

Specialists urge caution on proceeding with American trade deal

PETALING JAYA: Malaysia's path forward on the Agreement on Reciprocal Trade (ART) with the United States remains uncertain, with experts urging caution following the US Supreme Court's decision to strike down previous reciprocal tariffs that initially prompted the deal.

International Islamic University Malaysia international relations expert Assoc Prof Dr Mohd Yazid Zul Kepli said Malaysia should take a measured approach.

"Malaysia should acknowledge the US Supreme Court ruling and treat it as a signal that US tariff policy could shift quickly under President Donald Trump.

"Malaysia should also temporarily hold off on completing ART's entry-into-force steps while seeking clear written assurances from the United States on what tariff authority will actually apply going forward and how Malaysia's market access will be protected."

He suggested Malaysia maintain warm relations with Washington while putting safeguards in place.

"At the same time, Malaysia should propose a technical review or side-letter mechanism so that commitments stay valid even if US tariffs

change again.

"The country should also coordinate messaging with Asean partners and focus talks on ensuring predictability for exporters, rather than on domestic US politics."

Debate over sovereignty also persists.

Mohd Yazid explained that ratifying ART while US tariff policies remain unstable could be interpreted in different ways.

"If Malaysia ratifies or fully implements ART while the US tariff basis that triggered the deal is being struck down or reshuffled by US courts and new tariff authorities, critics may see it as the country 'locking in' commitments to an unstable US policy environment.

"This could appear as reduced policy space or bargaining leverage."

He said economic considerations should remain paramount.

"Economic security comes first as ART decisions directly affect market access, supply chains and investor confidence.

"Diplomatic relations should be maintained through engagement and practical measures, such as clarifications and review clauses, rather than 'walking away'.

"Domestic politics matters but it should be addressed by clearly explaining Malaysia's gains, safeguards and red lines, so decisions are guided by long-term resilience, not short-term politics."

Universiti Putra Malaysia Putra Business School Assoc Prof Dr Ida Md Yasin stressed caution from an economic perspective.

"We should not proceed with ART as the earlier agreement seems lopsided. It appears to favour the United States more than Malaysia."

But she acknowledged the economic tradeoffs.

"There are pros and cons. Some goods would face tariffs while others would have zero tariffs. If Malaysia does not participate in ART, the advantages would go to countries that signed with the United States.

"However, even in the United States, the situation remains chaotic because the court has declared certain tariffs invalid. So right now, the condition is unstable."

On alternatives, she said Malaysia could diversify its trade.

"From time to time, we will face risks. The United States is Malaysia's third-largest trading partner, so exports to the United States could be reduced. However, there are many other

countries Malaysia could trade with.

"It is worthwhile to avoid ART for now as unstable US decisions create business uncertainty and make planning difficult."

For long-term growth, she recommended holding off on the agreement.

"At this point, I would choose abandonment because the US situation is unstable and signing an agreement would be risky. Since Malaysia has no control over US decisions, it is better to wait until the situation stabilises.

"Later, once the US government is more stable, we can reconsider negotiations, ensuring any future agreement is fair and not lopsided."

As Malaysia awaits further clarity, Mohd Yazid warned that strategic preparation is essential.

"Delaying ratification, if done politely and framed as a legal or technical review, could be defensible diplomatically because ART only takes effect after both sides exchange written notices and observe a waiting period.

"Malaysia could cite the need for legal certainty given the US court decision and ongoing policy shifts. In the end, Trump remains unpredictable and Malaysia needs to prepare for all possibilities." – **BY HARITH KAMAL**