Scheme (MTCS), the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC) are important to boosting Malaysia's competitiveness in international markets as foreign buyers become more aware of forest conservation and legality.

There are only certified wood products can be imported due to strict regulations in many countries, particularly in Europe, North America and Oceania. Malaysia's implementation of The Malaysian Timber Certification Scheme (MTCS), which is supported worldwide by Programme for the Endorsement of Forest Certification (PEFC), contributes to ensuring that its wood comes from forests that have been managed sustainably. Despite boosting accessibility and trust, this certification provides opportunities for Malaysian goods to enter valuable markets with stringent sustainability regulations.

Malaysia's credibility is additionally strengthened by the Forest Stewardship Council (FSC) certification, which is recognised globally. Although not all Malaysian producers hold FSC certification, those that do gain access to niche markets that prioritise ethical sourcing. It provides Malaysian manufacturers with an advantage over rivals from nations with less stringent environmental laws.

Beyond that, certifications to sustainability add value to the marketplace. To ensure legality, traceability and responsible forest management, certified products may often demand higher prices. This encourages Malaysian industries to invest in eco-friendly production techniques, supply chain verification and sustainable forest practices. These initiatives support Malaysia's wider environmental commitments and also expand market access.

## TARIFF CONDITIONS AND PRICE COMPETITIVENESS

Tariff structures notably influence the competitiveness of Malaysian wood exports. Malaysia is actively engaging with the United States on tariff-related issues, particularly tariffs on furniture products, while continuing efforts to strengthen the country's economic fundamentals, said Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz. Discussions with the United States officials are ongoing, including with Malaysian furniture companies that would be affected by the recently announced tariff measures. Under the United States most-Favoured-Nation (MFN) tariff system, many Malaysian wood products face moderate but competitive tariff rates. However, countries with a Free Trade Agreement (FTA) with the United States may enjoy reduced or zero tariffs, increasing competition for Malaysian exporters. Malaysian exporters face immediate challenges, as a result of the the United States tariff increase.

Malaysian products will cost more in the United States market than those from countries with preferential trade agreements or lower tariff regimes. This reduces Malaysia's price competitiveness, especially in product categories where buyers are highly sensitive to cost differences. Furthermore, furniture is a high-volume, price-driven commodity in the global market. Consumer prices can be significantly affected by a small rise in tariff costs. Accordingly, American buyers may shift to suppliers from Vietnam, Mexico or other countries with more favourable tariff conditions. The shift in sourcing could lead to reduced order volumes, which would impact the production capacity of Malaysian manufacturers.



## CHALLENGES AND OPPORTUNITIES IN TRADING WITH THE UNITED STATES

The wood products industry in Malaysia faces a mix of challenges such as tariff changes, price and quality competition from regional exporters, compliance with United States regulations and rising production costs. However, there are also significant opportunities in areas such as growth potential for high-value-added products, rising demand for sustainable and eco-friendly products in the United States market. To enhance the sustainability and profitability of Malaysia's wood product trade, Malaysian businesses need to sell furniture online sales such on Amazon, Wayfair and Walmart to penetrate the United States market.

The demand for ready-to-assemble (RTA) furniture has rapidly increased in the United States market due to several factors such as the growth of online retail, affordability and low shipping costs, smaller homes and apartments and consumer preferences for modern and minimalist styles. Malaysia has long been known for manufacturing dependable and high-quality wooden furniture. Malaysian businesses can increase their market share in the RTA sector by utilising flat-pack packaging systems, precision cutting and advanced manufacturing technologies. This not only reduces logistics costs but also aligns with American buyers' demand for convenient, stylish and budget-friendly furniture.

## CONCLUSION

The United States remains the largest destination for Malaysia's wood product industry and making an important contribution to the country's trade earnings. Malaysia has constant opportunities for strengthening its global presence to its significant consumer base, the evolution of design preferences and consistent demand for high-quality wood products. The ability to satisfy the United States demands for sustainability, legality and quality becomes even more crucial as competition heats up.

Looking ahead, sustainability and innovation will be the defining factors of long-term success. Companies that embrace eco-friendly materials, digital manufacturing technologies and modern aesthetics will be better positioned to meet the

shifting demands of United States consumers. To reach this potential, close collaboration among stakeholders, government agencies, industry associations, manufacturers and exporters is required. Malaysian wood products will be able to sustain their competitive edge through coordinated efforts in market research, international promotion, governmental support and technology upgrading. Through collective commitment and continuous improvement, Malaysia can enhance its standing in the United States market and secure sustainable growth for its wood product trade in the years to come.

## DISCLAIMER

The views expressed are those of the author and do not represent the views of DOSM (Department of Statistics Malaysia).



## REFERENCES

Malaysian Investment Development Authority (MIDA). (2025). Wood Manufacturing Exports Hit by US Housing Woes.

Furniture Players Urge Swift Action as US Tariff Hike Threatens Furniture Exports. (2025, July 9). Retrieved from The Star <https://www.thestar.com.my/news/nation/2025/07/09/furniture-players-urge-swift-action-as-us-tariff-hike-threatens-furniture-exports>

Malaysia Actively Engages US on Tariff Issues, Furniture Products. New Straits Times. (2025, Sept 26). Retrieved from New Straits Time <https://www.nst.com.my/newssummary/1282067?summary=1282067&date=1758880695>

Reuters. (2025, July 8). Malaysia Trade Ministry Clarifies 25% US Levy Not on Top of 10% Baseline Tariff.

Malaysian Timber Council (MTC). (2024). Annual Report on Malaysia's Timber Industry Performance 2024.

Southeast Asia Furniture Industry 2026: Market Overview and Strategic Insights. (2025, Nov 18). Retrieved from source of asia <https://www.sourceofasia.com/southeast-asia-furniture-industry-2026/>

MTCC-PEFC Certification: Products with Verifiable Origins. (2025) Retrieved from bluestar decks. <https://www.sourceofasia.com/southeast-asia-furniture-industry-2026/>

Department of Statistics Malaysia (DOSM). (2024). External Trade Statistics, Malaysia 2024



# Way Forward

Looking back into performance in 2023, Malaysia's external trade contracted to RM2.6 trillion, reflecting the weight of global headwinds such as tighter monetary conditions, supply chain disruptions and heightened geopolitical uncertainty. The Malaysia–United States trade relationship was similarly tempered, with softer export and import flows narrowing the trade surplus. This period served as a reminder of the vulnerabilities inherent in global trade networks and reinforced the urgency for Malaysia to diversify its trade portfolio while safeguarding strategic partnerships with major economies, particularly the United States.

By 2024, the bilateral trade relationship regained momentum. Total trade between Malaysia and the United States surged to RM325.2 billion, a robust 30 per cent increase from 2023. This rebound was anchored by resilient demand for electrical & electronics (E&E), machinery, optical instruments and rubber products. The United States retained its position as Malaysia's third-largest trading partner, underscoring its role as both a critical export market and a strategic hub for American multinational supply chains in ASEAN. The recovery highlighted the adaptability of both economies in navigating shifting global dynamics and reaffirmed the durability of their trade ties.

Looking ahead to 2025, projections point to sustained expansion, driven by rising investments in semiconductors, advanced manufacturing and initiatives to strengthen supply chain security. Malaysia is poised to consolidate its role as a regional base for the United States companies, particularly in innovation-intensive and high-value sectors. At the same time, diversification of supply sources and a growing emphasis on sustainability are expected to reshape trade flows, ensuring resilience against external shocks and aligning Malaysia–United States trade with emerging global priorities.

The way forward will require Malaysia to deepen collaboration with the United States in strategic industries while continuously reassessing sectoral structures to maintain competitiveness. Expectations for 2025 include stronger bilateral engagement in E&E, machinery and scientific instruments, alongside expanding opportunities in green technology and digital trade. These developments underscore the need for Malaysia to refine its trade strategies proactively, ensuring that the Malaysia–United States partnership remains a cornerstone of its external sector and a key driver of long-term economic resilience.





# Editorial Board

## EDITOR - IN - CHIEF

Riyanti Saari

## MANAGING EDITOR

Mohd Suhaidi Abdul Rais

Wan Nor Marha Wan Haron

## EDITORIAL MEMBERS

Mohd Suhaidi Abdul Rais

Abdul Latif Abd Kadir

Nazarina Nasir

Rashidah Yusof

Nurul Faziera Khairul Adlee

Nur Nabilla Said Ahmad

Siti Sofiah Zakaria

Nur Sa'eda Humairah Khairul Nizat

Siti Nur Syuhada Sulaiman

Nur Diyana Mohd Jamal

Nur Khairunnadia Kharudin

Logasunthari A.Murugan

## DISSEMINATOR

Mohamad Kuchairi Abd Aziz

Wan Nor Marha Wan Haron

## SECRETARIAT

Mohamad Kuchairi Abd Aziz

Muhammad Abdul Adzeem Muzzafar

Easwary Kodisvaren

Aeisyatul Mursyida Mohd Noor

Logasunthari A.Murugan

Nur Maslina Muhamed







