Document #2019289

USDOS – US Department of State

Country Report on Terrorism 2018 - Chapter 1 - Malaysia

Overview: Although there were no ISIS-affiliated attacks in Malaysia in 2018, the country remained a source, transit point, and, to a significantly lesser extent, destination country for terrorist groups including ISIS, Abu Sayyaf Group (ASG), al-Qa'ida, and Jemaah Islamiya. Suspected ISIS supporters deported from Turkey and individuals planning to travel to the southern Philippines to support ISIS-affiliated groups used Malaysia as a transit point. Malaysia monitored, arrested, deported, and tried suspected supporters of terrorist groups. Malaysia also cooperated with the United States and others to increase border security capacity at airports and in the Sulu Sea, to counter terrorist messaging on social media, and to improve terrorist prosecutions. The national elections in May resulted in the first transition of power since independence, and the new government pledged to review and potentially amend or repeal several pieces of legislation that govern how terrorist suspects are arrested, investigated, and detained. Malaysia is a member of the Global Coalition to Defeat ISIS.

2018 Terrorist Incidents: After a lull in 2017 and much of 2018, Malaysian security forces thwarted a kidnapping-for-ransom attempt in Malaysian territorial waters in August. On September 11, two Indonesian fishermen were kidnaped off the coast of Semporna in Sabah state and later held by ASG militants in Sulu, Philippines with a US $1 million ransom demand. One of the fishermen reportedly escaped on December 6, but the other remained a hostage at year's end. On September 20, two members of a kidnapping-for-ransom group, believed to be spotters for kidnapping activities, were killed in a shootout with Malaysian security forces on an island near the town of Kunak in Sabah state. On December 5, three Malaysian crewmembers were kidnapped from a tugboat in Malaysian waters near Pegasus Reef, off the coast of Kinabatangan in Sabah state, and taken to the Philippines. During the kidnapping, the captain of the vessel was shot in the leg.

Legislation, Law Enforcement, and Border Security: On November 30, the government lifted a moratorium it had recently imposed on several security laws, including those governing how terror suspects are arrested, investigated, and detained. The laws included the Prevention of Crime Act, the Prevention of Terrorism Act, the Sedition Act, and the Security Offences (Special Measures) Act. The laws were under formal review for potential repeal or revision to remove "elements of oppression." However, a November 27 riot at a Hindu temple in Selangor sparked concern among officials about the potential threat to national security, public order, and race relations, if the laws were no longer available. Legislative amendments were not announced by year’s end, but officials said the legislation would only be used to protect those three areas of concern. Authorities, however, continued to use the Sedition Act against individuals who criticized the country’s royalty.

During the year, police arrested approximately 20 individuals in Sabah state who were allegedly involved in various terrorism-related activities, including smuggling militants into the southern Philippines, enabling kidnapping-for-ransom operations, recruiting children as militants and human shields, and participation in ASG-led beheadings.

Countering the Financing of Terrorism: In February, Bank Negara Malaysia (BNM), the central bank, issued a policy directive called the Anti-Money Laundering and Counter Financing of Terrorism Policy for Digital Currencies (Sector 6). The directive aims to ensure that effective measures are in place against money laundering and terrorism financing risks associated with the use of digital currencies and to increase the transparency of digital currency activities in Malaysia. It requires all entities and persons who are involved in the exchange of digital currencies into money and vice versa, as well as the exchange of one digital currency for another, to register with BNM. The directive also requires the filing of reports pertaining to the identification and verification of customers and beneficial owners and the ongoing monitoring of customers’ transactions. Lastly, the new law establishes requirements for suspicious transaction reporting and record keeping.

In October, the FATF published its *Third Enhanced Follow-up Report and Technical Compliance Re-Rating for Malaysia* on AML/CFT measures. This report analyzed Malaysia’s progress in addressing technical compliance deficiencies identified in the mutual evaluation report. According to the report, as a result of Malaysia’s progress in strengthening its framework to tackle money laundering and terrorist financing since its 2015 mutual evaluation, the FATF has re-rated the country on four of the 40 recommendations, and found Malaysia to be compliant on all four, including on the “terrorist financing offense.”

For additional information on money laundering and financial crimes, see the *International Narcotics Control Strategy Report (INCSR), Volume II, Money Laundering and Financial Crimes* (https://www.state.gov/2019-international-narcotics-control-strategy-report/).

Countering Violent Extremism: In August 2018, the new government announced that the King Salman Center for International Peace, a former partnership with the Government of Saudi Arabia, would immediately cease operations and its functions would be absorbed by the Malaysian Institute for Defense and Security. The Global Movement of Moderates, an initiative started under the previous prime minister, announced it would cease operations as of July 31.

International and Regional Cooperation: Malaysia continued to support counterterrorism efforts in regional and multilateral organizations and participated in numerous counterterrorism events hosted by the UN, the GCTF, the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), the Asia-Pacific

Economic Cooperation, and the East Asia Summit. Malaysia hosted ASEAN's Senior Officials' Meeting on Transnational Crime, multiple UN workshops on preventing violent extremism, and an ARF workshop on countering online extreme messaging.

ecoi.net summary:
Annual report on terrorism (covering 2018)

Country:
Malaysia

Source:
USDOS – US Department of State (/en/source/11558.html)

Original link (no longer valid):
~~https://www.state.gov/reports/country-reports-on-terrorism-2018/#Malaysia~~

Document type:
Periodical Report

Language:
English

Published:
1 November 2019

Document ID:
2019289