

2024 Trafficking in Persons Report: Malaysia

MALAYSIA (Tier 2)

The Government of Malaysia does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so. The government demonstrated overall increasing efforts compared with the previous reporting period; therefore Malaysia was upgraded to Tier 2. These efforts included increasing the number of trafficking investigations, including of suspected labor trafficking; convicting more traffickers, including under the trafficking law, with the majority of traffickers receiving significant sentences; increasing trafficking public awareness efforts, and prosecuting allegedly complicit officials. The government convicted significantly more labor traffickers than in the prior year. The government increased the number of trafficking-specialist prosecutors, increased funding for victim shelters and the anti-trafficking council, and facilitated more freedom of movement passes for victims receiving services in government and NGO-run shelters. However, the government did not meet the minimum standards in several areas. While the government identified more potential trafficking victims, it formally identified fewer confirmed trafficking victims. The government continued to require victims to provide statements and participate in investigations and criminal proceedings to be formally identified as a victim and receive protective orders and trafficking-specific services. The government prosecuted fewer traffickers and it did not prosecute labor traffickers in the palm oil sector or the disposable glove manufacturing industry, despite ongoing reports of trafficking in these sectors. Official complicity and corruption undermined anti-trafficking efforts and allowed traffickers to operate with impunity; this also increased migrant workers' vulnerability to trafficking. Delays in prosecution, insufficient interagency coordination, and inadequate services for victims discouraged foreign victims from remaining in Malaysia to participate in criminal proceedings and continued to hinder successful anti-trafficking law enforcement efforts.

PRIORITIZED RECOMMENDATIONS:

Increase efforts to identify trafficking victims, including victims of labor trafficking, among vulnerable populations, including domestic workers and workers in the palm oil and disposable glove manufacturing sectors. * Increase efforts to investigate and prosecute trafficking cases – as distinct from migrant smuggling – including those involving complicit officials and forced labor crimes. * Provide trauma-informed and victim-centered services to all identified potential trafficking victims; identify victims and refer to services without requiring their participation in criminal proceedings. * Train officials, including police, labor inspectors, and immigration officials, on SOPs for victim identification that include information on trafficking indicators. * Expand labor protections for domestic workers and investigate allegations of domestic worker abuse. * Make public the results of investigations involving corrupt officials to increase transparency and deterrence and hold officials criminally accountable. * Increase law enforcement capacity to investigate and prosecute trafficking cases, including by improving interagency coordination. * Provide funding for and increasingly support the mechanism to provide interpretation services for victims. * Improve case management and communication with trafficking victims, including the consistent request and use of interpreters and the Victim Assistance Specialist program. * Expand efforts to inform migrant workers of their rights under Malaysian labor laws – including their right to maintain access to their passports at any time – and their options for legal recourse to exploitation. * Include language on protections for foreign workers in model contracts and bilateral MOUs with labor source countries. * Reduce prosecution delays, including by providing improved guidance to prosecutors on pursuing trafficking charges, and increase judicial familiarity with the full range of trafficking crimes, particularly forced labor. * Expand cooperation with NGOs, including through financial or in-kind support to NGOs to provide some victim rehabilitation services. * Eliminate recruitment or placement fees charged to workers by recruiters and ensure any

recruitment fees are paid by employers. * Expedite and continue to provide trafficking victims approval for freedom of movement in shelters, including unchaperoned movement and permission to work. * Increase efforts to identify trafficking victims among People's Republic of China (PRC) workers on PRC government-affiliated infrastructure projects.

PROSECUTION

The government increased law enforcement efforts. The 2007 Anti-Trafficking in Persons and Anti-Smuggling of Migrants (ATIPSOM) Act, as amended, criminalized labor trafficking and sex trafficking and prescribed punishments of three to 20 years' imprisonment and a fine, which were sufficiently stringent and, with respect to sex trafficking, commensurate with those prescribed for other grave offenses, such as rape. Law enforcement officers continued to conflate human trafficking and migrant smuggling, which impeded overall anti-trafficking law enforcement and victim identification efforts. The Employment Act of 1955, as amended, criminalized forced labor offenses by employers using threats of intimidation, restriction of movement, or fraud to induce labor or services. The law prescribed penalties of up to two years' imprisonment, a fine of 100,000 Malaysian ringgit (RM) (\$21,786), or both; the penalties available under the Employment Act were significantly lower than those available under the ATIPSOM Act. During the reporting period, the Federal Court upheld the constitutionality of a provision of the ATIPSOM Act allowing prosecutors to record written victim testimony without their alleged traffickers present.

Law enforcement initiated 157 trafficking investigations – 35 for sex trafficking, 111 for labor trafficking, and 11 for unspecified forms of trafficking – and continued 94 investigations – 24 for sex trafficking, 68 for labor trafficking, and two for unspecified forms of trafficking – from the previous report period. This was an increase from initiating 137 trafficking investigations in the previous reporting period. The Attorney General's Chambers (AGC) initiated prosecutions of 117 alleged traffickers (22 for sex trafficking, 77 for labor trafficking, and 18 for unspecified forms of trafficking), compared with 126 prosecutions initiated in the previous reporting period (17 sex traffickers, 105 labor traffickers, and four individuals for unspecified forms of trafficking). The AGC prosecuted 67 of the 117 alleged traffickers under the ATIPSOM Act, and 50 alleged traffickers under non-trafficking laws (the Immigration Act, Penal Code, the Passport Act, and the Child Act), compared with 86 traffickers prosecuted under the ATIPSOM Act in the previous reporting period. Courts convicted 54 traffickers – 20 for sex trafficking and 34 for forced labor – under the ATIPSOM Act, Immigration Act, the Penal Code, Child Act, and Employment Act; however, the government did not disaggregate the 21 convictions under the ATIPSOM Act between migrant smuggling and human trafficking, so these numbers may include non-trafficking crimes. This was an increase from 32 traffickers convicted in the previous reporting period – 18 for sex trafficking and 14 for forced labor. Courts sentenced traffickers to penalties ranging from five to 10 years' imprisonment under the ATIPSOM Act and to two months to eight years' imprisonment under non-trafficking laws. The majority of convicted traffickers received at least one year imprisonment. Courts convicted 19 individuals for withholding the passports of employees under the Passport Act of 1966 – compared with 13 in the previous reporting period; although AGC initiated prosecutions of two of these cases under the trafficking law, the government did not report whether it investigated the remaining individuals for trafficking crimes. Officials did not consistently understand the definition of trafficking and continued to conflate human trafficking and migrant smuggling, which impeded some anti-trafficking law enforcement and victim identification efforts. The government sometimes pursued cases of forced labor as disparate labor law violations instead of criminal cases of trafficking or failed to investigate them at all. The government did not adequately address or criminally pursue credible allegations of labor trafficking in the disposable glove manufacturing and palm oil production sectors.

The government collaborated with foreign law enforcement in Cambodia, Peru, Thailand, and Indonesia on trafficking cases; the government prosecuted one of these cases under the trafficking law, but all cases remained pending at the end of the reporting period. After foreign authorities discovered 43 Malaysians forced to commit fraud in an online scam operation in Peru, the government coordinated repatriation efforts, and the Royal Malaysian Police (RMP) conducted investigations and law enforcement actions that led to the arrests of eight individuals, including the

syndicate's recruiter, in Malaysia. Investigations remained ongoing at the end of the reporting period. RMP also coordinated with two foreign governments to promote information-sharing on emerging trafficking trends, including online scam operations and organized crime syndicates. The government coordinated with Thai authorities to extradite four Thais to Malaysia and charged them under Section 26A of the ATIPSOM Act as part of an ongoing case initiated in 2015 after the discovery of a mass grave containing migrants and human trafficking victims on the Thailand-Malaysia border.

Corruption and official complicity in trafficking crimes remained significant concerns, inhibiting law enforcement action. In October 2023, authorities arrested a Royal Malaysian Customs Department officer under Section 12 of the ATIPSOM Act for allegedly withholding pay from a domestic worker; however, in December 2023, the government determined it could not continue the case and dropped the charges after the victim reported they no longer wished to participate in the criminal proceedings. In April 2023, the Malaysian Anti-Corruption Commission arrested two Malaysian immigration officials in Bangladesh for allegedly providing visas and work permits to migrant workers in exchange for bribes from a foreign criminal syndicate; these investigations remained ongoing at the end of the reporting period. The media reported Malaysian authorities also arrested two government officials and a government contractor on bribery charges for allegedly facilitating migrant worker approval permits to recruitment agencies in exchange for money and luxury goods. All cases remained pending at the end of the reporting period. Of the four cases of government official complicity initiated in the previous reporting period, the government continued the prosecutions of two government officials under the ATIPSOM Act, convicted a third official under the ATIPSOM Act and sentenced them to six years' imprisonment, and acquitted the fourth official.

RMP served as the lead enforcement agency and had a specialized anti-trafficking unit; the Ministry of Human Resources' (MOHR) Labor Department also had a specialized trafficking enforcement team. Anti-trafficking law enforcement officials lacked sufficient resources to carry out their mandates. Malaysia's criminal justice system continued to suffer resource constraints and uneven application of investigative and prosecutorial standards, which at times prevented judicial authorities from following through on trafficking cases. Although the government continued to operate an interagency anti-trafficking law enforcement task force under the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Council (MAPO Council), coordination among agencies remained inadequate. Only one judge in the country specialized in the anti-trafficking law. The government continued to operate one specialized trafficking court in Selangor; it did not implement plans to expand specialized trafficking courts around the country, citing a lack of trafficking cases to justify specialized courts. The AGC increased the number of trafficking-specialist prosecutors from 58 to 65. The lack of sufficient resources and expertise among law enforcement outside urban areas likely led to inconsistent anti-trafficking law enforcement efforts. The government increased the number of anti-trafficking trainings for law enforcement officers, public prosecutors, judges, and other government officials, including on victim-centered approaches to investigations. An observer reported instances in which criminal syndicate members were present in court during criminal proceedings, likely to intimidate victims testifying. The AGC produced and distributed a guidebook with best practices and relevant laws for trafficking prosecutions to approximately 100 prosecutors and law enforcement officers, and provided training on the content during separate workshops.

PROTECTION

The government maintained mixed protection efforts. The government identified 165 confirmed trafficking victims – 29 exploited in sex trafficking and 136 exploited in forced labor – among 663 potential victims identified, compared with 180 confirmed victims among 510 potential victims in the previous reporting period – 36 exploited in sex trafficking and 144 exploited in forced labor. Of the 165 confirmed victims, traffickers exploited 23 women and six girls in sex trafficking and 60 women, 66 men, three girls, and seven boys in forced labor. The government had victim identification SOPs for law enforcement to identify victims; however, the government did not systematically implement these SOPs nationwide, especially in rural areas and in the eastern states

of Sabah and Sarawak. Officials often relied on victims of labor trafficking to self-identify. The government did not adequately screen asylum-seekers and refugees for trafficking indicators. Due to officials' inconsistent use of victim identification SOPs, authorities may have detained, arrested, and deported some unidentified trafficking victims and prevented some foreign and domestic victims of trafficking victims from receiving protection services. Officials increasingly utilized the National Guidelines on Human Trafficking Indicators (NGHTI), which was updated during the previous reporting period and included a general rapid-screening checklist for trafficking indicators; screening checklists specific to trafficking in a variety of sectors, including domestic work and maritime industries; and a guide on evidence collection. Trainings on these resources were implemented during the reporting period. Between May and July 2023, law enforcement reported using the updated NGHTI while conducting eight operations in the manufacturing sector, which led to 273 arrested and 37 identified victims.

The government granted full protection orders to all certified victims in accordance with the law and provided them housing in government-operated or -funded shelters. Potential victims could also receive shelter resources. Authorities provided victims with food; medical care; social, religious, and income-generating activities; security; and a monthly stipend of 120 RM (\$26) for incidental expenditures. The law required foreign victims to remain in government shelters for the duration of their protection orders, except for those with a work permit; domestic victims could stay with family members or a guardian; however, only one domestic victim reportedly chose this option. The government typically renewed protection orders for certified victims until the completion of the trial associated with their case; this resulted in some victims remaining in the shelters for more than six months. NGOs reported investigative authorities sometimes did not allow sufficient time to appropriately interview potential victims in shelters to certify them as victims and grant 90-day protection orders, which prevented some victims from obtaining protection services. Authorities were less likely to provide protection orders for undocumented foreign victims.

The Ministry of Women, Family, and Community Development (MWFCD) funded shelters for trafficking victims. The government operated eight shelters – five for women, one for men, one for girls, and one for boys – and provided funding for two NGO-run shelters for women and children; however, shelters were not available in parts of the country, which may have discouraged investigative officers from filing trafficking cases in those regions. The government allocated 845,000 RM (\$184,096) for the two NGO-operated shelters, an increase from 806,000 RM (\$175,599) in 2022. The government did not finalize plans to establish a permanent shelter in Sarawak; MWFCD continued to operate a “transit center” to temporarily provide shelter for victims but did not report placing any victims in the shelter. The government referred 104 victims to an NGO-operated “One Stop Centre,” where authorities could bring victims immediately upon identification and provide temporary shelter, health screenings, interpretation, and psycho-social counseling; the facility also supported improved evidence collection, including victim statements. Protection officers and shelter staff utilized an SOP on victim-centered and trauma-informed approaches when delivering services to victims. In collaboration with an NGO, MWFCD provided 1,000 kits for victims admitted to shelters that included hygiene products, personal items, and 6,000 informational materials presented in eight languages on trafficking and migrant worker rights. Government-funded, NGO-operated shelters continued to suffer staffing shortages and struggled to maintain adequate resources to consistently provide services, including interpreters, medical staff, and mental health counselors. Although the government continued to place translated shelter rules and regulations in five languages in government shelters, language barriers continued to affect the government's victim services in shelters, as it did not have an institutionalized way to ensure timely and accurate communication with potential trafficking victims who did not speak Bahasa Malaysia or English. The government reported that the judiciary provided interpretation services for 165 languages during court hearings through its eJurubahasa service. Authorities did not permit foreign victims to leave shelters unless immigration authorities granted them a freedom of movement pass; the government was less likely to approve these passes for women trafficking victims. Although the government reported freedom of movement passes allowed victims to leave the shelters unchaperoned, in practice, some victims preferred chaperoned trips because of safety concerns or lack of familiarity with the locality near their shelters. The government issued 357 freedom of movement passes to potential and identified victims in 2023, an increase from 172 passes issued in 2022. The government granted eight victims continued permission to work, a decrease from 25 in

the previous reporting period. NGOs reported positive progress on government efforts regarding freedom of movement policies, but noted long delays in approval processes for work permits, which may have exacerbated economic vulnerabilities and prevented victims from remaining in Malaysia.

The government reported 161 victims provided statements to authorities during investigations, compared with 180 victims in 2022, and reported that all 161 victims participated as witnesses during prosecutions. A 2014 directive required prosecutors to meet with victims at least two weeks prior to the start of a trial to prepare victims to record their statements and to help them understand the judicial process. However, observers noted prosecutors, shelter staff, and law enforcement underutilized interpretive services likely because of long wait times when coordinating with interpreters' availability. The MAPO Council maintained a roster of 51 volunteer interpreters, who spoke a total of 21 languages and received anti-trafficking training from NGOs, to be available for victims who participated in investigations or prosecutions. Observers reported that victims had a better understanding of the judicial process. Furthermore, limited shelter capacity in parts of the country hindered the ability of prosecutors to meet with victims who were relocated to Kuala Lumpur for services. Some foreign victims reported a reluctance to staying in Malaysia to participate in prosecutions because of fears of extended shelter stays, unsatisfactory shelter conditions, and intimidation from traffickers. Although the law permitted victims to testify remotely, authorities generally expected victims to remain in-country pending trial proceedings. The 2021 amendment to the trafficking law granted magistrates the authority to extend protection orders for victims to record testimony, which could be used in lieu of in-person testimony, thereby allowing a foreign victim to return to their home country ahead of a trial; the government reported that no foreign victims used this option. Prosecutors requested restitution in 10 cases involving labor trafficking victims who participated in court proceedings, compared with 149,535 RM (\$32,580) secured for eight cases in 2022. Courts awarded restitution to nine labor trafficking victims ranging from 4,000 to 70,000 RM (\$871 to \$15,250) under the ATIPSOM Act and other relevant laws. The government does not request or award restitution for sex trafficking victims. Labor trafficking victims could file civil suits against their employers to obtain compensation or recoup unpaid wages; however, lengthy court processes deterred victims from filing suits; the government did not report whether any victims filed civil suits.

The government had nine Victim Assistance Specialists who drafted reports for investigating officers, advocated for victims' needs, facilitated concerns to law enforcement, and delivered trauma-informed care to trafficking victims. The number of specialists was insufficient to adequately support the number of victims, and most specialists were located in Kuala Lumpur and Selangor. NGOs previously reported cases of authorities not allowing the specialists to join law enforcement during investigations or law enforcement actions, which harmed law enforcement's ability to appropriately screen for and identify victims. Specialists could only assist victims at the discretion of the investigating officers or Deputy Public Prosecutors. The specialists worked with 101 foreign victims, which may have included victims identified in previous reporting periods, an increase from assisting 25 victims in 2022. Many confirmed foreign victims preferred to return immediately to their home countries. The government did not provide legal alternatives to the removal of foreign victims to countries where they may face hardship or retribution. The law required officials to refer foreign victims without legal residence in Malaysia to immigration authorities for repatriation upon the expiration of their protection order.

Reports of Malaysians exploited abroad in online scam operations increased, especially in Burma and Cambodia. The government worked with foreign diplomatic missions to fund and provide repatriation assistance for victims to return to their home countries; however, NGOs reported the government often did not identify Malaysian victims as trafficking victims and did not provide services to Malaysian victims identified abroad in online scam operations. The government reported allocating 10 million RM (\$2,178,649) to provide loans to Malaysian nationals trapped overseas in online scam operations. However, the government required victims to apply and receive approval before receiving funds but did not receive any applications or dispense any of these funds. The government did not report any efforts to ensure victims were aware of the availability of these funds.

PREVENTION

The government maintained mixed efforts to prevent trafficking. The MAPO Council – which included five enforcement bodies, other government entities, and four NGOs – met five times and coordinated interagency anti-trafficking efforts to implement the government’s 2021-2025 anti-trafficking NAP. The government provided a 4 million RM (\$871,460) budget for the operation of the MAPO Council secretariat and a 1.7 million RM (\$370,370) budget to the Ministry of Women, Family, and Community Development, which manages the government-operated shelters. NGOs highlighted the government’s budget remained insufficient for the operation of the MAPO Council, likely hindering the government’s anti-trafficking efforts. The government did not have a central database to track or compile nationwide anti-trafficking law enforcement activities, victim identification statistics, or data on trafficking trends, but the MAPO Council finalized development of an integrated data system, which incorporated input from government agencies and stakeholders, including NGOs, to collect trafficking data and support analyses for authorized government personnel use. The system was not launched by the end of the reporting period.

The government increased its efforts to raise public awareness of trafficking, including broadcasting announcements and conducting interviews on human trafficking on television and national radio networks. The government used billboards, websites, and brochures to raise awareness in multiple languages. Labor officials posted signage at the Kuala Lumpur International Airport in multiple languages to educate foreign workers about their rights in Malaysia. The MAPO Council continued to operate a national trafficking hotline; however, hotline operators lacked sufficient training in trafficking and observers reported some calls went unanswered. Hotline calls resulted in the initiation of three investigations compared to 14 in the previous reporting period; as with the previous year, the government did not report identifying any victims from hotline calls. The government investigated five cases reported by NGO trafficking hotlines, which led to two trafficking victim identifications. MOHR managed a smartphone application for workers, including migrant workers, to file labor complaints, including forced labor; MOHR received 11,908 complaints via the application and resolved 11,676 cases, while 1,167 cases remained pending at the end of the reporting period. The government did not report if inspectors identified any of these cases as forced labor. In response to the rise in online scams and fraudulent jobs, the government partnered with the private sector to launch the National Anti-Scam Campaign, which carried out panel presentations and dialogues featuring online scam recruitment methods and promising practices for protections against online scams in Kuala Lumpur and six states for more than 10,000 participants in Malaysia. The government did not utilize a cyber tool that was created in the previous reporting period to share anti-trafficking information and allow victims to report cases to law enforcement officials. Observers previously noted the government did not widely publicize the hotline and cyber tool, which may have prevented victims from accessing help, and law enforcement response to reports was either inadequate or lacking entirely. The Ministry of Home Affairs (MOHA) appointed academic researchers to assess the effectiveness of the government’s anti-trafficking interagency coordination; the study concluded in October 2023 and the government reported it initiated implementation of the recommendations, including developing a policy paper to enhance the role of the court, and improving standard operating procedures for protection officers.

The government continued to enforce its ban of Malaysia-based outsourcing companies, which often used practices that perpetuated debt-based coercion among migrant workers. The government’s Private Employment Agency Act (PEAA) required all private recruitment agencies to secure a license with the Ministry of Human Resources to recruit foreign workers, including domestic workers. The PEAA capped employee-paid “placement” or recruitment fees at 25 percent of the first month’s basic wages for Malaysian workers employed inside or outside Malaysia and one month’s basic wages for non-citizens. The law did not define what entailed a “placement fee,” and authorities did not adequately enforce this rule; most migrant workers in Malaysia paid much higher fees to recruitment agents, including in their home country, which contributed to the workers’ vulnerability to debt-based coercion. The government also mandated employers pay a levy for foreign workers, a one-time cost paid to the government for any non-Malaysian workers the company hired, instead of forcing workers to bear the cost. The government reported prosecuting five employment agencies under PEAA and convicting three; two cases remain ongoing. Labor courts ordered offenders to pay a total of 115,000 RM (\$25,054) in fines. The government

continued to use an online application system for employers to renew their workers' temporary work permits without using a broker. The government finalized one new bilateral MOU and continued to negotiate three new bilateral MOUs with foreign governments on the recruitment of migrant workers. Malaysian employment law continued to exclude domestic workers from a number of protections against exploitation, including maximum working hours and the country's minimum wage. The government reduced regulations on its migrant worker quota policy, allowing employers to recruit migrant workers without meeting pre-conditions for quotas, which led to an oversupply of 250,000 migrant workers in Malaysia; this put thousands at risk of insufficient accommodations, wages, and hours to maintain their visas. Civil society observers previously noted the government did not adequately inform migrant workers of their rights and Malaysian labor regulations. Media reports stressed that unscrupulous recruiters and companies charged high recruitment fees for nonexistent jobs to migrant workers, often with valid visas, and in many cases took passports away from workers upon arrival.

The government reported it employed 63 labor inspectors who focused on labor trafficking for the entire country; the government assigned 22 of these inspectors to peninsular Malaysia, 19 to Sarawak, and 22 to Sabah, where a large number of Malaysia's palm oil plantations were located. The lack of adequate resources, including for additional labor inspectors, hindered the government's efforts to adequately identify labor trafficking and enforce the prohibition on employer-perpetrated passport retention, which remained widespread. The government conducted 69,769 labor inspections, an increase from 61,513 inspections in the previous year. Labor courts resolved 19,370 labor disputes, ordered employers to provide workers back wages amounting to 86.2 million RM (\$18.78 million), and levied fines against employers who violated labor laws in the amount of 5.27 million RM (\$1.15 million); this compared with 14,440 labor disputes resolved, 25.9 million RM (\$5.64 million) in back wages ordered to workers, and 5.35 million RM (\$1.17 million) in fines levied against employers in 2022. Developed in the previous reporting period, the Ministry of Investment, Trade, and Industry launched a guide for businesses to integrate environmental, social, and governance considerations into their operations to manage risk and prevent forced labor.

Malaysian birth registration policies have left more than 500,000 individuals – including children – stateless and therefore unable to access some government services, including legal employment and public education, increasing their vulnerability to trafficking. The law did not permit the government to grant stateless persons asylum or refugee status and left more than 187,000 refugee status seekers and asylum-seekers in Malaysia, including more than 108,000 Rohingya unable to obtain legal employment, which increased their vulnerability to exploitation. The Sabah state legislature followed through on a commitment made in the previous reporting period and opened a temporary shelter for stateless children but did not report screening any children for trafficking indicators. The government did not make efforts to reduce the demand for commercial sex acts.

TRAFFICKING PROFILE:

As reported over the past five years, human traffickers exploit domestic and foreign victims in Malaysia, and traffickers exploit victims from Malaysia abroad. The majority of victims are among the estimated 1.5 million documented and an even greater number of undocumented migrant workers in Malaysia. Foreign workers constitute approximately 20 percent of the Malaysian workforce and typically migrate voluntarily – often through irregular channels – from Bangladesh, Burma, Cambodia, the PRC, India, Indonesia, Laos, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand, and Vietnam. More than one-third of all foreign workers are employed in the manufacturing sector, with others employed in construction, agriculture, and domestic work. An ILO report estimated 29 percent of domestic workers in Malaysia – primarily foreign domestic workers – experienced conditions consistent with forced labor. Employers, employment agents, and illegal sub-agents exploit migrants in labor trafficking primarily through debt-based coercion when workers are unable to pay fees for recruitment and associated travel. Some agents in labor-sending countries impose onerous fees on workers before they arrive in Malaysia, and Malaysian agents administer additional fees after arrival – in some cases leading to forced labor through debt-based coercion. Large organized crime syndicates are responsible for some instances of trafficking.

Employers utilize practices indicative of forced labor, such as restrictions on movement, violating contracts, wage fraud, assault, threats of deportation, the imposition of significant debts, and passport retention – which remained widespread – to exploit some migrant workers in labor trafficking on palm oil and agricultural plantations; at construction sites; in the electronics, garment, and rubber-product industries; and in homes as domestic workers. Malaysian law allows employers to hold workers' passports with the workers' permission, but it is difficult to determine if traffickers have coerced the workers to obtain such permission; some employers retain the passports to prevent workers from changing jobs. According to the Human Rights Commission of Malaysia, approximately eight of every 1,000 palm oil plantation workers are in situations of forced labor, with the prevalence rate considerably higher in Sarawak than in Peninsular Malaysia and Sabah. Previous reports also documented multiple indicators of forced labor associated with the production of palm oil in Malaysia, including coercive practices such as threats, violence, lack of clarity of employment terms and conditions, dependency on the employer, lack of protection by police, debt bondage, high recruitment fees, and involuntary overtime. As a primary shareholder, the government owns 70 percent of public shares of one of the largest palm oil companies in the world. Traffickers use large smuggling debts incurred by refugees to subject them to debt-based coercion. PRC nationals working for PRC state-affiliated construction projects in Malaysia are vulnerable to forced labor.

Traffickers recruit some young foreign women and girls – mainly from Southeast Asia, although also recently from Nigeria, Tanzania, and Uganda – ostensibly for legal work in Malaysian restaurants, hotels, and beauty salons, or for brokered marriages, but instead exploit them in sex trafficking. Refugees, asylum-seekers, and stateless individuals who lack the ability to obtain legal employment in Malaysia are also vulnerable to sex and labor trafficking. Traffickers use false or fraudulent offers of assistance to recruit Rohingya asylum-seekers out of refugee camps in Bangladesh and Indonesia to exploit them in Malaysia, including women and girls coerced to engage in commercial sex. Traffickers also exploit some men and children, including Malaysians, in commercial sex. The Malaysian government has reported since 2020 that children are vulnerable to online sexual exploitation, including some instances of child sex trafficking. Traffickers exploit Malaysian orphans and children from refugee communities in forced begging. Traffickers increasingly exploit Malaysian women and children in forced labor. Stateless children in Sabah are especially at risk of forced labor in palm oil production, service industries, and in forced begging. Media and NGOs report traffickers use online and app-based scams with promises of high-paying jobs to lure young male and female Malaysians abroad, primarily to Cambodia, Laos, and Burma, but also the Philippines, Peru, and the United Arab Emirates, and exploit them in forced labor in online scam operations, including fraudulent cryptocurrency, online gambling, and phone call operations, or sell them to criminal gangs for forced criminality and further exploitation. Some Indonesian workers transit Malaysia legally en route to Middle Eastern countries, where traffickers exploit some in forced labor.

Ongoing corruption related to processes for foreign nationals to work in Malaysia increases the cost of migration and consequently increases migrant workers' vulnerability to trafficking through debt-based coercion. Corrupt immigration officials facilitate trafficking by accepting bribes from brokers and smugglers at border crossings, including at airports. Some government officials profit from bribes and direct involvement in extortion from and exploitation of migrants.