



# Integrated Country Strategy

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## Malaysia

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## 1. Chief of Mission Priorities

The U.S. Embassy in Kuala Lumpur is uniquely positioned to shape the historic period surrounding Malaysia's recent national elections in furtherance of the U.S.-Malaysia Comprehensive Partnership, U.S. national security objectives and the Administration's Indo-Pacific Strategy. As Chief of Mission, I lead a team that is committed to strengthening bilateral relations through the careful and judicious deployment of U.S. taxpayer resources. As a community of embassy staff and family members, we are fully committed to the principles of equal employment opportunity and the creation of a positive and productive workplace free of harassment, bullying and discrimination. As America's 8th largest trading partner (based on trade balance), and a key player in the global supply chain, Malaysia's prosperity is our prosperity and vice versa. The same goes for Malaysia's security and democratic resilience.

Following the first transition of power to the opposition in Malaysia's history, the Malaysian people's expectations of their new government are stratospheric - particularly with respect to economic opportunity, ethnic politics, rule of law and transparency. The U.S. is ready to work with Malaysia and like-minded countries to support the needed reform of key institutions and the capacity building of the new coalition government to help meet those expectations. Such efforts also clearly and directly support U.S. interests in Malaysia and the region, including Malaysia's leadership role in ASEAN, balancing the interests of other regional players and building the kind of close, continuing and mutually beneficial trade and investment relationship envisioned by the 2018 National Security Strategy.

The U.S. Embassy will pursue three primary goals in the coming years. First, we will promote peace and mutual security in Malaysia, the region, and globally. Second, we will foster shared interests in good governance and the rule of law. Finally, we will expand U.S. and Malaysian prosperity. Internally, we will press forward with efforts to improve our overall infrastructure and physical plant and build leadership in support of greater workforce performance.

With respect to promoting peace and security, we will continue to build on our robust military-to-military, law enforcement and counterterrorism cooperation. The development of increased confidence by the people of Malaysia in their political and social institutions supports U.S. goals and interests particularly democratic governance and private sector led economic growth and development. Expanded dialogues and defense agreements, as well as institution building within the Ministry of Defense and bilateral exercises will remain high priorities. We will continue to prioritize capacity building through International Military Education and Training initiatives, and seek to build a stronger alumni network of those national security professionals who are graduates of U.S. training. We will leverage U.S. commercial and military diplomacy in service of greater capabilities in interoperability and to help Malaysia streamline and better integrate its inventory. We will promote greater law enforcement coordination through stronger Interpol connectivity, and greater cooperation in pursuing transnational financial crimes, cybercrime and combatting international organized crime. We will coordinate closely

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on counterterrorism activities and support Malaysia's whole of society approach to the development and implementation of the National Action Plan to Prevent Violent Extremism. We will support U.S. citizens and U.S. interests through the development of an American Liaison Network and ensure that our travel guidance is regularly reviewed with an eye toward the security of Americans traveling and living in the country.

Second, our embassy will be steeped in efforts to help build capacity and expand the skill base across all branches of the Malaysian government. Through our International Visitor and Leadership program, we will engage and encourage the best and brightest of the next generation of Malaysian leaders in the executive, judiciary, education, business and academic sectors. We will build the abilities of the police, judges and prosecutors to work together, independent from political pressure, and build cases based on Malaysia's legal framework and in the best interests of the Malaysian people. Government alone will never be the answer, and so we will work with civil society to build its capacity to serve as an important check and balance. In so doing, we will support the rights of marginalized citizens, victims of crime and terror, to ensure that Malaysia continues to evolve as a defender of human rights and internationally recognized values. The Embassy will continue to engage via our Political and Public Diplomacy sections, Defense Attaché and Defense Cooperation offices, Law Enforcement agencies, legal experts and Economic and Commercial sections to build capacity, particularly in the judicial and law enforcement sectors, and with respect to the fight against terrorism, organized crime, and the trafficking of persons, weapons, wildlife and drugs. Malaysia was recently downgraded to a Tier Two Watch List country by Secretary of State - despite strong rhetoric from the past government about becoming a Tier One country. Engaging and building Malaysia's desire and capacity to fight this evil practice remains a top priority of the Embassy. Our Public Diplomacy efforts will continue to support the work of the embassy and promote key mission goals through our large English Teaching Assistant program, expanded social media outreach, promotion of a free and open media, and targeted people-to-people engagements.

Finally, we will engage through U.S. business, including the American Chamber of Commerce and the U.S.-ASEAN Business Council, to promote the private sector as the driver of economic growth and mutual prosperity of the U.S. and Malaysia. This includes our robust support of U.S. companies' corporate social responsibility programs that underscore how businesses can positively affect the communities in which they operate. We will continue to advocate for U.S. companies engaged in selling U.S. products and services and expanding U.S. job opportunities through exports. We will further enhance our Trade and Investment Framework Agreement in an effort to lay the groundwork for a possible bilateral FTA or a return to the Trans Pacific Partnership, should the Administration's review so warrant. American business plays a crucial developmental role in Malaysia and we intend to ensure that it continues to enjoy a prominent place in the Malaysian and larger Southeast Asian regional marketplace.

Of course none of this is possible without the right infrastructure undergirding our efforts. Our embassy compound is almost forty years old. The growth of U.S. interests in Malaysia, the

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doubling of staff since its opening, the effects of time, and an assessment from the Overseas Building Operations bureau calling our facility one of the worst designed embassies in the U.S. inventory have made our current chancery and compound increasingly less tenable. The Marine Security Guard Detachment residence is not suitable on either living or security grounds. While our relations with and support from Malaysian security services are excellent, our posture and proximity to other high value targets creates a vulnerability that must be remedied. We are currently on the top 80 back-up list for 2021 and believe strongly that our circumstances warrant our becoming a much higher priority project.

In addition to our efforts to secure a new building and a more secure environment in which to work, we will continue to develop the leadership of our colleagues and ensure that our first and second tour officers are imbued with the skills and knowledge they need to succeed in the mid-ranks, that our mid-ranked officers are prepared to carry out the core duties of supporting the President's foreign policy and national security strategy and that our senior leadership is structured in a way to provide guidance and oversee the effective use of our resources in support of everything we do. We will endeavor to make our locally employed staff feel valued and appreciated and will continue to empower them to realize their full potential and individual career goals.

In the general elections on May 9, the people of Malaysia spoke with a moral clarity and resounding hopefulness as to the kind of nation they want for their children; those sentiments mesh well with U.S. goals for our Comprehensive Partnership and continued close security, economic and policy collaboration.

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## 2. Mission Strategic Framework

**Mission Goal 1:** Promote peace and mutual security in Malaysia, the region, and globally

**Mission Objective 1.1:** Build partnerships and capacity to protect the interests of the United States and American citizens.

**Mission Objective 1.2:** Support GoM efforts to build its own capacity to promote regional security and stability.

**Mission Goal 2:** Foster shared interests in good governance and rule of law

**Mission Objective 2.1:** Partner with the GoM to promote strong and transparent institutions committed to good governance and rule of law.

**Mission Objective 2.2:** Partner with the GoM on programs and initiatives that reinforce a more resilient and inclusive civil society.

**Mission Goal 3:** Expand U.S. and Malaysian prosperity by advancing and deepening our bilateral economic and commercial partnership

**Mission Objective 3.1:** Partner with the GoM to secure transparent and predictable engagement on trade, regulatory, and policy matters.

**Mission Objective 3.2:** Partner with U.S. industry to demonstrate the benefits of market-based, market friendly policies.

**Mission Objective 3.3:** Promote and facilitate expanded U.S. exports to Malaysia and Malaysian investment into the U.S. economy.

**Mission Objective 3.4:** Advance the conservation and sustainable management of ecosystems by promoting effective governance, strengthened institutional capacity, and science-based decision-making.

**Management Objective 1:** Finalize a plan and move forward with the construction of a NEC on existing Embassy land that meets overseas policy board standards to provide a secure and collaborative environment

**Management Objective 2:** Enhance workforce performance, leadership, engagement, and accountability to our Mission, efficiently and effectively.

### 3. Mission Goals and Objectives

#### **Mission Goal 1: Promote peace and mutual security in Malaysia, the region, and globally**

**Description and Linkages:** Malaysia's geographic location makes it strategically significant for U.S. commercial and security interests. Malaysia is well positioned to promote regional stability, including through promotion of international law and peaceful resolution of disputes, and preserving freedom of navigation and free movement of commerce. Preserving regional stability, freedom of navigation and overflight is critical for global economic prosperity and security. As one of the states with territorial claims in the South China Sea, Malaysia has an important role to play in the peaceful resolution of territorial disputes. Our military-to-military partnership will continue to support these roles through the modernization of the Malaysian military through Foreign Military Sales (FMS), Building Partner Capacity Programs (BPC) and the Maritime Security Initiative (MSI), as well as various bilateral exercises and other security cooperation activities. In addition to conflicting territorial claims in the South China Sea, a number of historical, political, and geographic factors have in the past made Malaysia a preferred transit and meeting location for nefarious criminal networks and international terrorists. Although this is not currently the case because of extensive counterterrorism efforts, Malaysia remains a transit country for some non-Malaysian extremists; the Syrian conflict and outbreak of violence in Marawi, Philippines have raised additional concerns about the implications of ISIS gaining a foothold in the region. We will continue to build on our robust military-to-military and counterterrorism cooperation through institution and capacity building, expanded dialogues and exchanges, as well as increased law-enforcement coordination. We will also continue to leverage our engagement with civil society actors to develop their capacity to address the root causes of radicalization. This goal is consistent with and supportive of the Indo-Pacific Priority Actions as outlined in the 2017 National Security Strategy, which specifically mentions Malaysia as a nation with whom we seek to build growing economic and security partnerships. This goal also supports goal one of the EAP/Asia Joint Regional Strategy and the security and governance & cooperation categories of the Indo-Pacific Strategy.

#### **Mission Objective 1.1 Build partnerships and capacity to protect the interests of the United States and American Citizens.**

**Justification:** The United States seeks to work with Malaysia to continue to strengthen our security cooperation partnership and advance U.S. interests, which includes preserving a rules-based international order to peacefully resolve disputes. The U.S.-Malaysia security relationship has grown in scope and scale over the last several years. Malaysian officials generally welcome and recognize the value of U.S. military assistance and opportunities to train and exercise together. Mutual areas of interest include maritime security, counterterrorism, information sharing, humanitarian assistance/disaster relief preparedness, peacekeeping operations training, and leader development. To achieve this objective, we will continue to enhance our exercises, engagements, and conference program as well as leverage our training

program, building partner capacity tools, and defense trade to address capability gaps. Risks associated with not achieving this objective include a lack of access to a strategic partner, an inaccurate regional maritime picture, persistence of regional terrorist concerns, potential for slow responses to regional disasters, and loss of a critical partner in contributing to global peacekeeping operations. Strengthening defense relations also directly supports EAP Joint Regional Strategy objectives of encouraging our regional partners to adopt key military capabilities to manage regional stability and address shared security challenges.

**Mission Objective 1.2 Support GoM efforts to build their own capacity to promote regional security and stability.**

**Justification:** Malaysia is well positioned to partner with the U.S. to promote our mutual interest in maintaining regional stability, including the promotion of international law and peaceful resolution of disputes, and preserving freedom of navigation and free movement of commerce. U.S.-Malaysia cooperation on regional maritime issues can support that process. Fully developed and operationally tested maritime domain awareness capabilities are critical to Malaysia's maritime security and American interests in the region, as are information sharing and interoperability across relevant agencies and countries. Risks associated with not achieving this objective include a lack of access to strategic waterways, disruption of global trade, and increase in transnational threats. This objective directly supports EAP Joint Regional Strategy objectives of encouraging a rules-based framework and ASEAN centrality.

**Mission Goal 2: Foster shared interests in good governance, rule of law, and fundamental freedoms.**

**Description and Linkages:** The peaceful transition of power following Malaysia's May 9 elections marked much more than the first change in government since the country's independence in 1957; it sent a resounding and undeniable message throughout the region that a determined citizenry can harness social media and grass-roots organizing to democratically – and peacefully – change its government. The new government faces many challenges, including reforming the country's institutions, but the government is committed to implementing a vast reform agenda, which directly coincides with many core U.S. interests. Transparent business practices, an independent judiciary, and commitment to democratic ideals, for example, directly support U.S. priorities of transparency, accountability, and human rights. We face a unique opportunity to support Malaysia as it undergoes this significant democratic transition, an experience which could shape its institutions for decades to come and serve as a model in a region that has been characterized by a democratic retreat in recent years. This goal supports pillar four of the National Security Strategy, goal five of the EAP/Asia Joint Regional Strategy, and the governance & cooperation category of the Indo-Pacific Strategy.

**Mission Objective 2.1: Partner with the GoM to promote strong and transparent institutions committed to good governance and rule of law.**



**Justification:** We will continue our efforts to build capacity within the Malaysian government and among civil society actors. The new government has made financial reform one of its top priorities and therefore cooperation between the U.S. and Malaysia is set to increase robustly in the investigation of financial crimes, the protection of intellectual property, and the prosecution of significant alleged corruption at the 1MDB sovereign wealth fund. An empowered, able, and independent law enforcement and judiciary will allow officials to build cases based on the country's legal framework and in the best interests of its people. Because government must remain accountable to its citizens, we will continue to work closely with civil society actors—from journalists to activists to non-governmental organizations—so they can serve as an effective check and balance. These efforts will support the rights of all Malaysians and will help Malaysia develop into a human rights leader and defender of internationally recognized values.

**Mission Objective 2.2:** Partner with the GoM and civil society on programs and initiatives that reinforce a more resilient and inclusive civil society.

**Justification:** Malaysia is home to engaged and active civil society groups, but their numbers are small and their impact is limited. In addition, civil society has been constrained by strict government regulations and the misperception that civil society leaders are motivated by partisan politics and a preference for the opposition. Although the new government is more receptive to implementing the change many civil society leaders have long championed, civil society's work is only now just beginning. As members of the former ruling coalition learn how to serve in opposition for the first time, civil society will play an outsize role holding the government accountable and will serve as an important check and balance. If the government recognizes civil society as an important participant in the reform process, the entire country will benefit. At the same time, we must encourage civil society actors to remain engaged and vigilant so that the reforms proposed by the new government are implemented and maintained.

**Mission Goal 3: Expand U.S. and Malaysian prosperity by advancing and deepening our bilateral economic and commercial partnership**

**Description and Linkages:** As a high middle income economy nearing high income status, Malaysia has long been and continues to be an attractive location for U.S. economic and commercial activity. Malaysia is the 3rd largest economy in ASEAN and the 2nd largest U.S. trading partner in Southeast Asia. The United States is Malaysia's 4th largest trading partner, down from first as recently as 2008. We will work to strengthen our trade relationship to counter increased competition from other nations and leverage opportunities presented by trade agreements through government to government, business to government, and business to business engagement. The United States remains the largest foreign investor in Malaysia with oil and gas, electronics manufacturing, financial services and pharmaceuticals being among the many sectors where U.S. firms have invested and expanded for decades.

While economic ties are strong and growing, the environment is not without challenges. Economic growth is expected to be around five percent in 2018, and may slow to around the four percent range for the next few years. Additionally, many international firms, not just from the United States, often express views that the regulatory and legislative process could improve regarding transparency and stakeholder input. Pressure to hire local workers is also increasing, but in some project areas the pool of local management talent is thin. We will continue commercial advocacy for U.S. firms on Malaysian government procurements. In addition, we will advocate for an economic policy climate that provides greater opportunities for U.S. firms, who not only have contributed to Malaysia's prosperity and resulting pull for more U.S. exports, but who also have created a number of corporate social responsibility programs that further increase the value of their presence and investment in Malaysia. Malaysia's new government commitment to tackling corruption and improving good governance bodes well for reform in the regulatory sector. If Malaysia implements TPP commitments, even though not required by CPTPP, those reforms would improve the local business climate to benefit all firms doing business here including U.S. firms. We will also encourage greater Malaysian investment into the United States to strengthen their economic ties with the U.S.

Promoting U.S. investment and exports directly pertains to the EAP Joint Regional Strategy goal of increasing trade and investment flows, along with emphasizing a key pillar of our rebalance strategy – greater regional economic engagement. A growing economy and a greater leadership role in regional trade pacts will promote internal stability and advance our Mission's peace and security related objectives. As the wealthiest country in ASEAN after Singapore, Malaysia can fulfill a greater leadership role in promoting greater economic liberalization and integration in both regional and global organizations such as APEC, ASEAN, and the WTO, also supporting our regional mission objective.

**Mission Objective 3.1: Secure transparent and predictable engagement on trade, regulatory, and policy matters.**

**Justification:** The United States seeks a productive trade and business partner in Malaysia. As underscored in the U.S. National Security Strategy, the United States continues to value economic prosperity around the world. A predictable and responsive business environment is essential to U.S. firms operating successfully here, supporting prosperity locally and supporting jobs in the United States. To achieve this objective, we will use assistance to help strengthen the government's capacity to engage in a consultative regulatory framework; trade policy development that is free and fair; and adherence to international norms and standards. Risks associated with not achieving this Mission Objective include the erosion of the business climate and adverse impact on U.S. businesses, disruption to the global supply chain that affects manufacturing in the United States, and loss of Foreign Direct Investment to the United States due to contractions in the Malaysian economy.

**Mission Objective 3.2:** Partner with U.S. industry to demonstrate the benefits of market-based, market friendly policies.

**Justification:** Mutual prosperity grows when U.S. firms able to compete in a free, fair, and open market system. As the government of Malaysia focuses on transparency and institutional reform, there is opportunity to influence regulations and factors affecting business climate to improve market conditions. To achieve this objective, we will work with U.S. firms operating in Malaysia to emphasize the benefits accruing already to Malaysia, as well as the additional benefits in further investment and job creation that can come from market-based policies. Risks associated with not achieving this Mission Objective include lack of progress or even increased policies that distort the market and make U.S. firms less competitive, as well as limit the growth potential both in Malaysia and the United States.

**Mission Objective 3.3: Promote and facilitate expanded U.S. exports to Malaysia and Malaysian investment into the U.S. economy.**

**Justification:** Malaysia's growing middle class presents a ripe market for U.S. exports, including agriculture, media, consumer products, and more. Additionally, as Malaysia seeks to diversify its national investments, not to mention private capital, the United States presents many attractive opportunities in renewable energy, oil and gas, and technology, among others. To achieve this objective, we will work with U.S. firms already operating in Malaysia as well as potential exporters to appropriately market and sell goods and services. Additionally, we will highlight investment opportunities to the private and public sector, as appropriate, to attract foreign direct investment to the United States. Risks associated with not achieving this Mission Objective include lost growth potential and increased reliance in Malaysia, and the region, on other major economic powers in the region and globally, and the loss of influence in other sectors.

**Mission Objective 3.4: Advance the conservation and sustainable management of ecosystems by promoting effective governance, strengthened institutional capacity, and science-based decision-making.**

**Justification:** Malaysia's natural resources include rainforest and wildlife diversity that is important to the health of the global ecosystem. These resources, including land, minerals, plant, and wildlife, if sustainably managed, can become a pillar of economic growth, decreasing Malaysia's reliance on a few commodities, such as oil and gas and palm oil, leading to a more stable economy less susceptible to shocks. This in turn can reduce the incentive to enact regulatory and non-tariff hurdles to doing business, in an attempt to offset those shocks. To achieve this objective, we will harness U.S. technical expertise to build institutional capacity in planning, decision-making, policy formation, rule of law and enforcement, which pays dividends by increasing capacity that benefits other security priorities. Risks associated with not achieving this Mission Objective include irreparable loss of biodiversity, erosion of quality of life and

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health through lost ecosystem services and increased disease, increased trafficking of wildlife, timber, and other illegal goods, and increased vulnerability to economic shocks.

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## 4. Management Objectives

**Management Objective 1: Finalize a plan and move forward with the construction of a NEC on existing Embassy land that meets overseas policy board standards to provide a secure and collaborative environment**

**Justification:** The current Chancery Compound is over 35 years old and meets none of the current security standards. The Marine quarters need replacing as they lay just 30' from an unguarded perimeter wall. It is completely inadequate to support the staffing needed to service Embassy Kuala Lumpur's growing number of partnerships, programs, exchanges, and VIP visits. The current layout of offices is the result of haphazard piecemeal changes over the years leaving many agencies and sections with insufficient office space, and other sections scattered in smaller offices throughout the building. The Chancery does not have enough CAA space, and what it does have is located in random, non-contiguous space causing inefficiencies. The Bureau of Overseas Buildings Operations (OBO) recognized the need for a \$150 million major rehab that addresses Post's immediate space and CAA issues.

**Management Objective 2: Enhance workforce performance, leadership, engagement, and accountability to our Mission, efficiently and effectively.**

**Justification:** During Staff Retreats and from anecdotal feedback, employees have expressed that they would like to know more about what the other Agencies and Sections are doing at the Mission. In an effort to create a Mission team that is well informed about our goals, post leadership will create opportunities for staff to share their initiatives to create a better informed workforce.