



**FMM Calls for Balanced US Approach on Proposed
Section 301 Forced Labour Tariff Action**

Kuala Lumpur, July 5, 2026: The Federation of Malaysian Manufacturing (FMM) has submitted its written comments to the Office of the United States Trade Representative (USTR) in response to the proposed Section 301 action involving economies alleged to lack an import prohibition on goods produced with forced labour.

FMM fully supports the objective of eliminating forced labour from global supply chains. This has been FMM's consistent position, reflected in its ongoing engagement with members, government agencies and stakeholders on labour compliance, responsible business conduct and supply-chain due diligence.

In its submission, FMM emphasised that the proposed additional tariff should not be applied in a manner that penalises compliant manufacturers or disrupts established trade and supply-chain relationships between Malaysia and the United States. Many Malaysian manufacturers exporting to the United States already operate under strict customer-driven labour compliance requirements, including audits, supplier codes of conduct and traceability obligations.

FMM highlighted that the proposed additional duty could itself burden US commerce by raising costs for US importers, manufacturers and consumers, particularly where Malaysian suppliers form part of long-standing and specialised supply chains. Based on FMM's member feedback, the cost of the tariff may be passed directly or partly to US customers, with potential effects on pricing, product availability and lead times.

FMM has therefore urged USTR to retain the existing Annex A exclusions, particularly for electrical and electronics products, semiconductors and related product lines, which are critical to global supply chains. FMM also requested that Malaysian goods already subject to Section 232 tariff measures should not be exposed to duplicative tariff treatment under the proposed Section 301 action.

A key recommendation in FMM's submission is for USTR to establish a periodic review mechanism, at minimum annually, to assess the continued necessity and appropriateness of any duty rate applied to Malaysian-origin goods. This is particularly important in view of Malaysia's ongoing domestic efforts, including the establishment of the Inter-Agency Task Force on Forced Labour announced by the Minister of Investment, Trade and Industry, YB Datuk Seri Johari Abdul Ghani, in Parliament on June 23, 2026.

FMM is of the view that Malaysia's ongoing reform efforts should be recognised in any future assessment by USTR. A periodic review mechanism would provide a practical pathway for progress in Malaysia's domestic framework to be considered in a fair and structured manner.

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FMM also noted that Malaysia has taken concrete steps over the years to improve labour compliance, including remediation following US Customs and Border Protection Withhold Release Orders in affected sectors, reforms to recruitment-fee practices and amendments to labour laws. These developments should be considered as part of the broader context in assessing Malaysia's response to forced labour risks.

FMM will continue to engage the Government of Malaysia, USTR and relevant stakeholders to support effective, practical and balanced measures that eliminate forced labour while preserving legitimate trade, supply-chain stability and the competitiveness of responsible manufacturers.



Mr Jacob Lee Chor Kok
President, Federation of Malaysian Manufacturing

FMM Advocates Transparency, Integrity, Accountability and No Corruption

About FMM

The Federation of Malaysian Manufacturing (FMM) (formerly known as Federation of Malaysian Manufacturers) has been the voice of the Malaysian manufacturing sector since 1968, advocating policies and initiatives that drive industrial growth, competitiveness and workforce development. Representing over 13,300 member companies (4,200 direct and 9,100 indirect) from the manufacturing supply chain, FMM is actively engaged with government and its key agencies at Federal, State and local levels. FMM is also well-linked with international organisations, Malaysian businesses and civil society. Apart from benefitting from FMM's advocacy, FMM members enjoy value-added services including training, business networking and trade opportunities as well as regular information updates.

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