

# Trump's U.S.-Malaysia Deal: Cementing Extractivist Colonialism

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On October 26, 2025, Trump announced that he had signed an Agreement on Reciprocal Trade with Malaysia. While previously announced “deals” were lists of commitments for future negotiations, the U.S.-Malaysia deal was the first time the administration had published the text of a final agreement. The text eschews any semblance of fairness or balance, creating a laundry list of binding obligations on Malaysia in return for a slightly lower tariff rate than what was threatened initially on its exports to the United States.<sup>1</sup>

Negotiated entirely in secret without any Congressional review or public input, the deal includes a legally binding trade deal as well as a critical minerals Memorandum of Understanding (MoU).<sup>2</sup> Together, these instruments illustrate how the United States is securing critical minerals through executive-driven, opaque, and asymmetric agreements with resource-rich countries in the Global South.

The Malaysia deal is a clear example of Trump's bilateral bullying through punishing tariffs, geopolitical pressure, and executive overreach to force countries into supplying the U.S. with critical minerals without meaningful pathways to add value and move beyond low-cost raw extraction.<sup>3</sup>

## **Critical Minerals in Malaysia**

Malaysia is a globally significant player in the minerals sector. It holds vast reserves of non-radioactive rare-earth elements, bauxite, tin, silica sand, and kaolin, which are critical for military equipment, wind turbines, and electric vehicle motors.<sup>4</sup> Their valuation is approximately RM 4.1 trillion (USD 860+ billion) for total resources.<sup>5</sup>

Investors are interested in Malaysia because it has large unmined ionic clay deposits — the easiest type of heavy rare earth elements to extract — and because it hosts the only major rare earth processing facility outside China.<sup>6</sup>

Malaysia has ambitions for an industrial strategy to shift from upstream extraction to downstream value-addition to its supply chains, enabling it to profit from its mineral

wealth. Malaysia's plans prioritize manufacturing and technological self-sufficiency for higher-skilled jobs, supply chain integration, and sovereignty over its resources.<sup>7</sup>

Trump's U.S.-Malaysia deal directly undermines these goals.

## **Implications of the U.S.-Malaysia Agreement**

As part of its many concessions to the United States in the U.S.-Malaysia Agreement on Reciprocal Trade, Malaysia made a legally binding commitment to refrain from banning or imposing quotas on exports of critical minerals or rare earth elements to the United States.<sup>8</sup> This restriction targets the single most important industrial policy tool available to resource-rich countries seeking to catalyze domestic processing of their minerals. In neighboring Indonesia, export bans, quotas, and domestic processing requirements transformed Indonesia's nickel sector and attracted massive downstream investment after the government prohibited raw ore exports.<sup>9</sup>

By locking Malaysia out of these policy tools for the U.S. market, the agreement effectively forecloses its ability to replicate Indonesia's critical mineral export ban. The agreement simultaneously requires Malaysia to promote and facilitate U.S. investment in critical minerals assets and to provide licensing certainty for companies seeking to expand production capacity.<sup>10</sup> These binding commitments ensure predictable upstream access for U.S. companies while constraining Malaysia's leverage over its own mineral resources.

In short, the deal creates a two-tiered relationship where Malaysia assumes substantial obligations and costs, while the U.S. assumes almost none.<sup>11</sup> It is a model designed to assert U.S. dominance over Malaysia's minerals, not to provide an economic partnership for Malaysia, nor to serve as an avenue for value addition to its mineral supply chains. It also further incentivizes mining, a notoriously dirty and dangerous industry, without enforceable rules to uphold labor and environmental standards.

Alongside the binding trade agreement, the United States and Malaysia concluded a Critical Minerals MoU. While it does not create enforceable legal obligations, its structure and content are significant. The MoU commits both governments to quarterly coordination, technical consultations, and "good faith" prioritization of U.S. investment in Malaysian critical mineral assets. It encourages Malaysia to streamline permitting processes, adopt "fair and equitable treatment" for investors, cooperate on reviewing mineral asset sales, and coordinate on pricing frameworks, including the possibility of price floors.<sup>12</sup>



Collectively, these provisions create an institutionalized channel through which U.S. agencies can shape Malaysia's regulatory environment, investment decisions, and sectoral governance. "Soft law" instruments of this kind have long been a mechanism for influencing policy decisions without triggering Congressional involvement, WTO scrutiny, or public debate.<sup>13</sup> Paired with binding commitments that limit Malaysia's industrial policy autonomy, the MoU further solidifies Malaysia's obligations to the United States regarding its mineral resources.

## **What This Means If Trump Continues This Model**

What emerges from these dual agreements is a clear hierarchy. Binding disciplines restrict Malaysia's policy space in areas that matter for long-term development, while non-binding commitments institutionalize a cooperative process designed to steer Malaysia's sector governance in line with U.S. strategic interests. Comparable memoranda of understanding with Australia and Japan contain shared financing arrangements and joint project development commitments.<sup>14</sup> Malaysia, by contrast, is positioned primarily as a host for U.S. investment and an upstream supplier of raw and intermediate materials.

This approach mirrors a broader pattern of wealthy countries treating Global South countries as extraction hubs whose domestic industrial ambitions must be managed.

If this model becomes standard, more resource-rich Global South countries will confront similar constraints on industrial policy, reduced room for value-added development, and heightened pressure to align their domestic regulatory structures with U.S. geopolitical priorities.<sup>15</sup> Trump, in turn, will increasingly use non-transparent bilateral arrangements — rather than respecting Congressional authority or multilateral processes — to bully other countries into shaping the global minerals economy his way.<sup>16</sup>



## Endnotes

<sup>1</sup> The White House, “Joint Statement on United States-Malaysia Agreement on Reciprocal Trade,” The White House, October 26, 2025. <https://www.whitehouse.gov/briefings-statements/2025/10EV/joint-statement-on-united-states-malaysia-agreement-on-reciprocal-trade/>

<sup>2</sup> The White House, “Memorandum of understanding between the government of the united states of america and the government of malaysia concerning cooperation to diversify global critical minerals supply chains and promote investments,” The White House, October 26, 2025. <https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-malaysia-concerning-cooperation-to-diversify-global-critical-minerals-supply-chains-and-promote/>

<sup>3</sup> Public Citizen, “Trump’s Secret Trade Deals with Malaysia and Cambodia Revealed: Imperialist Bullying on Behalf of Big Tech, Other Corporate Interests,” Public Citizen, October 29, 2025. <https://www.citizen.org/news/trumps-secret-trade-deals-with-malaysia-and-cambodia-revealed-imperialist-bullying-on-behalf-of-big-tech-other-corporate-interests/>

<sup>4</sup> Malaysian Investment Development Authority (MIDA), “Rare earth: An invaluable element for malaysia,” Malaysian Investment Development Authority (MIDA). <https://www.mida.gov.my/rare-earth-an-invaluable-element-for-malaysia/>

<sup>5</sup> International Trade Administration (ITA), “Malaysia Critical Minerals,” International Trade Administration (ITA), January 3, 2025. <https://www.trade.gov/market-intelligence/malaysia-critical-minerals> and Ministry of Investment, Trade and Industry (MITI), “New Industrial Master Plan 2030 Mineral Industry,” Ministry of Investment, Trade and Industry (MITI), 2023. [https://www.nimp2030.gov.my/nimp2030/modules\\_resources/bookshelf/e-14-Sectoral\\_NIMP-Mineral\\_Industry/e-14-Sectoral\\_NIMP-Mineral\\_Industry.pdf](https://www.nimp2030.gov.my/nimp2030/modules_resources/bookshelf/e-14-Sectoral_NIMP-Mineral_Industry/e-14-Sectoral_NIMP-Mineral_Industry.pdf)

<sup>6</sup> Lynas LAMP in Kuantan = 8% of global production, Cowater International, “Towards Sustainable Mining: supporting Malaysia in leveraging its critical minerals’ potential for inclusive growth,” Cowater International, May 15, 2025. <https://www.cowater.com/towards-sustainable-mining-supporting-malaysia-in-leveraging-its-critical-minerals-potential-for-inclusive-growth/> and Syed Muhammad Ibad, Haylay Tsegab, Numair Ahmed Siddiqui, Monera Adam, Santosh Mishra, Syahrir Ridha, Nisar Ahmed, Afifa Azmi, “The upstream rare earth resources of Malaysia: Insight into geology, geochemistry, and hydrometallurgical approaches,” Geoscience Frontiers, November, 2024. <https://www.sciencedirect.com/science/article/pii/S1674987124001233>

<sup>7</sup> International Energy Agency (IEA), “National Mineral Industry Transformation Plan 2021-2030 (NMITP),” International Energy Agency (IEA), 2021. <https://www.iea.org/policies/16794-national-mineral-industry-transformation-plan-2021-2030> and Ministry of Science, Technology & Innovation (MOSTI), “National Advanced Materials Technology Roadmap 2021-2030 (NAMTR),” Ministry of Science, Technology & Innovation (MOSTI), 2022. <https://www.mosti.gov.my/wp-content/uploads/2022/08/Pelan-Hala-Tuju-Teknologi-Bahan-Termaju-Negara-2021-2030-versi-BI.pdf> and Ministry of Investment, Trade and Industry (MITI), “New Industrial Master Plan 2030 Mineral Industry (NIMP 2030),” Ministry of Investment, Trade and Industry (MITI), 2023. [https://www.nimp2030.gov.my/nimp2030/modules\\_resources/bookshelf/e-14-Sectoral\\_NIMP-Mineral\\_Industry/e-14-Sectoral\\_NIMP-Mineral\\_Industry.pdf](https://www.nimp2030.gov.my/nimp2030/modules_resources/bookshelf/e-14-Sectoral_NIMP-Mineral_Industry/e-14-Sectoral_NIMP-Mineral_Industry.pdf)



<sup>8</sup> The White House, “Joint Statement on United States-Malaysia Agreement on Reciprocal Trade,” The White House, October 26, 2025. <https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-malaysia-agreement-on-reciprocal-trade/>

<sup>9</sup> Rachmi Hertanti, “Between a mineral and a hard place Indonesia’s export ban on raw minerals,” The Transnational Institute (TNI), June 15, 2023. <https://www.tni.org/en/article/between-a-mineral-and-a-hard-place>

<sup>10</sup> The Office of the U.S. Trade Representative (USTR), “Fact Sheet: The United States and Malaysia Reach an Agreement on Reciprocal Trade,” The Office of the U.S. Trade Representative (USTR), October, 2025. <https://ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-malaysia-reach-agreement-reciprocal-trade>

<sup>11</sup> Public Citizen, “Trump’s Secret Trade Deals with Malaysia and Cambodia Revealed: Imperialist Bullying on Behalf of Big Tech, Other Corporate Interests,” Public Citizen, October 29, 2025. <https://www.citizen.org/news/trumps-secret-trade-deals-with-malaysia-and-cambodia-revealed-imperialist-bullying-on-behalf-of-big-tech-other-corporate-interests/>

<sup>12</sup> The White House, “Memorandum of understanding between the government of the united states of america and the government of malaysia concerning cooperation to diversify global critical minerals supply chains and promote investments,” The White House, October 26, 2025. <https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-malaysia-concerning-cooperation-to-diversify-global-critical-minerals-supply-chains-and-promote/>

<sup>13</sup> Lorenzo Cotula, Sunayana Sasmal, “Non-Binding Instruments in International Economic Diplomacy: A Look at the US Critical Minerals Deals,” EJIL: Talk!, November 12, 2025. <https://www.ejiltalk.org/non-binding-instruments-in-international-economic-diplomacy-a-look-at-the-us-critical-minerals-deals/>

<sup>14</sup> Lorenzo Cotula, Sunayana Sasmal, “Non-Binding Instruments in International Economic Diplomacy: A Look at the US Critical Minerals Deals,” EJIL: Talk!, November 12, 2025. <https://www.ejiltalk.org/non-binding-instruments-in-international-economic-diplomacy-a-look-at-the-us-critical-minerals-deals/>

<sup>15</sup> Sahabat Alam Malaysia, Consumers’ Association of Penang, “Malaysia-US pact surrenders Malaysia’s sovereignty,” Sahabat Alam Malaysia, Consumers’ Association of Penang, October 30, 2025. <https://www.bilaterals.org/?malaysia-us-pact-surrenders>

<sup>16</sup> Public Citizen, “Trump’s Secret Trade Deals with Malaysia and Cambodia Revealed: Imperialist Bullying on Behalf of Big Tech, Other Corporate Interests,” Public Citizen, October 29, 2025. <https://www.citizen.org/news/trumps-secret-trade-deals-with-malaysia-and-cambodia-revealed-imperialist-bullying-on-behalf-of-big-tech-other-corporate-interests/>

