



Malaysian Iron & Steel Industry Federation
Co. Reg. No. 76350P GST Reg. No. 001781899264

FOR IMMEDIATE RELEASE

PRESS STATEMENT **MISIF Calls for SST and Carbon Tax Delay**

The Malaysian Iron and Steel Industry Federation (MISIF) strongly urges the government to defer the expanded Sales and Services Tax (SST), set to take effect on 1 July 2025. The expanded SST will tax more than 240 steel-related products, including critical raw materials such as coking coal, coke, and steel scrap.

Taxing raw materials for iron and steel making, while many semi-finished and finished products, remain exempted and duty-free, will severely distort market competition. This is also applicable to stainless steel products. It will weaken the competitiveness of local manufacturers, encourage imports, discourage domestic production, and erode Malaysia's industrial base. Increased costs will also make Malaysian steel exports less competitive, leading to lost export markets and a worsening trade imbalance.

The expanded SST also applies to machinery and equipment used in steel production. This contradicts the Government's own New Industrial Master Plan 2030. This will deter investment in modernisation, automation, advanced technologies, and green steel production, undermining efforts to improve productivity and sustainability.

In addition, the 10% SST on steel mesh, commonly used in affordable and high-rise housing projects that adopt IBS, could slow down construction and increase dependence on manual labour and foreign workers, moving away from safe and modern building methods.

If left unaddressed, these changes will cause long-term harm to Malaysia's iron and steel industry, weaken the domestic supply chain, and further widen the nation's trade imbalance. The industry urges the Government to urgently review the SST expansion and take corrective action to safeguard national industrial competitiveness and economic resilience.

Additionally, MISIF fully supports Malaysia's commitment to achieving net-zero emissions, we express concern over the government's plan to introduce a carbon tax by 2026, with the iron and steel sector among the first to be targeted alongside the energy sector. The industry is already under heavy pressure from global overcapacity, cheap imports, US tariffs, carbon border adjustments, rising costs, and other policy burdens. A carbon tax would further compound these challenges and weaken the industry's competitiveness.

As the steel industry is a nationally strategic sector, we call on the Government to act swiftly to preserve its long-term competitiveness, safeguard thousands of jobs, and secure Malaysia's industrial future in an increasingly uncertain global landscape.

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Date: **20 June 2025**