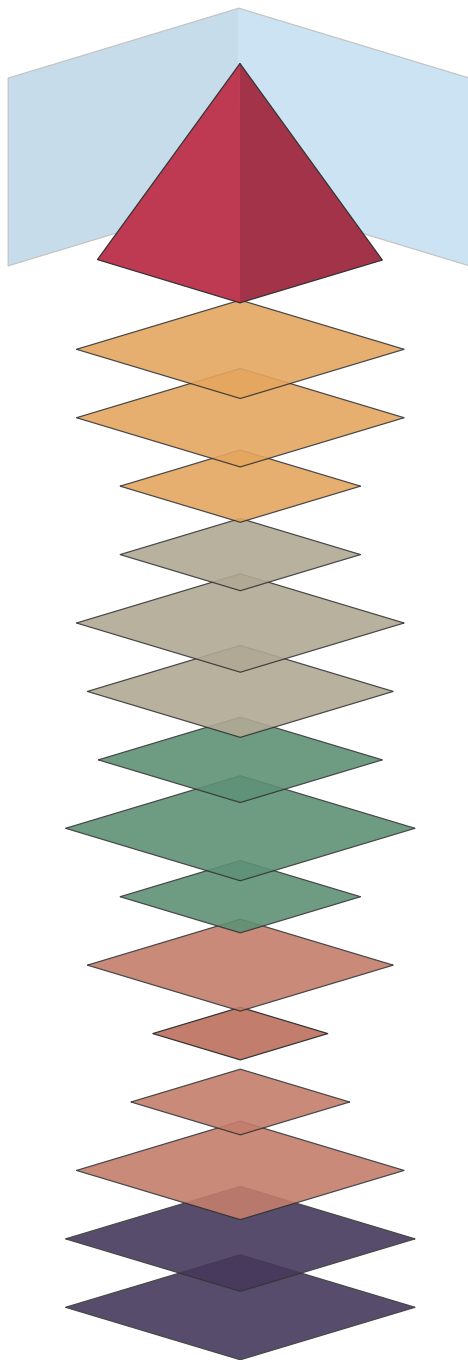




# MALAYSIA



## 6.23

### CRIMINALITY SCORE

38<sup>th</sup> of 193 countries

16<sup>th</sup> of 46 Asian countries

6<sup>th</sup> of 11 South-Eastern Asian countries



### CRIMINAL MARKETS

**6.67**

HUMAN TRAFFICKING **7.50**

HUMAN SMUGGLING **7.50**

EXTORTION & PROTECTION RACKETEERING **5.50**

ARMS TRAFFICKING **5.50**

TRADE IN COUNTERFEIT GOODS **7.50**

ILLICIT TRADE IN EXCISABLE GOODS **7.00**

FLORA CRIMES **6.50**

FAUNA CRIMES **8.00**

NON-RENEWABLE RESOURCE CRIMES **5.50**

HEROIN TRADE **7.00**

COCAINE TRADE **4.00**

CANNABIS TRADE **5.00**

SYNTHETIC DRUG TRADE **7.50**

CYBER-DEPENDENT CRIMES **8.00**

FINANCIAL CRIMES **8.00**



### CRIMINAL ACTORS

**5.80**

MAFIA-STYLE GROUPS **4.50**

CRIMINAL NETWORKS **5.50**

STATE-EMBEDDED ACTORS **6.00**

FOREIGN ACTORS **7.00**

PRIVATE SECTOR ACTORS **6.00**



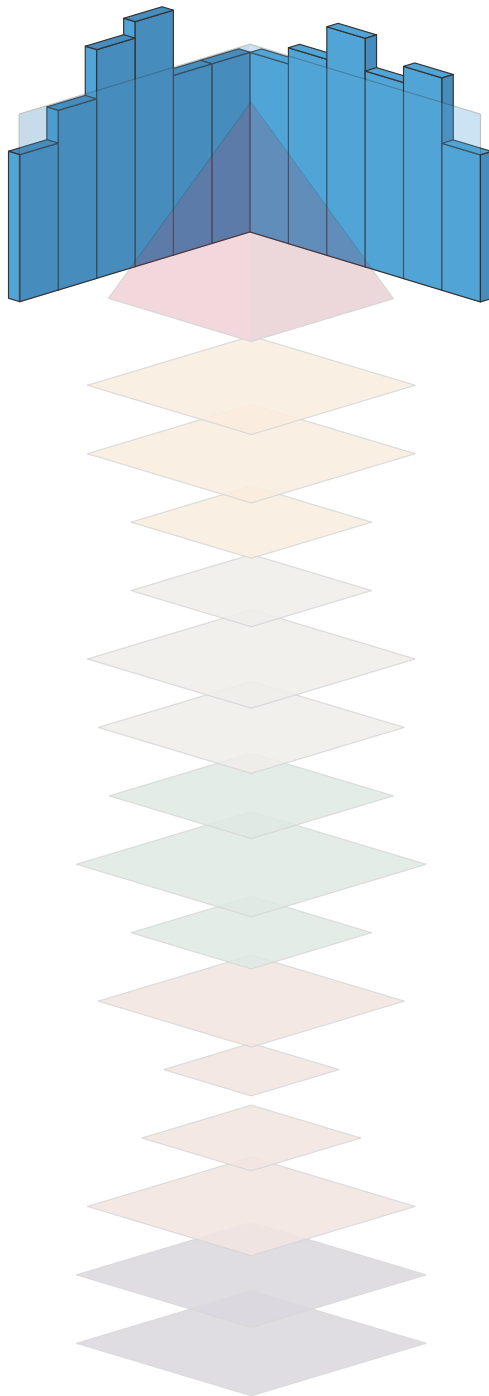
## 5.92

### RESILIENCE SCORE





# MALAYSIA



## 5.92

### RESILIENCE SCORE

40<sup>th</sup> of 193 countries

5<sup>th</sup> of 46 Asian countries

2<sup>nd</sup> of 11 South-Eastern Asian countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	5.50
INTERNATIONAL COOPERATION	7.00
NATIONAL POLICIES AND LAWS	7.50
JUDICIAL SYSTEM AND DETENTION	5.50
LAW ENFORCEMENT	5.50
TERRITORIAL INTEGRITY	5.50
ANTI-MONEY LAUNDERING	6.00
ECONOMIC REGULATORY CAPACITY	7.00
VICTIM AND WITNESS SUPPORT	6.00
PREVENTION	6.50
NON-STATE ACTORS	4.50



## 6.23

### CRIMINALITY SCORE



**CRIMINAL MARKETS** 6.67



**CRIMINAL ACTORS** 5.80



# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

Malaysia is a destination country for forced labour and sex trafficking, with the majority of victims being foreign workers. The prevalence of forced labour is highest in industries such as agriculture, including palm oil plantations, construction, electronics, garment production and rubber products. Despite allegations, the government has not investigated these issues or allocated a bigger budget to increase the number of labour inspectors. Corruption also poses a significant obstacle to anti-trafficking efforts, as some officials profit from exploiting foreign nationals and colluding with traffickers. With the COVID-19 pandemic, there has been an increase in this type of crime on the internet. Traffickers use fraudulent recruitment practices to lure women and girls from South East Asia, Nigeria and Rohingya refugee camps in Bangladesh to Malaysia for commercial sex.

Due to extreme labour shortages and high demand for workers to fill '3D jobs' (dirty, dangerous and demeaning), human smuggling is prevalent in Malaysia. Criminal networks bring labour forces illegally from less-developed countries, and South East and South Asian nationals are smuggled as far as the Middle East, Europe, North America and Australia. Additionally, state-embedded actors have been involved in human smuggling, fuelling corruption and affecting the public sector, thereby limiting the capacity to identify victims. In Malaysia, victim protection programmes do not apply to people who have been smuggled unless there is proof that they are being exploited sexually or exploited for forced labour or as organ donors, resulting in them becoming victims of human trafficking.

Extortion cases involving housing developers, construction site managers, contractors and other employers have been on the rise in Malaysia. Gangs running extortion rackets are increasingly targeting public projects and private companies in the Klang Valley. They demand payment from the head or manager of a project, including business owners, as a 'fee' for protection services to ensure the project is not disrupted.

### TRADE

Malaysia's geographic location has favoured the smuggling of small arms and light weapons into the country in recent years. The Strait of Malacca, historically an important trade route, is now also used for criminal activities such as drug trafficking, human trafficking and cigarette smuggling, as well as arms trafficking. Small arms and light weapons are

often smuggled across the Thai and Kalimantan borders or on boats from Indonesia and are used for illegal activities such as drug trafficking and armed robberies. Firearms remain easily accessible through purchasing or rental services, and illicit firearms have been seen at rallies throughout Malaysia. Corruption among law enforcement officers who claim to have lost their firearms has also contributed to the problem. Police suspect that firearms smuggling is being carried out at the Thailand–Malaysian border for the benefit of Islamic State cells, which are believed to be planning attacks in the country.

Counterfeit goods are a significant problem in South East Asia, particularly in countries such as Malaysia and Thailand, which play a significant role in manufacturing and repackaging fake products for international markets. The region is vulnerable to counterfeiting due to its proximity to China, the world's leading source of counterfeit products. The market for counterfeit goods includes a wide range of products, from luxury brands to pharmaceuticals, food products, automotive parts and cigarettes. Counterfeit medicines are also a significant issue.

Illicit tobacco trade, particularly in 'illicit whites', is a rampant issue in Malaysia. This is due to a combination of law enforcement pressure in Singapore and uncoordinated policy decisions in Malaysia, which drive cigarette smuggling. In addition, high taxation on alcoholic beverages and cigarettes in Malaysia has led people to obtain both products from illicit sources. During the COVID-19 pandemic, the illicit tobacco trade saw a decrease, but it has risen again since the lifting of restrictions.

### ENVIRONMENT

Illegal logging and deforestation have been significant issues in Malaysia. A significant portion of the logging is linked to the palm oil industry, which has been accused of engaging in illicit activities. Corrupt government officials and economic groups have been implicated in these crimes. State-embedded actors involved in illegal logging have been difficult to combat, with corruption identified as a major problem in Sabah and Sarawak, where two-thirds of the remaining natural forests are located. Despite tough laws in place, few loggers face serious consequences for breaking the law, and criminal networks are sometimes involved in forced labour and abuse within the forestry sector. Environmental activists and indigenous communities have called for stricter regulations on the palm oil industry and a ban on the export of unprocessed logs.

Wildlife trafficking is major issue in Malaysia, and the country is one of the top 10 hubs for wildlife smuggling in the world. It is home to a diverse range of animals and is a

source and transit country for internationally trafficked wildlife products, such as ivory, rhino horn, pangolins, tigers and tiger parts, birds, reptiles and Testudines. The Thailand–Malaysia border crossings are often used to smuggle pangolins and ivory into China and Vietnam. Despite efforts to combat this crime, it is likely that state-embedded actors and major, highly organized Malaysian networks are involved. Malayan tigers and hornbills are among the animals most at risk of extinction due to poaching and trafficking.

Illegal gold mining continues to be a persistent problem in Malaysia, despite government efforts to crack down on it. The country has also been the site of illegal bauxite and iron mining, but the government ban has significantly reduced these activities. The Malaysian government has launched a task force to tackle illegal mining activities, but neither the COVID-19 pandemic nor law enforcement has stopped illegal miners from operating in forest reserves.

## DRUGS

Malaysia is a significant transit country for the transportation of heroin and other illegal narcotics in Asia and Oceania. The country acts as a hub for transporting these substances to other countries, such as Indonesia, Singapore, China, Japan, Korea, New Zealand and Australia. Pakistani syndicates and transnational criminal networks are among the actors involved in the illicit heroin trade in Malaysia. Due to COVID-19-related border and transportation controls, heroin traffickers have shifted to maritime routes through the Andaman Sea and the Strait of Malacca to ship drugs from Myanmar and Thailand. Malaysia is also involved in the cocaine trade, primarily as a transit country. Nigerian syndicates are involved in trafficking multiple drugs, including cocaine, using Malaysia as a transit point. Although the death penalty is still in force for drug trafficking, Malaysia is still considered a ‘softer’ option for transit compared to some other countries.

Malaysia is a moderate market for cannabis as its usage is low and is decreasing. The drug enters on small fishing boats through remote mangrove forests and is then distributed through a peer-to-peer network and online. Canada and the US are among the six most frequent countries of origin, as the demand for high-quality cannabis is increasing. Cannabis also flows into the country from Laos, and there is a concern of cannabis coming into the country from Thailand, which decriminalized it in 2022. Regarding the synthetic drug trade, the number of methamphetamine users in Malaysia is reaching or surpassing that of heroin users, and the country has become an attractive destination for international drug trafficking syndicates. Methamphetamine shipments come from various countries, including China, Myanmar, Thailand, the US, Laos and Nigeria. Even though the primary destination of this drug is Malaysia, the country is also a transit point for other destinations such as Indonesia, Japan, the Philippines, other countries in Asia and Australia. Malaysia

is also known for its ecstasy (MDMA) laboratories, as it is the second most common country of origin for the drug in Asia. However, the production of methamphetamine has been declining, while the emergence of new psychoactive substances has been on the rise in the country.

## CYBER-DEPENDENT CRIMES

Malaysia is experiencing a significant increase in cybercrime, with a sharp rise in reports of hacking and other digital crimes. Losses from cybercrime affect both individuals and businesses across the country. The rise in this type of crime is attributed to several factors, including the rapid growth of Malaysia’s digital economy and the increasing adoption of digital technologies by individuals and organizations. To combat cybercrime, the Malaysian government has taken several measures, including establishing a dedicated agency for cyber-security, implementing cyber-security laws and regulations and increasing public awareness campaigns on digital safety and cyber-security best practices. Despite these efforts, cybercriminals continue to evolve their tactics and techniques, making it challenging for law enforcement agencies to keep up. Therefore, cyber-security remains a top concern for Malaysia, and efforts to strengthen the country’s digital defences continue.

## FINANCIAL CRIMES

Financial crimes remain a severe issue in Malaysia, with customer fraud, bribery and corruption and asset misappropriation often named as common and disruptive crimes. To address these issues, Malaysian authorities have introduced new security measures in banks aimed at curbing the threat of financial crimes. However, despite these efforts, there has been a surge in online phishing/malware distribution and moderate levels of online fraud reported in recent years. Additionally, Malaysia remains vulnerable to the misappropriation of government funds.

## CRIMINAL ACTORS

Malaysia is currently facing an increasing problem with organized crime, with authorities identifying several active mafia groups in recent years. These groups are estimated to have tens of thousands of members throughout the country, and tensions between them have led to turf wars and a rise in violent crime, particularly related to drug trafficking and gambling. Smaller criminal networks are also involved in a range of illegal activities, including human trafficking and smuggling, fauna crimes, cigarette smuggling, pyramid schemes and cybercrime. These groups are often decentralized, ties among their members are loose and they operate outside of any hierarchical command structure.

Foreign criminal organizations dominate fauna crimes, the drug trade and human trafficking in South East Asia, with Chinese Triads being one of the largest and most

dangerous groups. In Malaysia, they are more likely to be involved in sex work, loan sharking and pirated goods, while Nigerian syndicates collaborate with local gangs in drug trafficking. Chinese Triad networks in the country are run as businesses and make deals with authorities who often turn a blind eye to their activities. The synthetic drug trade, primarily in methamphetamines, involves multiple foreign networks, including Taiwanese groups and Australian outlaw motorcycle gangs.

State-embedded actors and corrupt officials are believed to be enabling human trafficking and fauna crimes in Malaysia, often through bribery and corruption. Criminal gangs also have a presence in the political arena and can influence officials to commit crimes with impunity. Corruption is also reportedly a significant issue across the private sector in Malaysia, involving bid rigging, corporate fraud and bribes. Private sector executives reportedly pay bribes to counterparts across both the private and public sectors to get work done. Additionally, procurement fraud in the private sector is perceived as a significant issue.

# RESILIENCE

## LEADERSHIP AND GOVERNANCE

Recent Malaysian governments have been described as resistant to reform and accused of restricting political freedoms. In 2021, a state of emergency was declared, allowing the prime minister to rule by decree amid rising COVID-19 cases, which was criticized as an attempt to avoid a no-confidence vote. After a period of political turbulence, a new government was elected with a two-thirds majority in Parliament. However, the electoral framework has weakened the legitimacy of elected officials, and political instability has hindered the adoption of a firm state strategy against crime, which is further complicated by the fact that corruption has infiltrated the highest levels of political elites.

Although Malaysia ranks better than neighbouring South East Asian countries in terms of transparency, corruption continues to undermine the trust of Malaysia's population. Despite an increase in corruption-related convictions against civil servants, corruption remains endemic, and the government's efforts to combat it have been described as insufficient. The lack of independent oversight regarding state-affiliated companies and investment funds has created conditions conducive to corruption. Malaysia has a dedicated government agency to combat corruption, but it has received extensive criticism from the public and is perceived as being partial and under the control of the prime minister.

Malaysia has been actively participating in efforts to combat transnational crime in South East Asia, particularly in the areas of drug, wildlife, timber and arms trafficking. The country has ratified most of the treaties regarding organized crime, but it has failed to do so with special protocols against human smuggling and the illicit manufacturing and trafficking of firearms. Malaysia has a robust legal framework for addressing organized crime, with numerous pieces of legislation against crimes that affect the environment, cybercrime, falsified medical products, the obstruction of

justice, participation in an organized criminal group, human smuggling, terrorism, trafficking in cultural property and trafficking in persons. The government has implemented community-oriented policing, which relies on a partnership between the police department and the community to identify, reduce, eliminate and prevent problems related to public safety and order. However, enforcing effective strategies, particularly regarding human trafficking, remains a challenge.

## CRIMINAL JUSTICE AND SECURITY

The judiciary in Malaysia is headed by the Federal Court, which is divided into trial and appellate divisions. Historically, the executive government's extensive influence has compromised judicial independence. In fact, the various units tasked with organized-crime-related matters involve government officials and are not considered independent by the public. Existing laws undermine due process guarantees, and the police can detain anyone without judicial review. Pre-trial incarceration does not follow international standards, and prisons are overcrowded and unsafe.

The Royal Malaysian Police have been accused of corruption, misconduct and discrimination, leading to a lack of public trust. Malaysia's primary intelligence agency, the Special Branch, is reported to operate often without checks and balances, and its detainees have no right to lawyers or judicial review. Malaysia does not have legislation governing police use of firearms in accordance with international standards, and efforts to establish an independent oversight body to investigate complaints against the police have been unsuccessful. Although demonstrations are often held, police continue to enforce restrictions on assembly events and investigate participants in allegedly illegal protests.

Malaysia shares its borders with Brunei, Indonesia and Thailand, primarily in remote areas with challenging topography which makes it difficult to carry out extensive

surveillance, exacerbating Malaysia's vulnerability to criminal flows such as smuggling, human trafficking and the illicit drug trade. Malaysia has increased border control, patrolling and cross-border collaboration with neighbouring countries to combat illegal activities, but challenges remain. Despite Malaysia's closure of its borders due to the pandemic, illegal activities such as human trafficking and contraband smuggling remained rampant along the Thailand-Malaysia border.

## ECONOMIC AND FINANCIAL ENVIRONMENT

Malaysia's well-developed financial system increases its vulnerability to criminal activities such as corruption, terrorism financing, fraud, drug trafficking, smuggling and tax crimes. Despite this, Malaysia has modern anti-money laundering (AML) legislation and institutional frameworks in place and has made progress in improving its AML implementation by increasing money laundering investigators and prosecutions. However, Malaysia still needs to improve its prosecution of foreign-origin crimes. The country has several agencies regulating money laundering crimes, and its effectiveness in addressing these risks is considered moderate.

Malaysia's economy has been growing steadily, with an average annual growth rate surpassing 5% for almost a decade. The country is expected to become a high-income economy in the coming years. Despite setbacks due to the pandemic, Malaysia's economy is starting to recover, driven by the manufacturing export sector and public initiatives to boost digital investments and construction activity. However, Malaysia needs to upgrade its investment and financial freedom regulations and address issues related to government integrity. The country has a vibrant private sector, but bribery is common, and there is a close connection between political and economic elites, which distorts normal business activity and fair competition.

## CIVIL SOCIETY AND SOCIAL PROTECTION

Although the government offers programmes including counselling, training and medical services for victims of human trafficking, potential victims are still punished with arrest, detention and deportation. Additionally, people who are smuggled are not eligible for the victim-protection programme, which often results in foreign victims being

treated worse than Malaysian victims. Malaysia's law protecting whistle-blowers has shortcomings, as there is no centralized management or single authority responsible for providing that protection. The existing system also poses potential risks of leaks of the whistle-blower's identity within the police system.

Malaysia has made strides in crime prevention by establishing institutions to promote awareness and rehabilitate offenders. The country has implemented campaigns against drugs, mobilizing communities to address local drug problems and increasing access to treatment and rehabilitation services. Although the government has maintained efforts to prevent human trafficking by implementing a national action plan and creating various anti-trafficking programmes, employment law still excludes domestic workers from certain protections, and there is a lack of adequate resources for identifying and enforcing laws against labour trafficking. Additionally, promises to combat the illicit wildlife trade have not been fulfilled.

The media market in Malaysia has been influenced by political pressure and harassment, with private news publications and television stations being controlled by political parties or businesses allied with the government. After the 2018 elections, independent outlets benefited from a reduction in political pressure and harassment, but the new government has placed more pressure on private media. Academic freedom and freedom of assembly are also limited, with disciplinary action taken against instructors and students who espouse anti-government views or engage in political activity. Several NGOs operate in Malaysia and have a strong record of campaigning for electoral, anti-corruption and other reforms. However, they must be approved and registered by the government, which has refused or revoked registrations for political reasons in the past. Several activists have been subjected to police harassment and criminal charges, particularly for speech-related offenses. The relationship between civil society organizations and the government has also been strained, with severe restrictions on NGO activity imposed due to COVID-19.

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