

# **Malaysia-US Relations 2000-2011**

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INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA

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(ISIS) Malaysia**

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## FOREWORD

The aim of this monograph is to analyze the present relationship between Malaysia, a Southeast Asian nation on the verge of first world status, and the United States, the world's only superpower, to show that unlike earlier years, it has evolved into a real partnership, with give-and-take on both sides. Malaysia's partnership role extends to its leadership positions in the Association of Southeast Asian Nations (Asean), the Non-Aligned Movement (NAM), and the Organization of Islamic Conference (OIC). The scope is a decade-long period that covers the main political, economic, and socio-cultural relations during the Prime Ministerships, in Malaysia, of Dr Mahathir Mohamad, Abdullah Ahmad Badawi, and Najib Tun Razak and the presidencies, in the United States, of George W Bush and Barack H Obama. This period merits attention as a new theme has dominated the relationship since September 11, 2001 — counter-terrorism. Moreover, this period mirrors both nations grappling with enormous economic challenges — Malaysia with efforts to achieve its goal of becoming a developed nation by 2020 and the United States with attempts to overcome its worst financial crisis and its deepest housing collapse since the Great Depression.

To analyze the current bilateral relationship, the monograph is organized in five parts. Part I, the Introduction, sets the stage by summarizing Malaysia-US ties before 2000. Part II deals with bilateral relations during the first three years of the 21<sup>st</sup> century, from January 2000 to October 2003, which mark the

last years of the Mahathir Administration and most of President George W Bush's first term in office. Part III then discusses the change and continuity in the bilateral relationship under Abdullah Ahmad Badawi, from October 2003 to April 2009, a period that overlaps the remaining years of the Bush Administration and the first few months of the Obama Administration. Part IV traces the main bilateral developments since April 2009, under Najib Tun Razak and Barack Obama, while Part V, the Conclusion, ends by assessing the overall relationship between the two nations and by discussing some prospects for the future.

# **I. Introduction: Malaysia-US Relations Prior to 2000**

The Malaysia-US relationship prior to 2000 can be divided into three main phases: the early period until Malaysia's independence in 1957; the period from Malaysia's independence to the end of the Cold War in 1990; and the post-Cold War period of the 1990s.

## ***Early Relations to 1957***

According to historical sources, the earliest contacts were forged in 1677 when a Captain Davenport from Boston arrived aboard an English ship, the *Flying Eagle*.<sup>1</sup> The first phase of the relationship thus began with both nations in very humble positions as colonies, with Malaysia, then Malaya, under Dutch rule and America under British rule. America then successfully fought Britain for its independence while Malaya remained a colony, this time under the British, who replaced the Dutch. With Malaya as a British colony, ties with America were indirect and triangular in nature. Two early themes in this indirect relationship were US views of the country as being under the British sphere of influence and, in a regional context, as part of a larger Southeast Asian area important for economic and strategic reasons.

When America needed Malaya's two major exports, tin and rubber, a new economic theme arose. America needed tin for its tinplating industry during the Civil War, rubber for its automobile industry in the early 20<sup>th</sup> century, and both rubber and tin for its war efforts during the two world wars. America also

needed both commodities for its rubber and tin stockpiles.<sup>2</sup> Not surprisingly, the economic theme gained ascendancy and was dominant until 1945, when the Cold War ushered in a new theme, the containment of communism, which then became the most important theme for over four decades. Its importance was seen in the inclusion of Malaya in three US missions to Southeast Asia, to contain Communism — the Jessup Mission in 1949, and the Griffin and Melby Missions in 1950.<sup>3</sup> The United States also helped Britain during the Emergency (as the fight against Communist insurgency in Malaya from 1948 to 1960 was called), by providing military aid.<sup>4</sup>

Regarding cooperation and tension in Malaya-US relations up to 1957, there was much indirect and triangular cooperation over economic ties and in fighting the Communist threat. At the same time, there was some tension on the part of Britain over low rubber and tin prices, especially during the Great Depression, and fear on the part of the US over its access to both these commodities. There was also some US concern as to whether the British were effectively handling the communist threat in Malaya.<sup>5</sup> On the whole, however, cooperation exceeded tension.

### ***Bilateral Relations from Independence to 1990***

During the second phase, with Malaya's independence in 1957, the relationship finally became direct. However, although the two nations shared a colonial past, and core values like democracy, free enterprise, and religious tolerance, one was a third-world nation while the other was a super power. Nevertheless, the US helped Malaya to diversify its economy by encouraging the planting of oil palm in the 1960s and by investing in the country's electronics industry in the 1970s.<sup>6</sup> When Malaysia was formed in 1963 and Indonesia launched its Confrontation policy against the

new federation, the United States took the side of Malaysia against Indonesia.<sup>7</sup>

During the Vietnam War, from 1965 to 1975, Malaysia, while it did not send troops, supported US efforts by giving military equipment from its Emergency period to South Vietnam, and by training South Vietnamese personnel in jungle warfare and police administration.<sup>8</sup> It was during that war that President Lyndon B. Johnson visited Malaysia in 1966, the first and only time that an incumbent US president has done so. In 1967, Johnson's Vice-President Hubert Humphrey also visited Malaysia, followed in 1970 by Spiro Agnew, the US Vice-President under President Richard Nixon.<sup>9</sup> When the Vietnam War ended in 1975, the United States asked Malaysia to provide temporary asylum for Vietnamese refugees and Malaysia obliged.

Meanwhile, Malaysia had become a founding member of Asean in 1967. When Vietnam invaded and occupied Cambodia in late 1978, setting off the Third Indochina War, Asean launched a successful diplomatic offensive against Vietnam, leading to Vietnam's eventual withdrawal from Cambodia in September 1989.<sup>10</sup> In this operation, the US took a low profile but backed Asean.

During the second phase, a new theme emerged: socio-cultural ties. These ties were forged with the American Field Service Programme, a teenage exchange programme, in 1957, strengthened by the Peace Corps Programme in 1962 and by the Malaysian-American Commission on Educational Exchange (MACEE) in 1963. MACEE administered the Fulbright Programme in Malaysia, sending US scholars to Malaysia and Malaysian scholars to the United States. Some Fulbright professors taught American history and literature courses at the University of Malaya, generating interest in American Studies.

The good work of the Peace Corp Volunteers (PCVs) and the Fulbright scholars was instrumental in getting the Malaysian

Government to recognize US degrees in 1966.<sup>11</sup> Other scholarly exchanges soon followed, with Louisiana State University (LSU) sending its professors to teach at the College of Agriculture Serdang (presently Universiti Putra Malaysia) while the College's academic staff in turn could study at LSU.

In the 1970s, an exchange of professors and students took place between Ohio University in Athens, Ohio, and the MARA Institute of Technology (now Universiti Teknologi MARA), leading to the establishment of the Tun Abdul Razak Chair in Malaysian Studies at Ohio University, by the Malaysian Government and Ohio University, in 1980. The growing interest in American Studies, fostered by the Fulbright professors, also resulted in the formation of the Malaysian Association for American Studies (MAAS) in 1983.<sup>12</sup>

The socio-cultural ties expanded rapidly throughout the 1970s and 1980s when more Malaysians went to the United States for tertiary education. By then, twinning programmes between private Malaysian colleges and US colleges had begun, with students completing the first two years of a degree course in Malaysia and the remaining two years in the US. In 1984, Malaysia had 24,000 students, private and government-sponsored, in America.<sup>13</sup>

While the socio-cultural ties were expanding, the legal ties were also growing, due to more exchanges in the legal field, more references in Malaysia to the US Constitution, and more Malaysian interest in American legal issues.<sup>14</sup> President Jimmy Carter stressed human rights in US foreign policy in the mid-1970s, and this became a new theme in Malaysia-US relations. As for the earlier themes, that of Malaysia being under the British sphere of influence had receded, as Britain had withdrawn its military forces east of Suez by 1975. The containment theme had also faded away in 1990, with the end of the Cold War. But the theme of Malaysia in a regional context persisted; Malaysia was

part of Asean — a regional association — along with Indonesia, Thailand, Singapore, and the Philippines. With the end of the Cold War, the US became the world's only superpower while Malaysia had become a leader in Asean and had transformed itself from an agricultural nation into a manufacturing one. But the bilateral relationship was still very lopsided and not a true partnership.

Because the relationship was lopsided, the bilateral cooperation in the second phase was dominated by the US. Tensions arose, in the 1950s and 1960s, over the threat posed to Malaysia by America's production of synthetic rubber and its tin and rubber disposal plans, as falling prices adversely affected revenues from Malaysia's two main exports and endangered the livelihood of its people. In the 1970s and 1980s, tensions arose over the presence of Vietnamese refugees in Malaysia, as Malaysia feared a 'residual problem' if they remained in the country and upset its delicate racial balance.<sup>15</sup> In the mid-1970s, some trouble also occurred over Malaysia's exports of palm oil. There was a glut in US soy bean production and the US soy bean lobby, fearing competition, pressed for a duty on palm oil. The Malaysian Government saw the duty as protectionism on the part of certain groups and protested against it.

The palm oil issue reappeared in the 1980s when an increase in palm oil exports to the US led the US soybean lobby to allege that palm oil had harmful effects on health. They claimed that it was a saturated fat with high cholesterol content. Malaysia fought back and was able to get the US government to block efforts to legislate mandatory labelling of palm oil as a saturated fat. In the 1980s, tensions also arose over America's countervailing duties on textiles and the petition by the American Federation of Labour and the Congress of Industrial Organizations (AFL-CIO) to the US government to revoke Malaysia's General System of Preferences (GSP) status due to alleged human rights violations and anti-labour laws.<sup>16</sup>

### ***Relations since 1990***

In the post-Cold War period of the 1990s, the third phase, the economic theme re-emerged as the dominant theme in Malaysia-US relations. This period saw Malaysia gaining in strength. The period began with Malaysia's very high growth rate, earning it praise from the World Bank as one of the 'economic miracles.' In 1990, Dr. Mahathir also introduced his proposal for an East Asia Economic Grouping (EAEG), just as Europe had its European Union (EU) while North America had the North American Free Trade Agreement (NAFTA).<sup>17</sup> To make Dr Mahathir's proposal more of a forum for discussion rather than a trade bloc, Asean officially renamed it as the East Asia Economic Caucus (EAEC) in October 1991, at the Asean Economic Ministers' Meeting. Asean then formally endorsed the EAEC at its Fourth Asean Summit in Singapore in January 1992.

In Malaysia, Dr. Mahathir remained as Prime Minister throughout the 1990s while in the United States George H. Bush served out his term as president until 1992 and William J. Clinton served two terms, from 1993 to 2000. Clinton's first term (1993–1996) saw the celebration of MACEE's 30<sup>th</sup> anniversary in 1993; the rescue of US soldiers by Malaysian peacekeepers in Mogadishu, Somalia in 1993; the establishment of the Malaysian Chair in Islamic Studies at Georgetown University in 1994; the meetings between Dr. Mahathir and President Clinton in 1994 and 1996; and the repatriation of Vietnamese refugees in 1996. There was thus much bilateral cooperation.

However, in the early 1990s, there were some tensions regarding the EAEC; membership was limited to East Asian countries, therefore excluding the United States. Tensions also arose over anti-Semitic statements by Dr. Mahathir and US allegations of Malaysian human rights abuses such as curbs on the media, issues over the independence of the judiciary, and the

treatment of prisoners. The Persian Gulf War also caused some problems as it divided Malaysians into two groups – those who sympathized with Iraq, a Muslim nation, and those who did not. Malaysia eventually supported the UN resolution to evict Iraq from Kuwait, thus being on the same side as the US.<sup>18</sup>

Clinton's second term (1997-2000) witnessed more bilateral tensions, due in large part to the 1997 Asian Financial Crisis. There was a clash of views over the causes of the crisis, with US policymakers blaming it on structural weaknesses in the Asian economies, collusion between government and business, lack of transparency in business dealings, corruption, and cronyism, while Mahathir blamed it on the actions of currency speculators like George Soros.<sup>19</sup> There were different views too on how to handle the financial crisis: Mahathir believed in currency controls and in 'priming the pump' to jumpstart the Malaysian economy, whereas the United States believed in the prescriptions of the International Monetary Fund (IMF) and the World Bank, which called for fiscal restraints and the cutting of subsidies.

Malaysia instituted currency controls and Mahathir was criticized at that time for them but the controls worked for Malaysia.<sup>20</sup> Tensions over the Generalized System of Preferences (GSP) privileges (which allow certain goods from about 130 developing economies to enter the US duty-free) persisted into the 1990s, until the privileges were gradually phased out. There was also trouble in 1997 over the US attempt to investigate the Petronas gas deal in Iran — Malaysia protested this move, pointing out that it did not accept extra-territorial applications of Washington's Iran-Libya Sanctions Act of 1996 and that its companies would continue to do business in Iran and Libya.<sup>21</sup>

Bilateral tensions increased in September 1998 when Mahathir sacked his deputy prime minister and finance minister, Anwar Ibrahim, on charges of corruption and sexual misconduct.

Comments by US Vice-President Al Gore at the Asia-Pacific Economic Cooperation (APEC) meeting in Kuala Lumpur in November 1998 exacerbated tensions as Gore praised 'the brave people of Malaysia' for seeking reform.<sup>22</sup> Relations deteriorated further when Anwar was sentenced to six years in prison for corruption in April 1999. US officials believed that the charges against Anwar were trumped up and that he was a political prisoner. In addition, there was growing bilateral disagreement regarding US policy towards the Middle East, especially over what Malaysia perceived as pro-Israel policies which were at odds with Malaysia's support for the Palestine cause. Thus, the last decade of the 20<sup>th</sup> century saw much discord in the bilateral relationship.

## II. Relations under the Mahathir Premiership, 2000 - 2003

### *Political Aspects*

The year 2000 began with Dr Mahathir in his nineteenth year as Prime Minister and President Clinton in the last year of his second term in office. On the political level, the bilateral relationship was acrimonious as discord from human rights issues in the previous decade spilled over into the new century, making human rights the overriding theme. Hence, when Anwar Ibrahim was sentenced in August 2000 to another nine years in jail for sodomy, a State Department official declared that the US was 'outraged by Anwar's conviction' and that the 'co-operative relationship with Malaysia has been impeded by Malaysia's poor record on human rights.'<sup>23</sup>

Not surprisingly, in February 2001, when the State Department released its annual human rights report, it contained criticism of Malaysia's handling of the Anwar case, calling it politically motivated and questioning the independence of the judiciary. This criticism also involved Malaysia's use of the Internal Security Act (ISA), which the US called 'draconian,' as it allowed for detention without trial. In July 2000, the Malaysian government had used the ISA after it had stopped an arms heist by a militant group, *Al-Ma'unah*, with ties to both *Kumpulan Militan Malaysia* (KMM) and Al-Qaeda terrorists. The Malaysian government used the ISA again in August 2001 when ten KMM members were arrested for subversive activities that included the hoarding of firearms and ammunition.<sup>24</sup>

Meanwhile, in the United States, the main contenders in the November 2000 presidential elections were George W Bush, a former governor of Texas, and Al Gore, the vice-president under Clinton. When neither candidate won a majority of the electoral votes, the election was finally decided by the Supreme Court, which declared Bush, the eldest son of President George H Bush, the winner on a 5-4 vote. Mahathir commented that he was glad that Bush and not Gore succeeded Clinton to the presidency.

Just eight months into Bush's presidency, the September 11, 2001 tragedy occurred, the first attack on the US mainland since the War of 1812. This tragedy, which killed nearly three thousand people including three Malaysians, mended the wide rift in Malaysia-US relations. Malaysians showed a great outpouring of sympathy and concern, with Mahathir immediately phoning the US Embassy in Kuala Lumpur to condemn the terrorist attacks and to offer his condolences. He also increased security at the US Embassy, at US-owned factories, and at strategic locations in the country as threats had been made to blow up the US Embassy and other buildings, including the Petronas Twin Towers. Moreover, he offered the US the services of the Malaysian Search and Rescue Team.<sup>25</sup>

The new US Ambassador to Malaysia, Marie T Huhtala, upon her arrival in Malaysia that September, said that the United States appreciated the condolences from the Prime Minister and his strong condemnation of terrorism.<sup>26</sup> President George Bush also telephoned Mahathir to thank him for supporting US efforts against terrorism and both agreed to meet at the Asian-Pacific Economic Cooperation (APEC) meeting in Shanghai in October.<sup>27</sup> At the APEC meeting, Mahathir stressed the need to remove the root causes of terrorism, especially the Palestinian problem, and related Malaysia's own experience in overcoming the communist insurgency.<sup>28</sup> Neither side brought up the subject of Anwar Ibrahim nor Al Gore as the counter terrorism theme now

overshadowed the human rights theme.

With the war on terror, security issues became top priority. The US no longer criticized the ISA as it now had its own Patriot Act of October 2001, which also allowed for detention without trial. Therefore, when Mahathir made further arrests of KMM members in 2002 using the ISA, the United States did not protest. Instead, the United States began to view Malaysia in a new light. For instance, the then US Trade Representative, Robert Zoellick, praised Malaysia as a model for developing countries in terms of progress, development, and religious tolerance while James Kelly, Assistant Secretary of State for East Asia and the Pacific, called Malaysia a 'beacon of stability' in Southeast Asia.<sup>29</sup>

Malaysia had become a very important partner in fighting terrorism, for several reasons.

One reason was that the US now viewed Malaysia as a success story in Southeast Asia — multi-racial, vibrant, and progressive — at a time when the region was considered the 'second front' in the war on terrorism due to the links between its militant groups and the Al-Qaeda network of Osama bin Laden.<sup>30</sup> In 2001, Malaysia was one of Southeast Asia's most modern and wealthy nations, among the fastest developing countries in the world, and with very impressive buildings such as the Petronas Twin Towers, the Kuala Lumpur International Airport, the administrative centre at Putrajaya, and beautiful shopping malls, hotels, and holiday resorts.

Another reason for Malaysia's importance was that the US was looking for a Muslim partner in Southeast Asia and Malaysia fitted the billing due to its being a predominantly Muslim nation. Moreover, Malaysia practices moderate Islam and thus could be a good example for other Muslim nations to emulate. It could also serve as a bridge between the United States and other Islamic nations, and a vital helper in America's global fight against terrorism.<sup>31</sup>

Indonesia could not be the Muslim partner that America needed in Southeast Asia, despite its having the world's largest Muslim population, because it was still beset by numerous problems following the 1997 Asian Financial Crisis, including political instability, an extremely weak economy, ethnic tensions, terrorist organizations, and secessionist threats. Malaysia, in comparison, enjoyed political stability, had not had major civil unrest since the 1969 race riots, and was more effective in curbing subversive activities by radical Muslims.

A third reason why Malaysia was deemed an important partner in fighting terrorism was because of its leadership role in Asean.<sup>32</sup> Besides being a founding member, Malaysia had contributed several policies, such as the concept of Southeast Asia as a Zone of Peace, Freedom, and Neutrality (ZOPFAN), which Asean adopted in 1971; the EAEC proposal, which Asean adopted as a Caucus within APEC in 1992; and Asean's Vision 20/20 Concept, based on Malaysia's own Vision 20/20 Plan, which Asean adopted in 1997. Malaysia also chaired Asean's Mekong Basin Development Project and dispensed aid through its Malaysian Technical Cooperation Programme.

Malaysia was also considered an important partner in the war on terrorism because of its strategic geographical location – along the Straits of Malacca, a vital waterway used by more than 50,000 vessels a year and which carries one-half of the world's oil and one-third of its commerce.<sup>33</sup> After 9/11, the US was concerned that terrorists seeking to disrupt global trade might attack shipping in the Straits.

Another reason was that Malaysia had helped the US in fighting terrorism even before 9/11. For example, in 2000, upon CIA request, Malaysian authorities monitored a meeting of Al-Qaeda operatives organized by an Indonesian JI leader, Riduan Isamudin, or Hambali as he is better known. This monitoring revealed that among the attendees at the meeting were terrorists

who later bombed the *USS Cole* in Yemen and the two hijackers who attacked the Pentagon in 2001.

The valuable information supplied by Malaysia, including the names and photographs of the terrorists, was later acknowledged in the US Joint Congressional Committee Report on the 9/11 attacks. Furthermore, Malaysian police provided the important information that several KMM members had links with Zacarias Moussaoui, a Moroccan of French nationality, charged by the US of conspiring with terrorists in the hijacking of two aircraft used in the 9/11 attacks. For instance, Malaysian police not only had proof that Moussaoui had been in Malaysia but that a Malaysian businessman and former army captain, Yazid Sufaat, had helped him, as well as allowed two of the 9/11 hijackers to use his apartment before the attack.<sup>34</sup>

Yet another reason probably had to do with Malaysia's fine track record since 1960 in UN Peacekeeping Missions, including a mission to Somalia where Malaysian peacekeepers helped in the 1993 rescue of US soldiers in Mogadishu. Perhaps US worries about the links between Islamic militants in Malaysia and terrorist organizations like the Jemaah Islamiah (JI) and the Al-Qaeda network also played a role in Malaysia being considered as an important partner in the war on terrorism. At first, Dr Mahathir denied these links but he was later forced to acknowledge them when proof surfaced. There were also links with other Southeast Asian militants through their earlier involvement in the Afghan War. Furthermore, Indonesian militants, such as Abdullah Sungkar, Abu Bashir, and Hambali, had sought refuge in Malaysia in the 1980s when President Suharto cracked down on subversive activities.

Malaysia soon proved that it was, indeed, a very good partner in the fight against terrorism, providing cooperation on the bilateral, regional, and international levels. In October 2001, for example, it worked with the Federal Bureau of Investigations

(FBI) in investigations into a letter contaminated by the anthrax bacteria; in November it foiled a plot by a group of local militants, linked to Osama bin Laden, to attack American sailors in Malaysia; and in December it helped to identify and arrest terrorists involved in an abortive plot to bomb the US embassy and other sites in Singapore. Malaysia also agreed to America's request to freeze the assets and accounts of those involved in terrorism and co-hosted in Honolulu an international workshop on financial measures against terrorism. In addition, Malaysia arrested 62 Muslim terrorists between 9/11 and April 2002.<sup>35</sup>

In May 2002, Dr. Mahathir and President Bush met again, this time in Washington DC, following Bush's invitation delivered personally by James Kelly. According to Kelly, it was very important for Bush to 'say thank you to a respected leader of a progressive and modern Muslim state for a very stirring response in a global campaign against terror.'<sup>36</sup> The Bush-Mahathir meeting turned out to be a success in that they discussed bilateral issues, terrorism, and the Middle East, with Mahathir stressing the importance of resolving the Middle East issue. Both agreed that the roots of terrorism had to be addressed and that a two-state solution would allow Palestine and Israel to exist. Bush also thanked Mahathir for his strong support in the war against terrorism and praised Malaysia as a modern, moderate, and prosperous Muslim nation.

The Anwar issue was only briefly touched upon — Bush mentioned in passing that the US had not changed its stand on Anwar being a political prisoner.<sup>37</sup> While in Washington, Mahathir gave a speech at the first meeting of the Malaysia-America Friendship Caucus formed that year. Co-chaired by Representative Gregory Meeks (D-NY) and Representative Pete Sessions (R-Texas), it was established by the US Congress to further strengthen bilateral cooperation in trade and industry.<sup>38</sup> Mahathir also addressed the US-Asean Business Council in

Washington, stressing in his speech that 'Malaysia has zero tolerance for terrorism' and that 'terrorism can never be justified under any circumstances.'<sup>39</sup>

At that time, there was no indication that money had been paid to arrange Mahathir's meeting with Bush. This was only revealed a few years later during investigations into the corruption scandal surrounding Jack Abramoff, a lobbyist who had earlier served as a member of the Bush Administration's 2001 Transition Advisory Team. These investigations led to Dr. Mahathir's disclosure in 2006 that Abramoff was paid US\$1.2 million to organize his 2002 meeting with Bush. But Mahathir denied that the money came from the Malaysian Government. He also claimed that he had been persuaded by the Heritage Foundation, a conservative think tank in Washington, to meet with Bush so that he could influence Bush in some ways regarding US policies.<sup>40</sup>

Mahathir's account differed from a US press report which said that 'the government of Malaysia sought to repair its tarnished image in the US by arranging a meeting between President Bush and its controversial prime minister in 2002.'<sup>41</sup> Documents released by US Senate investigators also showed that the Malaysian government had paid \$300,000 in lobbying fees to a company associated with Abramoff to arrange trips by US Congressmen to Malaysia, including one by then House Majority Leader Tom DeLay and his wife in October 2001.<sup>42</sup> Abramoff was convicted in 2006 of fraud, tax evasion, and conspiracy to bribe public officials and served most of a six-year sentence in federal prison before being released in December 2010. DeLay was sentenced in 2010 to serve three years in prison on money laundering and conspiracy charges.

Meanwhile, Malaysia continued to be a very good partner in fighting terrorism. In May 2002, in Washington DC, it signed a joint Declaration on Cooperation to Counter Terrorism, with

Foreign Minister Syed Hamid Albar signing for Malaysia and Acting Secretary of State Richard Armitage for the US. This declaration allows for the exchange of information, data, and intelligence to fight terrorism.<sup>43</sup> In July 2002, in Brunei, Malaysia participated in two other anti-terror pacts: an Asean pact to share intelligence and increase police cooperation among members and a US-Asean anti-terrorism accord to enhance regional cooperation against terrorism.<sup>44</sup> US-Malaysia cooperation increased after the Bali bombings in October 2002. This cooperation, along with help from Thailand and Indonesia, led to the capture of Hambali in Thailand in August 2003.<sup>45</sup> Malaysia also agreed to host the Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT), established in Kuala Lumpur on July 1, 2003. Mahathir, however, objected to the US conducting any sort of military-style operation in the country without first informing Malaysia and getting the latter's cooperation.<sup>46</sup>

After 9/11, existing forms of security cooperation were all stepped up. US military assistance to Malaysia took the form of Foreign Military Sales (FMS) credits for defence purchases and International Military Education Training (IMET) for building up armed forces personnel. Defence purchases included the American Landing Ship Tank (LST) and F-18 fighters. For military training, Malaysian army cadets were sent to the US Military Academy at West Point, New York, while air force and the navy cadets were sent to the US Naval Academy at Annapolis, Maryland.

As for Malaysian army officers, they were placed at the US Command and General Staff College in Fort Leavenworth, Kansas, and at the US War College in Carlyle Barracks, Pennsylvania. In the case of Malaysian naval officers, they attended either the Naval Postgraduate School in Monterey, California, or the Naval War College in Newport, Rhode Island.<sup>47</sup> Some senior Malaysian military officers were also trained at the

National Defense University in Washington DC and at the Asia-Pacific Center for Security Studies in Honolulu, Hawaii. Existing security cooperation also included the following: port calls by US ships; the provision of air and port facilities by Malaysia; the repair and maintenance of US naval vessels by Malaysia; annual bilateral military exercises code-named Co-operation Afloat, Readiness, and Training (CARAT); and narcotics control, as both nations view drug abuse and trafficking as security problems.<sup>48</sup>

After 9/11, new forms of security cooperation were introduced. Besides implementing curbs on money laundering and cyber crime, Malaysia allowed the US air force to mount surveillance flights and to use Malaysian air bases in the event of a crisis. Malaysia further allowed the US military to carry out jungle-warfare training and US Navy SEALs to conduct training twice a year in the country. In describing the very close security relationship as a 'well-kept secret' in May 2002, Malaysia's then Defence Minister Najib Tun Razak also revealed that during Operation Enduring Freedom in Afghanistan, Malaysia had allowed US military flyovers on a case-by-case basis.<sup>49</sup> In addition, Malaysia gave protection to US merchant ships crossing the Straits of Malacca. Furthermore, both countries held bilateral discussions on Non-Proliferation, Anti-Terrorism, Demining and Related Programmes (NADR) assistance to Malaysia and on a US-Malaysia Extradition Treaty.<sup>50</sup>

All this cooperation, however, was not without tension. For instance, in early 2002, Malaysia submitted a memorandum to the US embassy to protest against the harsh treatment of Taliban prisoners at the US naval base in Guantanamo Bay, Cuba.<sup>51</sup> This was tantamount to accusing the US of human rights abuses against Muslim prisoners. Malaysia also complained about the new visa restrictions, enforced in late 2001, on Muslim men entering the United States — males aged between 16 and 45 had to wait 20 days for their visa application to be processed.<sup>52</sup>

Moreover, Malaysian officials were annoyed when an article on a secret FBI report said that Malaysia had been used as a 'launch pad' to carry out the 9/11 attacks.

FBI Director, Robert S. Mueller Jr. was quick to call the report 'inaccurate.'<sup>53</sup> The most tensions, however, had to do with US policy towards Afghanistan and Iraq. For example, Mahathir criticized America's war against Afghanistan in October 2001, Bush's doctrine of preemptive strikes to eliminate suspected terrorist hideouts, and US unilateralism over Iraq in defiance of the United Nations. In September 2002, Mahathir warned that there would be no end to Muslim terrorism if the powerful nations were bent on revenge rather than on solutions.

When America and Britain went to war against Iraq in March 2003, Mahathir condemned this action.<sup>54</sup> In October 2003, just before Mahathir stepped down as Prime Minister, bilateral tensions also arose over his anti-Jewish remarks at the summit of the Organization of Islamic Conference in Kuala Lumpur. He had said: 'The Europeans killed six million Jews out of twelve million, but today the Jews rule the world by proxy. They get others to fight and die for them.' The State Department called his comments offensive and inflammatory, adding 'We view them with the contempt and derision they deserve.'<sup>55</sup>

### ***Economic Aspects***

On the economic level, trade continued to increase; Malaysia became America's 12<sup>th</sup> largest trading partner in 2001, the 11<sup>th</sup> largest in 2002, and the 10<sup>th</sup> largest in 2003. In 2003, the volume of two-way trade totalled over US\$34.4 billion, with the balance of trade in Malaysia's favour.<sup>56</sup> Major US exports to Malaysia included aircraft, electrical and electronic products (E&E), optical and medical instruments, plastics, paper and paperboard, fruits and nuts, inorganic chemicals, and chemical products. As for

Malaysia's main exports to the US, they were electrical and electronic (E&E) products, textiles and apparel, furniture and bedding, rubber, wood, toys, mineral fuels and oils, and sports equipment.<sup>57</sup>

As for US investments in the country, they had tripled between 1990 and 2000, from US\$1.5 billion to US\$6 billion, of which 57 per cent was in manufacturing, 21 per cent in petroleum and natural resources, and 22 per cent in services and related industries.<sup>58</sup> In 2001, the US was the largest investor, with investments mainly in the petroleum sector.<sup>59</sup> In 2002, however, Malaysia experienced a 40 per cent drop in investments, due in part to 9/11 and to competition from China. That year, Germany overtook the US in terms of the value of new investments into Malaysia.<sup>60</sup> The same year, to attract foreign direct investments (FDI), Mahathir, who also served as Finance Minister, introduced several measures, such as extending a ten-year income tax exemption for companies setting up their operational bases in Malaysia and allowing foreigners full ownership in manufacturing operations.<sup>61</sup>

At the same time, the US had its own economic problems. Although President Bush inherited a budget surplus of US\$236 billion from President Clinton in early 2001, by 2003 Bush faced a budget deficit of US\$450 billion.<sup>62</sup> Conditions had worsened with the downturn in the US economy, marked by cutbacks and retrenchments. The 9/11 attacks exacerbated the situation: they led to more expenditure due to the implementation of security measures, the decline of the airline industry, and a very sharp drop in tourism revenue.

Launching wars on Afghanistan and Iraq worsened America's financial situation. The US also had to deal with corporate scandals, tax cuts, job layoffs, and larger federal and trade deficits. In Malaysia, the electronics industry was adversely affected in 2001 by the US economic downturn — American

companies were forced to downsize and Malaysian workers were retrenched. Fortunately, by late 2002, the electronic industry in Malaysia showed some improvement.

In 2002, there were two new US initiatives by the Bush Administration to buttress relations with Asean — the Asean Cooperation Plan (ACP) in August and the Enterprise for Asean Initiative (EAI) in October.<sup>63</sup> Asean was then America's third largest overseas market and all its members, including Malaysia, were impacted by these initiatives. While the ACP was aimed at Asean integration, cooperation on transnational issues, and strengthening the Asean Secretariat, the EAI offered the prospect of bilateral free trade agreements (FTAs) with the US.

The FTAs had both economic and geo-political goals, to enable nations to better withstand the terrorist threat. To sign an FTA, an Asean state had to be a member of the World Trade Organization (WTO) and to have concluded a Trade and Investment Framework Agreement (TIFA) with the US. In 2003, Malaysia was in the midst of discussions about a TIFA while Indonesia, Thailand, and the Philippines had signed TIFAs and Singapore had already concluded an FTA.

Regarding tensions on the economic level, one problem involved intellectual property rights as Malaysia was, in 2001, the third biggest source of pirated goods like CDs, VCDs, and DVDs. It had been placed on America's Priority Watch List and warned to reduce the rate of piracy or risk being put on the Section 306 Monitoring List which allows for the imposition of trade sanctions.<sup>64</sup> Another problem was Malaysia's concern, in October 2002, about the 11-day shutdown of 29 ports on the US west coast due to a management lockout order in a dispute over wages, benefits, and working conditions. Malaysia was relieved when only manufacturers dependent on sea transportation for bulky items were adversely affected.<sup>65</sup>

### ***Socio-Cultural Aspects***

As for Malaysia-US relations on the socio-cultural level, the AFS Programme (originally the American Field Service) continued to send Malaysian and American teenagers on exchanges. However, it went by a new name, AFS Antarabangsa (International) and exchanges were no longer limited to just the US and Malaysia. After 9/11, with America's urgent need to foster better relations with Muslim nations, AFS began administering the new Youth Exchange and Study (YES) Programme, a fresh cultural initiative established by the State Department for this purpose, in October 2002. The YES Programme provides scholarships for students from countries with significant Muslim populations, and aged from 15 to 17 years, to enable them to spend up to a year in the US, living with an American family and studying at a high school. In Southeast Asia, this program was open to youth in Brunei, Indonesia, Malaysia, and Thailand.<sup>66</sup>

The Fulbright Programme, as before, sent Malaysian scholars to the United States, and US scholars to Malaysia for research and teaching opportunities. The Fulbright awards for Malaysians include the Malaysian Scholar Program and Hubert Humphrey Fellowship Programme while the Fulbright awards for Americans include the Senior Scholar Program and the Student Research Programme. After 9/11, a new Fulbright award was established, in September 2003, in the name of a Malaysian of Indian origin, Vijayashanker Paramsothy, who died in the World Trade Center attack in New York in 2001. Funded by his parents, the Fulbright-Vijayashanker Memorial Exchange Fellowship was to be implemented in 2004.<sup>67</sup>

As before too, other US Government awards included the International Visitors Programme (IVP), which sends Malaysians each year to the US for about three to four weeks, and the American Participant (Ampart) Programme, which sends

Americans to Malaysia yearly for about the same period. The US Embassy in Malaysia also continued to arrange cultural presentations by Americans, such as dance performances, jazz festivals, art exhibitions, film series, poetry sessions, and writing workshops, and sponsored the Art in the Embassies Programme, a global museum that showcases original works of art by US citizens in American diplomatic residences worldwide.

However, there was a new cultural diplomacy programme in 2001, established by the US Congress: — the Ambassadors Fund for Cultural Preservation. Under this Programme, embassies in developing countries are invited to submit cultural preservation projects in an annual competition, with grants up to US\$20,000 being awarded by the US ambassador for the top proposals.<sup>68</sup>

Regarding Malaysian students in the US, their numbers had declined by 2001. Their numbers had fallen since the 1997 Asian Financial Crisis, due to the weakened *ringgit* and to fewer government scholarships. This decline was further aggravated by the 9/11 bombings – through added security measures, new visa requirements, and higher visa fees. Among the private students going to the US, many had earlier participated in the twinning programmes between private Malaysian educational institutions and American universities. Both private and government-sponsored students were assisted by MACEE, which continued to provide useful information on US colleges and universities and to administer necessary exams.

As for the impact of US mass media and mass culture, this also increased with more US comedies, dramas, documentaries, movies, and other entertainment programs available in Malaysia. Malaysians have both praised and criticized US mass media and culture, with praise for American creativity, talent, and ingenuity and with criticism for the content, especially decadent lifestyles, depicted in some American shows. In 2003, Malaysia banned the

film, *The Passion of the Christ*, as being unsuitable for local audiences.<sup>69</sup>

That year, on October 31, Dr. Mahathir stepped down as Prime Minister, after 22 years in office. In 2002, he had said that he would step down the following year and he kept to his word. He also had a hand-picked successor.

### **III. Change and Continuity in Relations under the Abdullah Ahmad Badawi Premiership, 2003 – 2009**

#### ***Political Level***

Malaysia's transition to a new Prime Minister was smooth and peaceful, in part because Abdullah had been personally chosen by Mahathir. They had enjoyed a good relationship except for a brief period when Abdullah sided with Tengku Razaleigh Hamzah and his Team B against Mahathir and his Team A in the 1987 UMNO elections, which led Mahathir to dismiss Abdullah as his Defence Minister. But they then mended their rift as Mahathir appointed him as Foreign Minister in 1991 and as Deputy Premier in 1999.

As Prime Minister, Abdullah also held the Home Affairs and Finance portfolios. Unlike Mahathir, a medical doctor, Abdullah came to the Prime Ministership with strong Islamic credentials – a degree in Islamic Studies from the University of Malaya and a religious background that included a grandfather who taught the Koran. Abdullah soon promoted Islam Hadhari, a concept which calls for moderation and a balanced outlook on life.

As his deputy Prime Minister, he chose Najib Abdul Razak, the eldest son of Malaysia's second Prime Minister, Tun Abdul Razak. Najib held a degree in Economics from the University of Nottingham, England, and had served in several cabinet positions, including Culture, Youth, and Sports Minister, Education Minister, Deputy Finance Minister, and Defence Minister. Abdullah's American counterpart was George W Bush, who, upon winning a second term in office in 2004, retained

Richard B Cheney as his vice-president. Bush also continued with his war on terror, making counter terrorism the dominant bilateral theme throughout Abdullah's Prime Ministership.

On the political level, one change in the US-Malaysia relationship was Abdullah's different style of leadership. Whereas Mahathir was blunt, abrasive, and often used anti-West rhetoric, Abdullah was mainly calm, diplomatic, and careful with his words, allowing for a more cordial relationship. The US was well aware of the difference and welcomed it. As a secret US Embassy cable revealed by Wikileaks, disclosed: 'Prime Minister Abdullah Badawi is a breath of fresh air after the long serving and vituperative Mahathir Mohamad, who retired in late 2003.' The cable also revealed that Abdullah was 'publicly committed to fighting corruption and reining in costly mega-projects, though his government's follow-through has been disappointing.'<sup>70</sup>

A second political change was Malaysia's enhanced international position during Badawi's Prime Ministership, strengthening Malaysia's role as a partner to the US. For example, from October 2003 to March 2008, Malaysia served as Chair of the 57-member Organization of Islamic Conference (OIC), the largest grouping of Muslim nations. This made Malaysia a leader in the Muslim world at a time when the United States was extremely worried about the terrorist threat in many Muslim nations and appreciated having a strong Muslim partner in Southeast Asia. As Ambassador LaFleur pointed out at his 2004 confirmation hearing: 'Our relationship with Malaysia is of critical importance to US interests in Southeast Asia and to our overall engagement with the Islamic world.' He also said:

As a moderate, highly developed, majority-Muslim state, Malaysia can have a significant impact — both as a leader and as a role model — in advancing peaceful resolutions on difficult issues throughout the Islamic world, notably the reconstruction of Iraq.<sup>71</sup>

In his role as the OIC Chair, Abdullah had added stature as a Muslim leader and was able to articulate the OIC's views on the Israel-Palestinian problem. For example, he stressed the need for peace brokers to be fair to both sides, without any form of bias or favouritism, and for Palestinians to find ways to end their internal divisions so as to present a united front. In recognition of his enhanced position, *Newsweek* magazine put Abdullah on the cover of its December 24, 2006 issue and hailed him as a leader who forged a moderate brand of Islam and who was capable of healing the divide fuelled by radical Muslim movements in the region.<sup>72</sup> Badawi also received a telephone call from President Bush in December 2006, seeking his advice on the continuing sectarian violence in Iraq and on the divisions among Muslims there.<sup>73</sup>

In 2007, Malaysia offered its expertise to help develop war-torn Afghanistan. Moreover, during Badawi's chairmanship, in late 2007, the Malaysian government was invited to participate in the Annapolis Peace Conference on the Middle East. As OIC Chair, Badawi also officially welcomed Bush's appointment of Mr. Sada Cumber, a Muslim-American of Pakistani descent, as the new US Special Envoy to the OIC in March 2008.<sup>74</sup>

Malaysia's enhanced position was not limited to the Muslim world. From 2003 to 2006, Malaysia also chaired the Non-Aligned Movement (NAM), an organization that represents two-thirds of the world's nations. Thus, when Badawi made his first state visit to the United States, from July 18-20, 2004, he did so as the chair of the OIC and NAM and as an Asean leader of one of Southeast Asia's most modern, successful, and prosperous states. His meeting with Bush took place on July 19 and they discussed world terrorism, the reconstruction of Iraq, the Israeli-Palestinian problem, and how different views on the Middle East conflict and on terrorism could be bridged.

Abdullah informed Bush that the Muslim world still needed some demonstration of good faith from the United States in addressing the root causes of terrorism, especially the unresolved question of Palestine. He also conveyed the concern of OIC members like Malaysia about the West bank barrier built by Israel, and said that the OIC had agreed with the International Court of Justice (ICJ) ruling that the barrier should be removed. Bush assured him that he was 'fully committed to the development of a Palestinian state that can live side-by-side with Israel in peace.'<sup>75</sup>

Their discussions touched on sensitive issues in their relationship but Badawi put forth his views in a diplomatic and non-confrontational way. At the joint press briefing after their meeting, Bush described their discussions as 'very constructive' with 'helpful suggestions' while Abdullah described their bilateral relationship as 'very, very, very strong' and 'the best we've ever had.'<sup>76</sup> Besides Bush, Abdullah met with Secretary of State Colin Powell, US Trade Representative Robert B Zoellick, and the Co-Chairmen of the Malaysia-America Friendship Caucus, Representatives Meeks and Sessions. Meeks told Badawi that Malaysia could serve as a model for struggling developing countries and that there should be more ties between US congressmen and Malaysian parliamentarians.<sup>77</sup>

When Abdullah met Bush again on the sidelines of the APEC Summit in Busan, South Korea, in November 2005, he held yet another important leadership position — as Chair of the Asean Standing Committee. In this role, Malaysia hosted the main meetings of the regional organization, including the Asean Ministerial Meeting (AMM), the Asean Regional Forum (ARF) and the first East Asia Summit (EAS). At Busan, Abdullah bravely told Bush said that the US should play a bigger role in resolving the Palestinian-Israeli conflict and that it was perceived that the US dealt with the two countries 'inequitably', causing a lot of

problems to Muslims. They also discussed the rebuilding of Iraq and some bilateral issues.<sup>78</sup>

A third political change in Malaysia-US ties revolved around new strategies to fight terrorism. One was the US Customs Service's Container Security Initiative (CSI) to carefully monitor cargo in containers in order to prevent terrorists from smuggling weapons of mass destruction into America. When the CSI was implemented world-wide in November 2003, Port Klang became Malaysia's first CSI port with US Customs officials working alongside their Malaysian counterparts.<sup>79</sup> In August 2004, the Port of Tanjung Pelepas in Johor became Malaysia's second CSI port.<sup>80</sup>

Another new anti-terrorism strategy was the Proliferation Security Initiative (PSI) aimed at stopping nations from spreading weapons of mass destruction by improving cooperation in the interdiction of weapons of mass destruction or missile related shipments. Introduced by the US in 2003, it was implemented in Malaysia the following year. The US Under Secretary for Arms Control and International Security, John R. Bolton, came to Malaysia in January 2004 for this purpose. While in Malaysia, he expressed concern to Malaysia's deputy Prime Minister that the Straits of Malacca could be used by some groups to ship weapons of mass destruction to other destinations.<sup>81</sup>

This concern led to another new US initiative to fight terrorism and other transnational threats like piracy and trafficking in humans and drugs — the Regional Maritime Security Initiative (RMSI). The US offered to patrol the Straits of Malacca but Malaysia was firm in rejecting this offer, citing sovereignty reasons and its own capabilities, with littoral states, to protect the Straits.<sup>82</sup> This response not only showed Malaysia's strong partnership status but also reflected its more confident and assertive stance vis-à-vis the United States.

Instead, Malaysia collaborated with Indonesia and Singapore to begin their 'Eyes in the Sky' programme to jointly patrol the Straits of Malacca. Under this arrangement, which has been very successful in curbing piracy, each nation donates two aircraft and has a representative on board during air patrols.<sup>83</sup> Malaysia did, however, take up the US offer to assist with Marine Police Training.

Accordingly, in August 2004, three officers from the US Coast Guard were attached to Malaysia's Marine Police Training Centre to train local officers in marine enforcement. Since then, the partnership between the Malaysian Maritime Enforcement Agency and the US Coast Guard has grown.<sup>84</sup> When the December 2004 tsunami devastated Aceh in Indonesia, both countries became partners in carrying out aid missions. In January 2005, Malaysia also allowed the US, Britain, Australia, and Japan to use its airspace as well as three airports, at Subang, Butterworth, and Langkawi, in relief efforts to help the earthquake and tsunami victims.<sup>85</sup> Malaysia itself suffered some tsunami damage in Perlis, Kedah, Penang, and Perak. James Kelly, the Assistant Secretary of State for East Asia and the Pacific, when visiting tsunami-hit areas in Kota Kuala Muda in Kedah with Ambassador LaFleur, said that the US would provide full assistance in the setting up of an early warning system in the Indian Ocean and the Southeast Asian region, to prevent a similar tragedy.<sup>86</sup>

Furthermore, in 2006, Malaysia and the US signed the Mutual Legal Assistance Treaty, which came into force in January 2009. This new initiative allows for the prosecution of terror suspects in the courts of law of both countries, as well as for the exchange of witnesses and mutual assistance in investigations of suspects.<sup>87</sup> In addition, in 2008, Malaysia agreed to implement America's Mega ports Initiative at Port Klang 'to deter, detect, and interdict the illicit trafficking of special nuclear and other

radioactive materials through the global maritime system.<sup>88</sup> The then US Ambassador, James Keith, said that he hoped that this multi-million dollar initiative would soon be expanded to the Port of Tanjung Pelepas.

That year, bilateral discussions were also held on using the Subang Air Force Base as a regional humanitarian relief centre, with Malaysia providing facilities and manpower on a cost-sharing basis to store, transport, and manage humanitarian relief supplies and equipment. As Ambassador Keith explained, 'Malaysia has the capacity and track record of providing quick response and humanitarian assistance to affected regions and throughout the world.'<sup>89</sup> To more effectively curb terrorist activities in Southeast Asia, the US also began promoting greater multilateral efforts in the tri-border region of Malaysia, Indonesia, and the Philippines — in the Sulu and Sulawesi Seas. In this connection, in 2008, the US provided US\$12 million for the construction of coastal radars in East Sabah.<sup>90</sup>

By this time, Malaysia had become more pro-active in strengthening its own anti-terrorist laws. For example, in 2007, it passed a new law, under the amended Penal Code, stipulating that convicted terrorists who cause death, or those convicted of giving financial aid to terrorists, would face the mandatory death penalty. For other terrorist acts not resulting in death, convicted persons would be liable to jail sentences, ranging from seven to thirty years, and a fine.<sup>91</sup> This new law made Malaysia a more effective partner of the US in fighting terrorism.

A fourth change under Abdullah Badawi was that he soon removed, albeit temporarily until 2008 when the problem resurfaced, what had been a thorn in the bilateral relationship since 1998 — the Anwar Ibrahim issue. Abdullah won a landslide victory in the March 2004 general elections, which gave his National Front coalition 90 per cent of the seats in the national parliament and control of 11 of the 12 state governments. The

election triumph showed Abdullah as a leader in his own right, no longer in Mahathir's shadow, and emboldened him to go against his predecessor's wishes about freeing Anwar. Thus, in September 2004, Malaysia's highest court freed Anwar after nearly six years in jail, reversing his sodomy conviction.

The then ambassador-designate to Malaysia, Christopher L LaFleur, said that it was 'very welcome news that Malaysia's Federal Court had freed former Deputy Prime Minister Anwar Ibrahim by overturning a highly questionable conviction — a very encouraging demonstration of the rule of law and the independence of Malaysia's judiciary.'<sup>92</sup> Unlike Mahathir, Abdullah also allowed Anwar to travel to Germany to undergo surgery for a prolapsed spinal disc. Anwar could not, however, enter politics as the corruption conviction barred him from doing so until April 2008.

As for continuity in the bilateral relationship, on the political level this involved all forms of on-going cooperation on defence and security concerns, including military sales, training and exercises, narcotics control, port visits, and the capture of terrorists. The Wikileaks cable that praised Abdullah noted that 'Malaysian-American relations are good and improving,' that 'we have robust military-military ties,' and that 'counterterrorism cooperation is largely good.'<sup>93</sup> As for US military assistance, between 2003 and 2008, the US had 'provided more than eight million dollars in assistance for military equipment and training of more than 650 Malaysian military personnel.'<sup>94</sup>

Cooperation continued too on narcotics control, with the US Drug Enforcement Agency (DEA) assisting in training programmes for Malaysian police officers, customs agents, and chemists. Also, more US Navy ships made visits to Malaysian ports at Langkawi, Port Klang, and Kota Kinabalu, with 24 port visits in 2007 alone.<sup>95</sup> That year saw the US and Malaysia co-hosting the first ever Asia-Pacific Intelligence Chiefs Conference, and the US

conducting 14 exercises and training events for Malaysia's military forces.<sup>96</sup>

On its part, besides letting US Navy SEALs undergo training in the country, Malaysia allowed the University of Malaya to host a US officer under the Olmsted Scholar Programme.<sup>97</sup> With Indonesia's help, the capture of a very elusive Malaysian terrorist sought by all three countries also materialized: Dr Azahari Husin, a master bomb maker, was killed in a police raid in Malang, East Java, in November 2005. He was a former university lecturer and a close associate of Hambali, with whom he had carried out the October 2002 Bali bombings. Azahari was also implicated in the 2003 and 2004 bombing incidents in Jakarta and in the second Bali bombings in October 2005. He was captured soon after the 2005 Bali bombings.<sup>98</sup>

There was abiding praise for Malaysia's contributions as a partner in fighting terrorism. For example, the US Department of State *Country Reports on Terrorism* hailed Malaysia's pivotal role in continuing to be a strong partner and in having a leading role in facilitating regional cooperation, especially through the SEARCCT. The 2006 Report commended both Malaysia's imposition of the death penalty or life in prison for terrorist-related crimes, and its arrests in April that year of 12 members of the Darul Islam group in Sabah for supporting JI terrorists in Indonesia and the Philippines.<sup>99</sup> Ambassador James Keith, upon his arrival in September 2007, praised Malaysia as a 'vital friend and partner of the United States.'<sup>100</sup> In June 2008, US Defence Secretary Robert Gates, on the sidelines of the 7<sup>th</sup> International Institute for Strategic Studies and Asia Security Summit, also acknowledged that Malaysia had proven its capability in safeguarding the Straits of Malacca and in fighting piracy and terrorism.<sup>101</sup>

As for tensions in the Malaysia-US relationship on the political level, one issue was US concern about nuclear

proliferation. This arose when, in 2004, a Malaysian company, Scomi Precision Engineering Sdn Bhd, was accused of producing centrifuges for use in Libya's nuclear programme, through a network masterminded by Dr A Q Khan of Pakistan. The centrifuges, sophisticated machines that can be used to enrich uranium for weapons, were seized enroute to Libya. Malaysia denied that it was involved in the illegal production of centrifuges, ordered a police investigation, and said that it would tighten controls on exports of weapons-related equipment. In the process, Malaysia's Foreign Ministry sent a formal protest letter to the US Embassy in Kuala Lumpur, saying that Malaysia was being unfairly targeted, and was being lumped together with countries like Iran, North Korea, and Libya.<sup>102</sup>

John Wolf, the State Department's Assistant Secretary for the Bureau of Non-Proliferation also visited Malaysia to persuade its leaders to stop exports of nuclear components by imposing tougher measures on export materials that might be used for nuclear proliferation.<sup>103</sup> The police investigation then placed the blame on a Sri Lankan businessman, Buhary Syed Abu Tahir, who the police claimed had deceived the Scomi company into thinking that the equipment produced was for the oil and gas industry in Dubai. Tahir was detained without trial from 2006 to 2008. However, Tahir accused Scomi officials, including Prime Minister Abdullah Badawi's son, Kamaluddin Abdullah, of knowing about the final destination of the centrifuges and sued them.<sup>104</sup>

In January 2009, the US State Department announced sanctions on Dr Khan and a number of his alleged associates, including Tahir and two Scomi officials, Shah Hakim Zain and Shamsul Bahrin, prohibiting them from doing business with the US Government. The companies listed in the sanctions, however, did not include Scomi.<sup>105</sup> In February 2009, Ambassador Keith said that Malaysia had not yet established a 'robust export control regime' even though an export control law had been pending

since 2004. To him, 'One reason this has become an increasingly urgent priority is trade diversion to Iran by entities who seek to exploit the Malaysian system in violation of UN Security Council Resolutions 1737, 1747, and 1803.' Ambassador Keith added that Malaysia needed a strong system of export controls in order to 'attract trade and investment at the high tech end of the spectrum.' Moreover, export controls could help Malaysia to influence NAM to 'press Iran to cooperate fully with the International Atomic Energy Agency and engage in negotiations to resolve concerns with its nuclear programme.'<sup>106</sup>

Another source of bilateral tension was Malaysian opposition to US policy in the Middle East. For example, when news broke out in 2004 about the abuse of Muslim prisoners at Abu Ghraib in Iraq, Peace Malaysia called for the immediate withdrawal of US-led coalition forces from Iraq and for a UN peacekeeping force to replace the coalition forces. It also handed a memorandum of protest to the US Embassy to be forwarded to President Bush.<sup>107</sup> In March 2006, on the third anniversary of the Iraq War, over 500 protesters from several Malaysian NGOs and opposition parties staged a protest outside the US Embassy. Carrying placards and banners denouncing the US occupation, they called for the US to withdraw troops from Iraq.<sup>108</sup>

A month earlier, in Cairo, Dr Mahathir had presided over a mock trial of Bush, Tony Blair, and Ariel Sharon in which the three leaders were found 'guilty of gross human rights violations'. At the mock trial, Mahathir said: 'People the world over are angry at the double standards of the US and are determined to express their outrage at the manner in which the civilian populations of Iraq, Palestine, and Afghanistan were treated.'<sup>109</sup> When deposed Iraqi president Saddam Hussein was executed in late December 2006, Dr Mahathir called the execution barbaric and sadistic and labelled Bush and Blair as war criminals. He said, 'If Saddam is guilty of war crimes, then the world must find Bush, Blair, and

John Howard (Australian prime minister) equally guilty.’<sup>110</sup>

Mahathir continued his criticisms at an international conference and exhibition entitled ‘Expose War Crimes: Criminalize War,’ held in Kuala Lumpur in February 2007 and organized by the Perdana Global Peace Organization. This organization also set up the Kuala Lumpur War Crimes Commission, headed by Dr. Mahathir, and a War Crimes Tribunal which included an Abu Ghraib victim, former Baghdad university lecturer, Ali Shalah as one of its speakers. Ali Shalah recounted in detail the torture he suffered at the Abu Ghraib prison.<sup>111</sup>

Malaysian opposition to US policy included criticism of Israel, a country that Malaysia does not have diplomatic ties with. When Israel invaded Lebanon in July 2006, the Malaysian Prime Minister and Foreign Minister called on the US to push for an immediate ceasefire while UMNO Youth held a protest, with over 2,000 youth chanting anti-American and anti-Israeli slogans.<sup>112</sup> Led by UMNO Youth deputy chief, Khairy Jamaluddin, the son-in-law of Abdullah, these protesters marched to the Kuala Lumpur Convention Centre, where the 39<sup>th</sup> Asean Ministerial Meeting was being held, to hand over a memorandum to US Secretary of State Condoleezza Rice. They failed to meet with Rice and ended up handing the memorandum to a US representative. At a press conference, Khairy said: ‘Today, Malaysia’s youth have told the United States that the violence must be stopped and that Rice’s presence in Malaysia is not welcomed .... She has no right to be here because the United States has done nothing to stop the genocide against Palestine and Lebanon.’<sup>113</sup>

The invasion ended that September when Israel lifted its naval blockade of Lebanon. In January 2009, there were protests again in several locations in Malaysia, including at the US embassy, over Israel’s attacks on the Gaza Strip. Abdullah criticized the US for not doing enough to halt the invasion and for vetoing the UN Security Council’s move to condemn Israel. He also

pledged US\$1 million in relief supplies to Palestine, re-opened the Fund for Palestine, with donations to be handled by Mercy Malaysia, and said he would push for a special UN General Assembly session to discuss the attacks.<sup>114</sup> Dr Mahathir called for the boycott of US goods and currency, so as to pressure the US into stopping its support of Israel's attacks on Palestine, while Lim Kit Siang, a member of the opposition, said that president-elect Obama should pledge to end America's *carte blanche* support for Israel.<sup>115</sup>

Yet another source of tension during Abdullah's Prime Ministership was the issue of two Malaysian inmates — Mohd Farik Amin and Mohamad Nazir Lep — held at Guantanamo Bay in Cuba.<sup>116</sup> The Malaysian Government had tried on several occasions to gain access to them and to have them returned to Malaysia but to no avail. Alleged to be affiliated to Jemaah Islamiah and al-Qaeda, they were captured in 2003 — Mohamad Nazir in Thailand and Mohd Farik in Cambodia. Mohd Farik had allegedly helped the JI network to target sites for potential attacks and had been tapped to be a suicide operative for an al-Qaeda attack on Los Angeles, which was however foiled. Mohammed Nazir had allegedly helped to transfer, from al-Qaeda to JI, funds that were used for operational expenses of the 2003 car bombing of the JW Marriot Hotel in Jakarta that killed 12 people.

Both were held in secret CIA prisons before being transferred to Guantanamo in 2006.<sup>117</sup> At first detained as suspected terrorists, they were later classified as 'high value detainees,' along with 16 others. They also underwent US military hearings to affirm their status as 'enemy combatants' eligible for military trials.<sup>118</sup> In November 2008, when it was clear that Barack Obama would be the next US president, Foreign Minister, Datuk Seri Rais Yatim, said that he hoped that the situation would be different under the new president. To Rais: 'No charges have been brought against them, and this is worse than the ISA.'<sup>119</sup>

When Obama announced soon after becoming president that he planned to close Guantanamo, Abdullah said that Malaysia wished to know what would happen to its two prisoners, among 250 detainees held for years without trial, once the prison closed. He added, 'If possible, we'd like to bring both of them home so that they can continue to serve their sentences in Malaysia.'<sup>120</sup> However, this was highly unlikely due to the high rate of recidivism — one-in-ten of Guantanamo detainees sent back. In attempts to prevent this, the US sent detainees to other countries; over 600 detainees have been transferred from Guantanamo Bay to more than 40 other countries since 2002.<sup>121</sup>

There was also some tension over the non-attendance of Secretary of State Rice at some important Asean meetings. The first time was in 2005 when she missed the Asean Regional Forum (ARF) and the Post-Ministerial Conference (PMC) meetings held in Laos. Instead, she sent her deputy, Robert Zoellick. Malaysia's Foreign Minister, Syed Hamid Albar, called her absence 'unusual and regrettable' and said he hoped it did not mean diminishing US interest in Asean. He noted that 'this is the first time in two decades that the US Secretary of State is not attending the meeting' and that 'the absence is sending an uneasy signal.'<sup>122</sup> The second time that Rice missed the ARF and PMC meetings was in 2007 when the Philippines served as the host.<sup>123</sup> Rice did, however, attend the 2006 Asean meetings in Kuala Lumpur, which Malaysia hosted as Chair of the Standing Committee.<sup>124</sup>

A far bigger source of tension in Malaysia-US relations was the Anwar Ibrahim issue, which reappeared in June 2008, this time over allegations that Anwar had sodomized one of his male aides, Mohd Saiful Bukhari Azlan. As before, the US government believed that the sodomy charges were politically-motivated, especially as these charges came so soon after Anwar's gains in the March general elections. A spokesman of the US State Department, Tom Casey, stated 'we would hope that there's not a

pattern here.' He added: 'The main point for us is that the rule of law needs to stand above politics. And we would certainly oppose any use of law enforcement or judicial procedures for anything other than legitimate purposes of the law.'<sup>125</sup>

Casey's comments upset Abdullah, who responded: 'This is a statement which I perceive as an attempt to meddle in our administration. We have our own government, our own laws and our own enforcement.'<sup>126</sup> UMNO Youth also protested against what it called US 'interference' while the Foreign Minister, Datuk Rais Yatim, wrote to Secretary of State Rice to voice Malaysia's 'displeasure and unhappiness' over Casey's statement.<sup>127</sup> Home Minister, Datuk Seri Syed Hamid Albar, labelled Anwar a 'tukang lapor' (Malay for snitch) for the United States.<sup>128</sup> But Anwar denied any US link, saying that he would send a letter asking the US Government to remove its troops from Iraq if he became Prime Minister, to prove he was not an American puppet.<sup>129</sup>

When Anwar was arrested the following month on sodomy charges, a State Department spokesman, Sean McCormack, said in a written statement:

We believe the detention today of prominent Malaysian opposition figure Anwar Ibrahim raises serious questions and concerns. We urge Malaysian authorities to resolve this matter in a manner that builds confidence in the impartial rule of law in Malaysia.<sup>130</sup>

US Deputy Assistant Secretary of State, Scot Marciel, also said that the US was following Anwar's case closely while Senator Joseph R Biden, the Chairman of the Foreign Relations Committee, stated that he was 'shocked and disheartened by the arrest of Anwar Ibrahim' and that the action 'appears to be motivated by political considerations.' He urged Abdullah not to repeat past mistakes

and to stop political attacks on Anwar.<sup>131</sup> The State Department also summoned Malaysia's Charge d'Affaires in the US, Ilango Karuppannan, to discuss the Anwar issue.<sup>132</sup> The ambassador's position was then vacant as the Malaysian Government had not yet appointed the replacement for Dr Rajmah Hussain, who had retired as ambassador in June 2008.

But to the Malaysian Home Minister, politics played no role in the arrest, while Anwar's reaction was: 'This is a dirty trick and conspiracy to deflect from the problem of corruption and mismanagement of the economy.'<sup>133</sup> Anwar was arrested on a Wednesday and released the following day. UMNO Youth deputy chief, Khairy Jamaluddin said, 'Anwar is a puppet of the United States and the Jews, thus he must be hounded until there is no more place for him to run to.'<sup>134</sup>

By then, Anwar was no longer barred from entering politics and he had won re-election in the Permatang Pauh by-election in August 2008, which enabled him to return to Parliament as the opposition leader. He soon began claiming that he could form a new government by September 16 through convincing 30 MPs to leave the National Front for his Pakatan Rakyat (PKR) party. While Anwar seemed to be making a comeback in Malaysian politics, Abdullah was facing mounting criticism from within his own party, particularly after the National Front's heavy losses in the March 2008 general elections, when it lost control of five states and its two-thirds majority in parliament. His biggest critic was Dr. Mahathir who had started finding fault with Abdullah long before the general elections.<sup>135</sup>

The US State Department summoned Malaysia's Charge d'Affaires again in September after what the US called the 'crackdown on dissent' soon after the March elections. This was in reference to three new arrests in 2008 — of *Malaysia Today* news portal editor, Raja Petra Kamarudin, *Sin Chew Daily* reporter, Tan Hoon Cheng, and Seputeh MP and Selangor senior executive

councillor, Teresa Kok — under the ISA. Three publications, the *Sin Chew Daily*, *The Sun*, and the *Suara Keadilan*, were also issued show-cause letters by the Home Ministry for breaching guidelines set by the government.

Under these circumstances, the State Department issued the following statement: 'The United States believes that the Malaysian Government should provide due process and treatment consistent with Malaysian law and international standards.'<sup>136</sup> This led Malaysia's Foreign Minister, Dr. Rais Yatim, to voice concern over what he said were recent US attempts to question Malaysia's national law and administration of justice. He added: 'We could, if we choose to, question the legal basis of (the) Guantanamo detention without trial.'<sup>137</sup>

### ***Economic Level***

On the economic level, there was also both change and continuity in Malaysia-US relations. One change was Malaysia's new interest in biotechnology, an interest fostered by the Prime Minister as he wanted to identify and nurture new sources of growth for Malaysia. As Abdullah told the US-Asean Business Council in July 2004, although manufacturing and services formed the mainstay of Malaysia's economy, he wished to develop a traditional sector — agriculture — which has great potential. He explained that agro-based industries and biotechnology advances could turn Malaysia's vast natural resources into a vital and lucrative sector of the economy.

Moreover, biotechnology could help the rural population and create more equitable growth. He placed emphasis on biotechnology as the next phase of Malaysia's Multimedia Super Corridor (MSC) and called on US companies to set up research laboratories.<sup>138</sup> He also attended the BIO 2004 Conference in San Francisco with a 40-member Malaysian delegation and made sure

that Malaysia was represented at future BIO conferences.<sup>139</sup> In 2005, Badawi launched the National Biotechnology Policy, which stressed biotechnology in the fields of agriculture, health, and industry, and established a RM\$100 million Special Fund to boost the biotechnology industry.<sup>140</sup>

Another change was that the *ringgit* peg of RM\$3.8 to the US dollar was removed in July 2005, a sign that Malaysia was more independent and self-reliant vis-à-vis the US. To ensure that the exchange rate remained close to its par value, the *ringgit* was then monitored against a basket of currencies. The pegging of the *ringgit* had been in place since September 1998, a period of nearly seven years, as part of Mahathir's currency controls to stem capital flight during the Asian Financial Crisis. The peg was removed after Malaysia became increasingly concerned about the state of the US economy and the volatility of the US dollar, and felt confident enough to make the change due to its own economic growth, strong foreign exchange reserves, and large current account surplus.<sup>141</sup>

There was cause for concern about the US economy, as the US faced twin deficits — federal and state. It had become a debtor nation again — the world's largest.<sup>142</sup> In 2005, compounding America's budgetary problems were the massive relief expenditures necessary to deal with natural disasters like Hurricanes Katrina and Rita. To help with relief measures after Katrina which affected not only Americans but Malaysians living in the devastated areas, Malaysia made a donation of US\$1 million to the American Red Cross in September 2005.<sup>143</sup>

Yet another change was more exports of American cars to Malaysia. The Abdullah Prime Ministership saw efforts by General Motors (GE) and Ford Motor Company (FMC) to increase their market share in Asia, with FMC moving its Asia-Pacific head office from Detroit to Bangkok. From late 2003, GM successfully re-entered Malaysia's car market and soon partnered with DRB-

HICOM to build up a good distribution and dealership service. Besides adopting the Chevrolet as its one-brand strategy, GM introduced the following cars to Malaysia: the Chevrolet Optra mid-size sedan; the Aveo hatchback; the Nabira multipurpose vehicle; and the Lumina, a luxury sedan.<sup>144</sup> Not to be outdone, FMC worked hard to increase its car exports and entered into a joint venture with Tractors Malaysia Sdn. Bhd. to form Ford Malaysia Sdn Bhd.<sup>145</sup> In December 2007, however, Ford Malaysia Sdn. Bhd announced that its full equity stake would be transferred to Sime Darby Bhd via the dissolution of its joint venture.<sup>146</sup>

An additional change in the Abdullah period was Malaysia-US cooperation in a new field — environmental issues. This cooperation operated at both the bilateral and regional levels, to address environmental problems and to assist with the sustainable management of natural resources. Bilaterally, the US contributed funds for preservation efforts at Fraser's Hill, a resort area.<sup>147</sup> On the regional level, in 2006, the US helped Malaysia, Indonesia and Brunei to conserve some of the last untouched rain forests in the world through an annual grant of US\$100,000 for the Heart of Borneo Project in Sabah, Sarawak, Brunei, and Kalimantan.

In addition, the US supported scientific research to help protect endangered species like the sun bear in Malaysia and the Sumatran rhinoceros in Borneo.<sup>148</sup> In 2007, the US supported a trans-boundary conservation project involving the Pulong Tau National Park in Sarawak and the Kayan Mentarang National Park in Kalimantan.<sup>149</sup> In 2008, the US also provided over US\$40 million for a coral reef project in the Coral Triangle region of Malaysia, Indonesia, and the Philippines.<sup>150</sup>

A further change was new private sector cooperation on Islamic finance. There was interest in this field as Citibank had a well-established Islamic window while the American International Group (AIG), an insurance firm, wished to offer

Islamic insurance products.<sup>151</sup> This interest led to the American-Malaysian Chamber of Commerce (AMCHAM) hosting an Islamic finance conference in New York, in October 2007, attended by Dr Zeti Akhtar Aziz, the governor of Malaysia's Central Bank.<sup>152</sup>

There were also attempts to negotiate a Free Trade Agreement (FTA). The first step, the signing of a Trade and Investment Framework Agreement (TIFA), was accomplished in May, 2004, in Washington.<sup>153</sup> Negotiations then began on an FTA in mid-2006 and eight rounds of talks were held: the venues were in Penang; Washington, D C; Kuala Lumpur; San Francisco; Kota Kinabalu; Washington, D C.; Kuala Lumpur; and Washington, D C.<sup>154</sup> After the fourth round, US Congressman Tom Lantos threatened to call off the talks unless Malaysia stopped a US\$16 billion deal with Iran. His threat caused the Malaysian Prime Minister to counter that political issues should not be dragged into trade talks and that Malaysia was a sovereign nation with the right to foster ties with any country.<sup>155</sup>

The talks resumed but then broke down in 2007. The main contentious issues were Malaysia's refusal to budge on government procurement contracts and US insistence on greater access to Malaysia's financial services industry, plus unresolved issues concerning intellectual property rights, investments, and greater access to the local distribution and services industry.<sup>156</sup> There was a March 31 deadline to conclude the talks, as the Bush Administration had to present to Congress 90 days before its Trade Promotion Authority to negotiate FTAs expired in June.<sup>157</sup> In the end, this deadline was missed.

As for continuity on the economic level, bilateral ties remained very important. In January 2004, the early period of Abdullah's Prime Ministership, Malaysia was America's tenth largest trading partner, with over US\$30 billion a year in two-way trade, while the US was Malaysia's largest single investor and the biggest market for Malaysian goods.<sup>158</sup> Ambassador LaFleur, at

his September 2004 confirmation hearing stated that the promotion of commercial interests was one of his top priorities.<sup>159</sup> That year, Malaysia's economy expanded 7.1 per cent, its fastest pace in four years.<sup>160</sup> As Prime Minister, Abdullah had instituted fiscal restraint to deal with a budget deficit for six consecutive years since 1998, with measures that included the postponement of costly projects.<sup>161</sup>

In 2005, Malaysia was still America's tenth largest trading partner and its largest trade partner in Southeast Asia, with two-way trade at US\$44 billion.<sup>162</sup> Malaysia was also enjoying high prices for its rubber, oil palm, and tin, and benefiting from increased exports of electrical and electronic (E&E) goods, Proton cars, woven fabrics, fruits, and fresh-cut flowers. With the help of some US companies, it had also made major oil finds off Terengganu and Sabah.<sup>163</sup>

US investments in Malaysia had dipped in 2004 but by August 2005 they were up again.<sup>164</sup> In 2007, Malaysia was down to 16<sup>th</sup> place in its trade with the US but the balance of trade remained in Malaysia's favour, with that year's figures showing US exports of US\$11.7 billion to Malaysia and Malaysian exports of US\$32.8 billion to the US.<sup>165</sup> In 2007, Japan overtook the US as the leading foreign investor in Malaysia, following the signing of the Japan-Malaysia Economic Partnership Agreement.<sup>166</sup> By 2009, Malaysia had fallen to 18<sup>th</sup> place in its trade with the US, in part due to the global financial crisis of 2008.<sup>167</sup>

### ***Socio-Cultural Level***

On the socio-cultural level of the relationship, the Abdullah period witnessed change in that there was now two-way traffic rather than one-way in several areas, like food, films, and cultural presentations. Unlike earlier years, there were now Malaysian restaurants in the US as counterparts to American fast food

outlets and restaurants in Malaysia. Malaysian restaurants had sprouted all over the United States, especially in the large cities, with *Penang, Malaysia Kopitiam* and *Spices* becoming very popular in the Washington DC area.<sup>168</sup> Accompanying this trend was the growth in the export of Malaysian foodstuffs in the form of dry or frozen goods.<sup>169</sup>

Likewise, Malaysian-made films and cultural presentations were being introduced to American audiences. For example, in 2005, the Malaysian film *Puteri Gunung Ledang*, on forbidden love, was screened at the Palm Springs and Los Angeles international film festivals and received favourable reviews. The same year, six Malaysian films, including the award-winning *Sepet*, on inter-racial ties, were featured at the 48<sup>th</sup> San Francisco International Film Festival.<sup>170</sup> Malaysia was also promoting itself as a location for US movies and television shows and Americans were being introduced to Malaysian culture through presentations arranged by Tourism Malaysia and through performances of dance groups like Sutera DC.<sup>171</sup> The Tourism Malaysia promotions included Malaysian singers, dancers, handicraft experts, artists, and chefs.

The cultural exchanges between the two countries now showed two-way traffic but continued to be dominated by the US. Among the American artistes who performed in Malaysia during the Abdullah Prime Ministership were James Brown, Mariah Carey, Alicia Keys, Dionne Warwick, James Ingram, Akon, Ne-Yo, Kris Allen, Kelly Clarkson, Lionel Richie, Katy Perry, George Benson, Diana Ross, Bruno Mars, Mary J Blige, and the Osmonds.<sup>172</sup> The American bands which performed in Malaysia included My Chemical Romance (MCR); Backstreet Boys; and Panic at the Disco.<sup>173</sup>

The following Americans gave talks in Malaysia: Harvard Business School professors like Michael J Roberts and James K Sebenius, on management, to top executives; Mel Gibson on an

environmental project in Guatemala; Dr Brenda Flanagan on African-American literature; and former US President Bill Clinton on a variety of topics for the inaugural B C Sekhar Memorial Lecture in 2008 sponsored by the Sekhar Foundation, a philanthropic organization. At the function, Clinton was given the B C Sekhar Medal for Transformational Leadership. It was Clinton's first visit to Malaysia and his talk was open to the public. When he met with Abdullah at Putrajaya, Clinton expressed admiration for the country, saying 'Malaysia is the model that there is hope for the future .... It is this ability to respect people's faith that I admire in Malaysia.'<sup>174</sup>

On the Malaysian side, young Eric Liew Kin Sun made a name for himself in America as one of the child stars in the musical *The King and I*, which was performed in many US cities. Another young Malaysian, Yeak Ping Ling, an autistic savant, was a big hit when he held his first art exhibition in New York City. A Malaysian songwriter, Zuriani Khalid Zonneveld, also gained fame as the co-writer of the song 'One Friend' in the Grammy Award-winning album *Keep it Simple* by American blues artiste Keb' Mo'. When Enron, the giant energy company based in Houston went bankrupt in one of the largest securities fraud scandals, a Malaysian, Lee Hee Hang, a partner with Ernst & Young in New York, led the team that deciphered the massive fraudulent transactions.<sup>175</sup>

In 2005, Anwar Ibrahim became a Visiting Fellow at Johns Hopkins University, and the Malaysia Chair of Islam in Southeast Asia at Georgetown University, both in Washington D C.<sup>176</sup> In 2006, the first runner up in the Miss America contest was Monica Pang, whose Malaysian-born father is from Kluang, Johor.<sup>177</sup>

Meanwhile, MAAS in Malaysia and MAS in the United States continued to promote Malaysia-US ties through their many activities, such as talks, seminars, and conferences. The Asia

Foundation reopened its Malaysia office in Kuala Lumpur in 2005; it had maintained an office in Kuala Lumpur earlier, from 1957 to 1996.<sup>178</sup> Another continuity was educational exchange, with the continuation of the Fulbright and AFS programmes and college twinning programmes. In the case of the Fulbright Programme, the new Fulbright-Vijayashanker Memorial Exchange Fellowship was implemented in 2004 but it only ran for a few years before it was discontinued due to a funding issue.<sup>179</sup>

The AFS programme, however, now included the new Youth Exchange and Study (YES) Programme for students from Muslim nations to spend some time in the US. Sponsored by the US government, it was a public diplomacy effort aimed at stemming anti-American sentiment. In 2004, the first year of the YES Programme for Malaysia, 20 students were chosen to spend six months in America, including a hearing-impaired student who was placed in a Wisconsin school with all-deaf teachers and students. He later said that he learnt of numerous opportunities for physically-challenged students through his stay in the US.<sup>180</sup> In 2005, 30 Malaysian students were chosen for the YES Programme.<sup>181</sup> When a venue was needed for the 2009 AFS World Congress, Malaysia was honoured by being selected.<sup>182</sup>

As for the number of Malaysian students in America, it was about 6,000 during the 2004/5 school year.<sup>183</sup> The number remained at about the same level throughout the Abdullah Prime Ministership. The process of obtaining a visa, however, had been speeded up. There were also more scholarships for study in the United States. For example, in 2004, AMCHAM offered a scholarship for a degree programme at the University of Virginia while Harvard University announced that it would award full scholarships each year to needy students from around the world, including Malaysia.<sup>184</sup> On the Malaysian side, a new source of scholarship for study in America was the Johor Heritage Foundation which awarded a music scholarship in 2004.<sup>185</sup>

There was also continuity on the health front in that Malaysians still went to the United States for medical treatment. Among them was Endon Mahmud, the wife of the Prime Minister, who sought breast cancer treatment in Los Angeles; she eventually succumbed to her illness in late 2005.<sup>186</sup> However, Americans were now also coming to Malaysia for medical procedures, in what has become known as 'medical tourism.' Penang has gained the reputation of being 'The best city in the region for breast-enhancement and liposuction.'<sup>187</sup> Some tourists, Americans included, also came for dental work, attracted by competitive prices and the lure of a 'five-star luxury holiday' that would be included in the package deal.<sup>188</sup>

In addition, there was continuity in US medical and humanitarian aid to Malaysia, as seen in volunteer heart specialists performing free surgery on children at the Penang Adventist Hospital, and eye specialists carrying out free eye surgery aboard a DC-10 aircraft, a flying eye hospital.<sup>189</sup> In 2008, the two countries co-hosted the Pandemic Influenza Senior Leaders Symposium in Kuala Lumpur, organized by the Malaysian Armed Forces Health Services and the Centre for Excellence in Disaster Management and Humanitarian Assistance (COE) in Hawaii. The symposium discussed three types of influenza: seasonal flu, avian flu (also known as H5N1), which affects birds, and human pandemic influenza.<sup>190</sup> This followed a workshop earlier that year in Kuala Lumpur on pandemic influenza co-organized by Malaysia's Ministry of Health and the COE.<sup>191</sup>

Malaysia tried to promote tourism in general — regular tourism, medical tourism, and eco-tourism. In 2006, Malaysia was named the best tourism destination by the *Global Traveller* magazine based in Pennsylvania.<sup>192</sup> Malaysia also worked on increasing the numbers under its Malaysia My Second Home (MM2H) programme. This programme was initially placed under the Home Ministry but was moved in 2007 to the Tourism

Ministry to reduce problems that had arisen, such as officers who did not follow rules and regulations strictly and unscrupulous agents who charged more than the maximum fee allowed.<sup>193</sup>

In 2005, an American under the programme, Philip Greco, was wanted by Malaysian authorities for trying to ship eight containers packed with valuable artefacts without having approval papers.<sup>194</sup> In 2006, an elderly American couple, Mr and Mrs Randall K Barnhart, came to Malaysia to check into the MM2H programme but then decided not to pursue it after the Kedah religious authorities carried out a raid on their room in Langkawi at two in the morning, while the couple were in their room. They were so angry that they sued the Kedah state government, the Kedah Religious Department, and the Kedah Islamic Religious Council.<sup>195</sup> However, they withdrew that suit in 2011.<sup>196</sup>

A new and major source of tension on the socio-cultural level during the Abdullah period was human trafficking, which had emerged as a policy issue in US foreign relations with the Trafficking Victims Protection Act (TVPA) of 2000. To the US State Department, which puts out the annual Trafficking in Persons (TIP) Report, 'Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.'<sup>197</sup> Under the TVPA, countries are classified as source, transit, or destination and are placed in either Tier 1, 2, or 3. In 2007, Malaysia was put on the US human trafficking blacklist, or Tier 3, which comes with the risk of sanctions, including the suspension of US non-humanitarian aid.

That year's TIP Report said that Malaysia 'does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so.'<sup>198</sup> This led Malaysia to pass its Anti-Trafficking in Persons Act, in 2007, which resulted in its being upgraded in 2008 to the 'watch list.' or

Tier 2.<sup>199</sup> In January 2009, US allegations that Malaysian officials were involved in human trafficking activities were strongly refuted by the Foreign and Home Ministers. The US Senate then investigated allegations that Malaysian officials were extorting money from migrants, mainly those from Myanmar, and were linked to human trafficking. The migrants were taken from government-run detention centres to the border between Malaysia and Thailand where money was extorted from them. If they could not pay, they were sold to human trafficking syndicates in Thailand.<sup>200</sup>

When told that members of the US Senate Foreign Relations staff had travelled to Malaysia and Thailand and to the border areas to collect information as part of the investigations, the Foreign Minister said that Malaysia's Foreign Ministry had not been informed, adding that such visits would require government-to-government arrangements and permission.<sup>201</sup> In the Home Minister's view, if the US Senate was concerned about the welfare of humans and wanted to act as the 'policeman of the world,' it should immediately stop the genocide by Israel against Palestinians.<sup>202</sup>

Meanwhile, calls for Abdullah to step down increased, from both within UMNO and from opposition parties. At first, Abdullah said that he would do so in 2010 but, under pressure, he brought forward the date to early April 2009. By then America had a new president, Barack Hussein Obama, who had won the November 2008 presidential elections, the first by an African-American.

Obama's unusual background includes not only a mother from Kansas and a father from Kenya but Muslim roots on his father's side and ties to Southeast Asia through his Indonesian stepfather and his half-sister, Maya Soetoro-Ng. More importantly, Obama also has personal, albeit indirect ties to Malaysia through his sister, in that her husband's family is from Sabah.<sup>203</sup>

Moreover, Obama has direct knowledge of Southeast Asia as he lived in Indonesia for four years as a child, attending local schools, speaking the Indonesian language, and enjoying the country's cuisine and culture. This experience has given him more knowledge of Southeast Asia than any previous US president.

Abdullah said Malaysia looked forward to cooperating with the 'new' America under Obama and he said that he saw big changes in US foreign policy as 'with Obama, we can now see that there will be engagement.'<sup>204</sup> He lauded Obama's decision to close the controversial military prison at Guantanamo Bay by the January 2010 deadline. At Obama's inauguration and inaugural ball, Malaysia was represented by its Charge d'Affaires in Washington, Illango Karuppannan, and his wife.<sup>205</sup> That January, under the new Obama Administration, both countries implemented the Mutual Legal Assistance in Criminal Matters Treaty (MLAT) signed in 2006.<sup>206</sup>

#### **IV. Main Developments in Relations under the Najib Abdul Razak Premiership, April 2009 to the present**

Malaysia also had a new leader, when on April 3, 2009, Najib Tun Razak, the eldest son of Malaysia's second Prime Minister, replaced Abdullah as the nation's sixth Prime Minister. Unlike Obama who assumed office through an election, Najib became Prime Minister through his predecessor's resignation. Obama's congratulatory message to Najib reflected the strong partnership that had developed between their countries. Obama said: 'Our countries have an excellent relationship .... You and I have the privilege of leading our countries at a time full of both challenges and opportunities. Our actions will have profound consequences, and our combined efforts can have lasting positive impact.'<sup>207</sup> With these new leaders, several developments have taken place, on the political, economic, and socio-cultural fronts.

##### ***Recent Political Developments***

On the political front, one main development was Najib's July 2009 appointment of Datuk Seri Dr Jamaluddin Jarjis as the new Malaysian ambassador to the US. A political appointee, Jamaluddin was chosen over other candidates including Tan Sri Ghazzali Sheikh Abdul Khalid, a career diplomat.<sup>208</sup> Ghazzali had served as Malaysia's ambassador to the US from 1999 to 2005 but the Abramoff scandal during his watch had put a damper on his re-appointment.<sup>209</sup> An engineer by profession, Jamaluddin, or JJ

as he is called, came with academic and corporate credentials. He had served as the Second Finance Minister under Mahathir and as the Science, Technology, and Innovation Minister under Abdullah. He has also been a Member of Parliament for Rompin, Pahang, since 1990 and an elected member of the UMNO supreme council since 2000.<sup>210</sup> After his appointment, he said he would first arrange for a meeting between Najib and Obama and then try to convince Obama to visit Malaysia to further strengthen bilateral ties.<sup>211</sup>

The US also had a new ambassador to Malaysia, Paul W. Jones, a career diplomat who was sworn in on September 8, 2010. He had earlier served in many diplomatic positions, such as Deputy Chief of Mission in the Philippines and Deputy Assistant Secretary of State for Afghanistan and Pakistan. Soon after his arrival, he praised Malaysia's very important contributions to Afghanistan in 2010 — a 10-member Malaysian Armed Forces contingent for development work in July and another 30-member contingent for medical services in October.<sup>212</sup> President Obama had earlier asked for Malaysia's help in the reconstruction of Afghanistan and Najib had agreed to help in non-combat fields. Jones also commended Malaysia for being a very strong partner of the US in fighting terrorism.<sup>213</sup>

Another important political development was Obama's new foreign policy initiatives — of more engagement with Southeast Asia and with the Muslim world. Both initiatives impacted Malaysia-US relations in positive ways. With regard to Southeast Asia, Obama's Secretary of State, Hillary Clinton, paid a visit to the Asean Secretariat during her first official trip abroad in February 2009 and she also attended the ARF and PMC meetings in 2009, 2010 and 2011.<sup>214</sup>

In addition, the US under Obama has done what was not done under Bush — sign the Treaty of Amity and Cooperation (TAC), hold a US-Asean Summit, and appoint a resident

ambassador to Asean. The US signed the TAC in 2009, held the First US-Asean Summit in 2009 and the Second US-Asean Summit in 2010. In 2011, it appointed David L Carden, a lawyer, as America's first resident ambassador to Asean.<sup>215</sup> By signing the TAC, the US was also able to participate in the East Asia Summit (EAS) in 2011.

Regarding better relations with the Muslim world, Obama made a start with his speech in Cairo on June 4, 2009 where he sought 'a new beginning between the United States and Muslims around the world, one based on mutual interest and mutual respect, and on the truth that America and Islam are not exclusive and need not be in competition'.<sup>216</sup> His speech contained a reference to Malaysia when he noted the 'astonishing progress within Muslim-majority countries from Kuala Lumpur to Dubai,' to make his point that there need not be contradictions between economic development and tradition.<sup>217</sup>

After his speech, Obama met with journalists from Muslim countries, including Malaysia's Shahanaaz Habib, with whom he conversed partly in Malay.<sup>218</sup> Obama's reference to Malaysia in his Cairo speech led Prime Minister Najib to invite him to visit Malaysia to have a first-hand look at the role of Islam in a multi-racial and multi-cultural nation. This gesture led, in turn, to a 20-minute phone call by Obama to Najib in June 2009.<sup>219</sup> The Malaysian Prime Minister later remarked on the 'dramatic change in the tone and tenor of the engagement by the US,' which he described as a 'transformation that we have not witnessed at least since the end of the Cold War, if not longer'.<sup>220</sup>

In February 2010, Obama named Rashad Hussain, a White House lawyer, as his special envoy to the OIC. Hussain has a law degree from Yale Law School, and master's degrees in public administration, and Arabic and Islamic studies from Harvard University; he is also a Hafiz of the Koran, or someone who has memorized the Koran.<sup>221</sup>

Yet another political development has been high level visits by leaders from both sides. On the Malaysian side, Foreign Minister Anifah Aman was in Washington in May 2009 at the invitation of Secretary of State Clinton and they discussed various issues, including Anwar's attempts to form a new government and Malaysia's two inmates at Guantanamo Bay.<sup>222</sup> They met again in Phuket, Thailand, that July at the ARF meeting.<sup>223</sup> In October 2009, Plantation Industries and Commodities Minister Tan Sri Bernard Dompok was in Washington to give a keynote address at the Malaysia-US Strategic Partnership Conference held at American University.<sup>224</sup>

In November, Najib made a brief visit to the US and met with business leaders in New York and with the Malaysian community in Washington.<sup>225</sup> In February 2010, the Minister in the Prime Minister's Department, Datuk Seri Nazri Abdul Aziz led a delegation of Malaysian MPs to the US, under the auspices of the Inter-Parliamentary Union, to promote dialogue as well as to explain Malaysia's new policy of closer trade relations with the US.<sup>226</sup>

The most important visit, however, was that by Najib for the Nuclear Security Summit in Washington, in April 2010. Before the summit began, he and Chinese President Hu Jintao were the only two Asian leaders chosen to have face-to-face meetings with Obama. When they met, Obama congratulated Najib on Malaysia's Strategic Trade Act 2010, passed on April 5, which allows Malaysia to act against those involved in the design, development, and production of weapons of mass destruction, and protects Malaysian exporters from being used as channels to supply illegal strategic products. During their 40-minute meeting, they covered many bilateral issues, including Malaysia's efforts to curb human trafficking and Najib's NEM policy.<sup>227</sup>

Malaysia was then the 18<sup>th</sup> largest trading partner of the US, with about US\$34 billion in two-way trade.<sup>228</sup> Najib again

invited Obama to visit Malaysia. In Washington, Najib attended a luncheon by Vice-President Joe Biden, spoke at a forum on 'US-Malaysia Relations: Looking Ahead at the Key Pillars of Cooperation,' at the Centre for Strategic and International Studies (CSIS), and hosted both a 'Faces of Malaysia Festival' and a 'Faces of Malaysia Gala Dinner'.<sup>229</sup> Najib spoke of a 'new beginning' in the bilateral relationship.<sup>230</sup> He also went to New York where, besides meeting with American business captains and fund managers, he gave a luncheon talk on 'A New Vision for Malaysia,' at the Asia Society.<sup>231</sup>

Najib met again with Obama, in New York, in September 2010, at the Second US-Asean Summit and at the UN General Assembly (UNGA).<sup>232</sup> At the Summit, he commended the Obama Administration on its firm handling of the incident where a Florida pastor had threatened to burn the Koran. Although the threat was eventually called off, it had angered many, including Malaysians. The incident was brought up when Najib said that Americans needed to understand Islam better to stop the increasing Islamophobia in the US.<sup>233</sup>

At the meeting, Najib also proposed that the US sends English teachers to the Asean states as had been done during the John F Kennedy Administration with the Peace Corps Programme. In response, Obama said that the proposal had meaning for him as his late mother had taught in Indonesia.<sup>234</sup> Before attending the UNGA, Najib visited the New York Stock Exchange (NYSE) and rang the closing bell.<sup>235</sup> At the UNGA, Najib gave his maiden speech where he called for a 'Global Movement of the Moderates'.<sup>236</sup>

Other important visits by Malaysian leaders included that by the International Trade and Industry Minister, Datuk Seri Mustafa Mohamad. He made a one-week trade and promotion visit to the US in September 2010, with stops at Washington DC, Atlanta, and Philadelphia.<sup>237</sup> Najib himself was back in the US in

May 2011 for events in New York and Washington DC. He went first to New York for the two-day Invest Malaysia 2011 road show from May 17-18 at the NYSE, hosted by the NYSE and jointly organized by Bursa Saham Malaysia, JP Morgan, Maybank, CIMB Investment Bank, and the Malaysian Industrial Development Authority (MIDA). The participating Malaysian companies included AirAsia, Genting, Aziata, Petronas Chemicals, Kencana Petroleum, and Sapura Crest.

The Malaysian Prime Minister also delivered a keynote address at a luncheon hosted by the NYSE. According to the Chief Executive Officer of Bursa Saham Malaysia, the road show focused on three areas: the government's transformation programmes and investment opportunities, Malaysia's determination to become the leader in Asean, and the success stories of ten top companies. Representatives from Malaysia's top ten companies met with US investors. This led to several US multinational corporations showing interest in investing in Malaysia — in the oil and gas industries, renewable energy, health, pharmaceutical, and high-technology sectors. The investments involve knowledge-based industries that will also bring advanced technology.

The Malaysian Prime Minister said that he was very pleased with the business community's response, noting that the investments were 'the kind of investments we want.' He also chaired the inaugural meeting of the Global Science and Innovation Advisory Council for Malaysia (GSIAC) at the New York Academy of Sciences (NYAS). The Council members include Nobel laureates, corporate leaders, experts, and representatives from both the Malaysian and New York Academy of Sciences. The GSIAC is a joint initiative between the Malaysia Industry-Government Group for High Technology and NYAS to transform Malaysia into a high-income economy by enhancing its capabilities in science and innovation.<sup>238</sup>

In Washington DC, the Prime Minister visited Johns Hopkins University in Baltimore, Maryland, where he received the Dean's Special Recognition Award. His visit was in preparation for the opening in September 2011 of the Johns Hopkins medical programme in collaboration with the Perdana University in Serdang, Malaysia. In Washington DC, he spoke at a dinner meeting that was organized by the Atlantic Media Company and moderated by Jim Fallows of *The Atlantic* magazine and attended the graduation ceremony of his daughter, Nooryana Najib, at Georgetown University.<sup>239</sup>

Najib's deputy, Tan Sri Muhyiddin Yassin, also made two trips to the US in 2011, the first in January and the second in June. During the first trip, he met with Vice-President Biden at the White House and with Secretary of State Clinton at the State Department. In addition, he visited Capitol Hill where he was introduced to several US Congressional leaders and attended a luncheon meeting of the US-Asean Business Council. As Malaysia's Education Minister, he met too with Education Secretary Arne Duncan to discuss educational opportunities. He also launched the Malaysian Biotechnology Entrepreneurship Special Training Programme and met with Malaysian students in Boston and Washington DC.<sup>240</sup>

On his second trip, he attended the BIO International Convention, the world's largest biotechnology gathering, in Washington DC, where he was given the honour of opening the Convention with the BIO president. It was the seventh time that Malaysia's BiotechCorp had participated in the annual meeting. He also attended a roundtable luncheon hosted by the US-Asean Business Council and visited the University of Maryland at College Park.<sup>241</sup> During the deputy Prime Minister's visit, Ambassador Jamaluddin who had accompanied the deputy Prime Minister to the Convention stressed the importance of biotechnology to Malaysia:

In our pursuit of an innovation and knowledge-based economy, new sectors such as biotech will play a key role due to its ability to add value and create high-end jobs. Biotech feeds, heals, fuels, and cleans the world.<sup>242</sup>

The Ambassador also accompanied Muhyiddin to the University of Maryland. At the University, Muhyiddin proposed a framework of collaboration between Malaysia and the university for joint research in such areas as animal vaccines.<sup>243</sup>

On the US side, Deputy Secretary of State James B Steinberg was in Kuala Lumpur for a one-day visit in September 2009 to discuss key bilateral, regional, and international issues. He relayed Obama's message that the US wanted Malaysia to play a role in engaging other countries in inter-faith dialogues.<sup>244</sup> The most important visit, however, was that by Hillary Clinton from November 1-3, 2010. It was her first visit and she was also the first US Secretary of State to officially visit Malaysia in 15 years, since Warren Christopher's visit in 1995.<sup>245</sup> In announcing her trip, a top State Department official said: 'Few countries have come so far, in terms of our bilateral relationship, as the one between the United States and Malaysia.'<sup>246</sup>

Three Memorandums of Understanding (MoU) were signed while Clinton was in Malaysia. The first, on Science and Technology Cooperation was signed by her on behalf of the US and by the Foreign Minister on behalf of Malaysia. The second MoU, on collaboration, affiliation, and licensing between the Academic Medical Centre and the Johns Hopkins University and Johns Hopkins Medical International, was signed by one official from each side. This agreement paved the way for the setting up of Perdana University, a public-private university, and for collaboration with the Royal College of Surgeons in Ireland. The

third MoU, an A330 engine agreement between Malaysia Airlines and Pratt and Whitney, was signed by the managing director of the airlines and the vice-president of the US firm.<sup>247</sup>

Clinton also spoke at the Institute of Islamic Thought and Civilization, where she touched on the Palestine-Israel issue and climate change, besides several other topics. When she spoke on Afghanistan, she included praise for Malaysia's humanitarian contributions to the country.<sup>248</sup> Since Najib was ill with chicken pox during her visit, the deputy Prime Minister stood in for him. Clinton did, however, call the Prime Minister to wish him a speedy recovery and to tell him that the US endorsed his call to promote religious moderation.<sup>249</sup> She commented during her visit that 'Since day one of the (Obama) Administration, President Obama and I have made it a priority to re-engage with the Asia-Pacific,' and that 'we can increase our people-to-people ties through education and student exchanges.'<sup>250</sup> When asked at a press conference if she had raised the Anwar issue with Malaysian leaders, she replied:

I have raised it and we shall continue to raise it. It is part of a continuing dialogue. The United States believes it is important for all aspects of the case to be conducted fairly and transparently, and in a way to increase confidence in the rule of law in Malaysia.<sup>251</sup>

She also said that the State Department had been in regular contact with Anwar and that his sodomy case would be monitored closely. However, when asked if she would be meeting with him, she side-stepped the issue. Another important visitor in November 2010 was Secretary of Defence Robert Gates, who met with the Deputy Prime Minister and the Defence Minister on bilateral and other issues.<sup>252</sup> In June 2011, the Commander of the US Pacific Command, Admiral Robert F Willard, was in Kuala

Lumpur to deliver a talk on 'Securing the Maritime Commons: The Role of Regional Navies,' at the 25<sup>th</sup> Asia Pacific Roundtable.<sup>253</sup>

Yet another development has been more defence ties, as seen in Malaysia taking part in joint military exercises with Thailand and the US in 2011, whereas in previous years it had been an observer. The Defence Minister Ahmad Zahid Hamidi and Secretary of Defence Gates agreed on Malaysia's participation when the two met in Kuala Lumpur in June 2010.<sup>254</sup> The Defence Ministry and an American firm, Colt Defence LLC, based in Hartford, Connecticut, also agreed on the production of 130,000 new weapons for the Malaysian armed forces and police. Malaysia's Defence Minister announced this US\$23 million deal in March 2011.

The new weapons include the 5.56mm Colt M4 carbine, to replace the Austrian-made Steyr AUG assault rifle. According to the agreement, once the technology transfer comes into effect, Malaysia would have the rights to market the locally-produced carbines to other countries.<sup>255</sup> Malaysia had also become more assertive vis-à-vis the US on defence issues. This was seen when the Defence Minister raised the question of transfer of technology with the US. It was also seen when he told the US not to supply Malaysia with old defence equipment. These remarks were made when he met in March 2010 with members of AMCHAM and the US-Malaysia Aerospace Council (UMAC).<sup>256</sup>

Other main developments in 2010 included the restarting of a moribund Senior Officials Dialogue between the foreign ministries of both nations, and the reconvening of the US-Malaysia Congressional-Parliamentary Caucus for more dialogue between legislators of the two nations. The Caucus was reactivated after having been inactive for seven years.<sup>257</sup> Malaysia also supported the 2010 Nuclear Security Summit hosted by Obama, and had passed the Strategic Trade Act 2010. A US diplomat noted that America was pleased with this Act as it

'greatly enhances Malaysia's ability to effectively take action against those who might use its shores to proliferate proscribed and sensitive technologies.'<sup>258</sup>

There has also been more criticism of Malaysia's human rights record, with the Human Rights World Report 2010 claiming that Malaysia has turned its back on promises to protect its people's rights. The Report said that the government harassed the opposition, mistreated migrants, and improperly restricted the right to peaceful assembly, expression, and association. The deputy Prime Minister, however, refuted the Report in January 2010.<sup>259</sup>

On the other hand, there was some Malaysian criticism that month of a US travel advisory on Sabah alerting American citizens about kidnappings there by Abu Sayyaf militants. The Foreign Ministry asked the US ambassador to review the alert as it could create a wrong and misleading impression about the security situation in Malaysia.<sup>260</sup> That month, Dr Mahathir also criticized President Obama for not fulfilling his promises, pointing out that he had not yet closed down Guantanamo nor resolved the Israeli-Palestinian issue. Moreover, Obama had sent more troops to Afghanistan instead of removing them. Mahathir also made what most considered an outrageous claim — that the 9/11 attacks had been 'staged' as an excuse to mount attacks on the Muslim world.<sup>261</sup> As for Guantanamo, Obama had underestimated the problems associated with its closing; as of late July 2011 it is still not closed.

There have also been significant developments on the terrorist front. In May 2009, Malaysian authorities captured Mas Selamat Kastari, the head of the JI's Singapore branch, in Skudai, Johor. The previous year, he had escaped from Singapore's maximum security centre by climbing out through a toilet window. After his recapture, he was detained under the ISA as both Malaysia and Singapore considered him a security threat.<sup>262</sup>

In June 2009, local authorities arrested three Malaysians in Johor under the ISA for attempting to revive the JI movement in Malaysia.<sup>263</sup> In July 2009, Malaysian security officials were concerned about the whereabouts of master bomb-maker Noordin Mat Top, the chief suspect in the July 2009 suicide bombings at the J W Marriot and Ritz-Carlton hotels in Jakarta. He was finally caught and killed in Solo, Central Java, on September 17, 2009.<sup>264</sup>

That year, Malaysia also released several ISA detainees deemed no longer a threat to the country and deported six Middle Easterners suspected of having links to the al-Qaeda movement.<sup>265</sup> In 2010, Malaysian authorities arrested and deported ten JI members trying to recruit university students for terrorist activities abroad. As militant groups were using Malaysia both as an operational base and for financial transactions, the Home Ministry worked closely with local enforcement and international intelligence agencies to share data on foreign nationals entering Malaysia.<sup>266</sup> That year, Malaysia also worked on a three-year National Anti-Money Laundering/Counter Terrorism Financing Strategic Plan (2010-2012) to combat terrorism financing.<sup>267</sup>

In June 2011, Malaysian police re-arrested JI 'sleeping agent' Agus Salim when he slipped back into Malaysia under a false name, after having been deported in 2009 to Indonesia for harbouring Mas Selamat Kastari, the terror suspect from Singapore.<sup>268</sup> In mid-2011, Malaysian and Philippine authorities were on the hunt for Malaysian-born Zulkifli Hir, who is suspected of planning attacks on the Philippines. A US-trained engineer, he has been linked to the Abu Sayyaf Group.<sup>269</sup> All these Malaysian efforts to combat terrorism demonstrate very clearly that Malaysia is a very serious and committed partner of the US in fighting the on-going terrorist threat.

As for the two Malaysian detainees held at Guantanamo Bay since 2006, Ambassador Jones said in April 2011 that they would soon be prosecuted for their suspected involvement with terrorist groups, although the US had not yet decided whether to prosecute them through the traditional court or through a military tribunal. It was clear, however, that the US would not repatriate them to Malaysia to face charges.<sup>270</sup> When asked about the secret diplomatic cables pertaining to Malaysia in WikiLeaks, Jones replied: 'It's about stolen property .... The interesting story about the whole Wikileaks saga is that it hasn't exposed that there is any difference between what the US stands for publicly and what we are talking about privately.'<sup>271</sup> Meanwhile, one reader of a leaked report commented: 'it is interesting to know how deeply Americans too (are) keeping tab of developments in Malaysia.'<sup>272</sup>

Another development is the continuation of the Anwar factor in Malaysia-US relations. In 2010, Anwar alleged that Najib's 1Malaysia concept was designed by APCO Worldwide, a US public relations firm also responsible for the One Israel concept in 1999. Anwar pointed out similarities between the two concepts, such as the stress on 'People First' in the Israeli concept and the stress on 'People First, Performance Now' in the Malaysian concept. He claimed that APCO had set up a branch known as Mindteams Sdn Bhd in Malaysia at least six months before Najib announced the 1Malaysia concept. He also claimed that APCO is Jewish-controlled, a front for the Israeli Government, linked to the 'murder of Muslims' in Palestine, and working on behalf of the US Government to influence Malaysian foreign policy. He asked Najib to explain to Parliament the government's ties to APCO and why the latter had been given the task of planning government strategies and policies. Anwar's remarks led APCO to issue a statement denying that it worked with the Israeli Government or that it created the 1Malaysia concept. Anwar's remarks also led to his censure by the Malaysian Parliament in April 2010.<sup>273</sup>

In June 2010, when Anwar joined an anti-Israel protest where an Israeli flag was burnt, a *Washington Post* article commented, 'Another US friend waxes anti-Israel.' It added that 'He's made dark insinuations about the 'Jewish-controlled' Washington public relations firm APCO Worldwide, which is working for Malaysia's quasi-authoritarian government.' More important, this article revealed the Obama Administration's stance towards Anwar:

.... the opposition leader is not getting the kind of support from the United States as during his first prosecution, when then Vice-President spoke up for him. Obama said nothing in private about Anwar when he granted Najib a prized bilateral meeting in Washington in April.<sup>274</sup>

In July 2010, UMNO Youth Chief Khairy accused Anwar of contradictory statements concerning US funding for the non-profit organization, Foundation for the Future, which promotes democracy and reforms in the Middle East and in North Africa, and which Anwar used to chair. Khairy said that while Anwar had claimed in 2007 that he had not received US funds for the Foundation, a 2010 report indicated otherwise.<sup>275</sup> Not surprisingly, in late 2010, Anwar tried but failed to meet with Secretary of State Clinton when she visited Malaysia.<sup>276</sup> In January 2011, the Home Ministry said that it was investigating reports of Anwar's alleged links to a radical Muslim group, the fundamentalist Muslim Brotherhood.

This investigation was linked to a CNN report that noted that Malaysian authorities suspected that two senior Saudi princes were involved in funding Anwar. This led Saudi Arabia to launch a secret investigation, which found no evidence of any funding for Anwar.<sup>277</sup> As of 2011, Anwar was still involved in the

sodomy trial and was also implicated in a 22-minute sex video. He claims that the sodomy charge and the video were fabricated by the government to crush any political threat that he might pose. There have been no public comments by US officials about these developments concerning Anwar.

Yet another development has been the impact on Malaysia-US relations of Malaysian concerns about the Middle East. These concerns usually lead to anti-US sentiment because they involve US foreign policy, as seen in June 2010 when Malaysians protested an Israeli raid on a Turkish ship that was carrying aid to blockaded Palestinians in Gaza.<sup>278</sup> This assault on a Gaza aid flotilla evoked widespread outrage in Malaysia, which does not recognize the Jewish state. One of the vessels in the fleet was sponsored by a Malaysian foundation and had several Malaysian activists on board when it was captured. The Malay Rights Group, Perkasa, protested in front of the US Embassy and handed a protest note to President Obama via an Embassy official.

Another group led by Khairy Jamaluddin protested in front of the UN building also in Kuala Lumpur. This group burned three Israeli flags after stomping on them, and handed a memorandum condemning Israel's raid.<sup>279</sup> A few days later, around 5,000 people, including Anwar Ibrahim, protested outside the US Embassy, carrying posters with the words 'Allah will destroy you Israel' and 'Destroy America, Destroy Israel — Long Live Islam.' Anwar also delivered a protest note addressed to President Obama, calling on him to condemn the violence against the flotilla and to get Israel to end its blockade. In part, it read 'We are appalled and deeply disappointed by your weak and inadequate response on the matter.'<sup>280</sup> When the Malaysian activists returned home, the Prime Minister held a homecoming reception and called them national heroes. He condemned Israel's raid, said that it should face the International Criminal Court over its actions, and asked the US to make Israel behave

responsibly.<sup>281</sup>

Likewise, the Arab Spring developments in the Middle East in 2011 impacted Malaysia-US relations. For example, in early February 2011, around two thousand people gathered at Tabung Haji and the KLCC mosque, after prayers, and marched to the US Embassy, in support of Egyptians demanding the ouster of President Hosni Mubarak. Led by Pakatan Rakyat leaders, they carried placards calling for the US government to stop supporting Mubarak and to stop interfering in Egypt's internal affairs.<sup>282</sup>

### ***The Latest Economic Developments***

On the economic front, the ties reflect more partnership than before, in part due to the present Prime Minister's economic policies. Soon after becoming Prime Minister, Najib, who is also Minister of Finance, introduced his Economic Transformation Plan (ETP), his 1Malaysia Policy, and his New Economic Model (NEM), all geared towards turning Malaysia into a high-value, high-income nation by 2020. Under him, Malaysia is looking to the services sector as the main engine of growth, in line with the 10<sup>th</sup> Malaysia Plan.<sup>283</sup> In April 2009, he undertook reforms in order to attract more investments and to allow 100 per cent foreign equity ownership in 27 services subsectors, such as tourism and private hospital services.<sup>284</sup>

By 2010, services accounted for 58 per cent of the country's Gross Domestic Product (GDP).<sup>285</sup> Ambassador Jamaluddin shares the Prime Minister's vision for Malaysia and believes that the US can play a big role in Malaysia's transformation. To him, the US is needed to stimulate Malaysia's economy, to export more finished products to, and to create more jobs in line with the NEM.<sup>286</sup> As he has explained: 'We want to transform our economy into a high-income and developed nation, and in order to do this we must engage the world. In global terms,

the centre of world finance is Wall Street and the centre of world industries is the United States.'<sup>287</sup>

Jamaluddin has also said: 'I believe our New Economic Model is an excellent strategy and the US can be an important partner.'<sup>288</sup> At the same time, he is encouraging Malaysian entrepreneurs to take advantage of new investment opportunities in the US. He has pointed out that investors can now obtain green cards by investing in US technology as well as through joint ventures. To him, such investments can create high-end jobs for young Malaysians and also give them opportunities to work and learn new skills in the US.

To Jamaluddin, just as US companies invested in electronic plants in Malaysia in the 1970s, Malaysian companies can now invest in the US. He believes that there are multiple US sectors that Malaysia can benefit from, such as Silicon Valley in California and US academic institutions like Harvard and MIT. Also, Malaysia needs to promote itself more in the US for Americans to be aware of its many success stories, like its economic performance and its moderate Islam.<sup>289</sup> But implementing the NEM may not be so easy. So far, because the NEM involves liberalizing various economic sectors, some right-wing groups led by Perkasa have already raised several strong objections. There have also been allegations that the Prime Minister is pushing the project-based ETP but not the reform-based NEM.<sup>290</sup>

Meanwhile, partnership ties are mirrored in the current state of the trade relationship. According to Ambassador Jones, in terms of two-way trade, in 2010 the amount was 'almost US\$40bil.' To him, 'the US market still drives what Malaysia produces.'<sup>291</sup> Although US unemployment remains high, US companies in Malaysia are posting profits, especially in the high-tech sector. The bulk of US-Malaysia trade revolves around the E&E sector, which experienced a downturn during the recent

global financial crisis but which has since picked up.<sup>292</sup> Presently, there are some positive trends in Malaysia's economy. The GDP expanded 7.2 per cent in 2010 following a 1.7 per cent contraction in 2009.<sup>293</sup> In 2011, Malaysia's economy is expected to expand six per cent.<sup>294</sup>

As for US investments in Malaysia, they total around US\$10 billion, with the Coca-Cola Company being one of the latest US firms to invest in Malaysia.<sup>295</sup> Presently, the US is again the largest foreign investor in Malaysia, with its companies very active in the electronics, energy, and manufacturing sectors. On the whole, Malaysia is now receiving more foreign direct investment (FDI). As noted by the UN Conference on Trade and Development (UNCTAD) in its *Global and Regional FDI Trends 2010*, FDI to Malaysia totalled US\$1.4 billion in 2009 but climbed to US\$7 billion in 2010, a growth of 409.7 per cent, the highest recorded in the region.<sup>296</sup>

Malaysia attracted more FDI on the manufacturing front in 2010 than in 2009. However, according to a World Bank report, for Malaysia to achieve developed status by its deadline of 2020, it needs to address the brain drain problem and to keep increasing FDI into the country.<sup>297</sup> To curb the brain drain, the Najib government has offered several incentives, including an income tax rate of 15 per cent for five years.<sup>298</sup> Ambassador Jamaluddin has also suggested that Malaysians who have become US citizens should be offered permanent resident status by the Malaysian Government for their financial contributions to their families in Malaysia. He has disclosed that the 200,000 Malaysians in the US remit home around US\$2 billion annually.<sup>299</sup>

In any case, Malaysia is doing well as an offshore destination. According to the latest *Global Services Location Index* by consulting firm A T Kearney, Malaysia continues to rank third in the world, after India and China.<sup>300</sup> Malaysia is also a leader in Islamic banking. In October 2010, Malaysia hosted the Global

Islamic Finance Forum, organized by Bank Negara and the Malaysian International Islamic Finance Centre. At the 2<sup>nd</sup> World Islamic Banking Conference in Singapore, in June 2011, it was revealed that Malaysia has a 65 per cent share of the global sukuk market which has US\$134bil in issuances.<sup>301</sup> Furthermore, Malaysia has been named as one of the 'fast-growing emerging markets' by a new World Bank report entitled *Global Development Horizons 2011—Multipolarity: The New Global Economy*.<sup>302</sup>

However, one problem is Malaysia's dependence on migrant workers. It has over two million foreign workers who are employed in the manufacturing, construction, and plantation sectors. There is concern that these unskilled and low-skilled migrant workers cannot contribute meaningfully to Malaysia in its aim to become a high-income economy, and that overdependence on them stifles innovation and automation.<sup>303</sup> Thus, under the 10<sup>th</sup> Malaysia Plan, efforts are being made to attract high-skilled foreign workers to spur Malaysia's development.

When asked about Americans' view of Malaysia as a potential investment market, Ambassador Jones replied that Americans are impressed with the plans and watching closely to see the speed of implementation and the extent of the reforms. He also said that the US was the largest investor in Malaysia in 2010 in terms of total stock and investments and that 'Investments by US firms in Malaysia not only create tens of thousands of jobs, they also hold the prospect for higher level knowledge-based jobs here.'<sup>304</sup> When asked about the Trans-Pacific Partnership (TPP) agreement which some regard as a very good platform for the creation of a huge market, Ambassador Jones responded:

We are in the early stages of a very aggressive timetable with the goal of agreeing to a framework agreement at the Apec Summit in

November. This is an interesting, different sort of negotiation because it is multilateral, (involving) nine countries and important economies, Malaysia being the most significant economy in Southeast Asia.<sup>305</sup>

Jones explained that as the countries went through the process, they could chose to miss a round while other countries went ahead. He added: 'I think what it will do for Malaysia and the US is a great complementarity between our markets. It will develop and grow the sense that Malaysia is open for business and will attract further foreign investments here.'<sup>306</sup> The TPP is thus a new form of bilateral economic cooperation. In October 2010, the US informed Malaysia that all eight TPP members (the US, Australia, Brunei, Chile, Peru, Singapore, and Vietnam) had agreed to include Malaysia as a full negotiating member of the TPP negotiations. This inclusion enabled Malaysia to attend the third round of negotiations in Brunei that month.<sup>307</sup> The TPP marks the second attempt by the US to negotiate a free trade deal with Malaysia.

### ***Present Socio-Cultural Developments***

As for the present socio-cultural ties under Najib, the most important pertain to education, with several recent developments. For instance, the YES Programme has grown in number, with 50 Malaysian youths participating in the programme in late 2010. They were all invited to an event hosted by Ambassador Jones in his residence soon after he arrived in Malaysia. It was to say goodbye to them before they left for their six-month stay in the US.<sup>308</sup> Another development is the new US-funded English Language assistance programme under the Fulbright Programme, called the English Teaching Assistant (ETA)

programme. The twenty young American graduates selected in 2010 to teach in Malaysia were also at the function hosted by Ambassador Jones as it was to welcome them too. They had just arrived in Malaysia and were about to teach English in rural secondary schools in Terengganu.<sup>309</sup>

When both the US and Malaysian Governments followed up on the Malaysian Prime Minister's proposal to President Obama about sending US teachers to teach English in Malaysia, Ambassador Jones and Ambassador Jamaluddin Jarjis made a trip to Terengganu 'in order to see on the ground if the proposal that we are developing really matches the experience.' According to Ambassador Jones, 'Our conclusion coming away was — this really works.'<sup>310</sup> Both countries are keen to pursue Najib's proposal as it fills a big need to improve English proficiency in Malaysia. A study conducted by the Ministry of Education has revealed that one of the causes of unemployment among local graduates is their poor command of English. To help rectify the situation, the government has instructed public institutions of higher learning to increase the number of credit hours in English, starting from the first year.<sup>311</sup>

The Malaysian and US governments are working hard to get more American teachers of English for Malaysia. Initially, they thought of going through the Peace Corps Programme but this did not work as there are rules about eligibility and Malaysia is not an underdeveloped nation. In fact, the Peace Corps Programme was withdrawn from Malaysia in 1983 as Malaysia had become a developing nation. So they are now working through one section of the Fulbright Program.

An update of the arrangement was given by Ambassador Jones in March 2011 at his talk at Universiti Malaysia Sabah. He announced that the US Embassy was finalizing its proposal to send English teachers to Malaysia based on the plan then used in Terengganu schools. He explained that the teachers there did

more than teach — they also helped with extra-curricular activities like music and theatre.<sup>312</sup> More news was given in May 2011 by the Malaysian Prime Minister when he was in the US. He stated that the US would send the first batch of 30 volunteers in September 2011 to teach English in rural areas. He also said that he had asked for more volunteers — for ‘100 or 200’ — as Malaysia has many rural schools.<sup>313</sup>

As for Malaysian students in the United States, presently the number is around 6,000.<sup>314</sup> When Ambassador Jones gave this figure in February 2011, he said that he would welcome more students. He added that the US Embassy had educational advisory centres in Kuala Lumpur and Penang and was thinking of setting up an additional centre in Sarawak. The centre in Kuala Lumpur had just gone digital. Student visa applications had gone up, as had visa applications in general. In 2010, the US Embassy issued 30,000 visas, a 22 per cent increase compared to 2009. Around 95 per cent of those applying for visas received them, usually in a few days.<sup>315</sup>

A recent development on the educational front is President Obama’s appointment of science envoys to countries and regions in the world. In the case of Malaysia, he has appointed Dr. Rita Colwell, the former director of the National Science Foundation, who will work with the Science Adviser in the Prime Minister’s Office to implement the science and technology agreement that Secretary Clinton signed when she visited Malaysia.<sup>316</sup> Another recent development is the collaboration between the Malaysian Government and Johns Hopkins Hospital in Baltimore, Maryland. Both this US hospital and the Royal College of Surgeons in Ireland will help provide courses at Malaysia’s RM 2bil Perdana University Graduate School, to be opened in Serdang, Selangor, in September 2011 as a public-private partnership.

Perdana University will have two medical schools: a 600-bed teaching hospital, and a life science research centre, and will be funded by two Malaysian companies, Turiya Bhd and Chase Perdana Sdn Bhd, both owned by Tan Sri Dr Mohan Swami.<sup>317</sup> Helping with this collaboration is Dr David G Nichols, the Mary Wallace Stanton professor of education, vice-dean of education, and professor of anaesthesiology and critical care medicine at the Johns Hopkins School of Medicine in Baltimore. He came to Malaysia to set up Perdana University, Johns Hopkins' first venture outside Baltimore.<sup>318</sup> The agreement was signed between Johns Hopkins, Turiya, and Chase in a ceremony late 2010 during Secretary Clinton's visit to Malaysia.

In May 2011, the Malaysian Prime Minister was in Baltimore to mark the establishment of the Johns Hopkins Dr Mohan Swami Institute for International Medical Education. The Malaysian Prime Minister said that Perdana University was expected to attract students not only from other countries in the region but also from the Middle East and the Indian sub-continent. The first intake would be 100 students, with 75 from Malaysia. They would use a temporary campus near the Mardi Headquarters until 2013 when the permanent campus would be ready.<sup>319</sup>

Meanwhile, a US programme for teachers is serving as a model for teachers in Malaysia. In this connection, in December 2010, Malaysia's Deputy Premier and Education Minister, Muhyiddin Yassin, announced the 'Teach for Malaysia' programme aimed at providing quality teachers to primary schools so that, in line with policies under the 10<sup>th</sup> Malaysia Plan to develop human capital, the quality of education can also be raised. This new programme is based on America's 'Teach for America' Programme.'

As in the US programme, outstanding graduates will serve their country by joining the 'Teach for Malaysia' programme

after graduating from university. To Muhyiddin, Malaysia is the first country in Southeast Asia, and the third in Asia after China and India, to implement this US programme. In Malaysia, the programme is slated to begin in January 2012, with the placement of these teachers in schools that need them the most. The programme is to be administered by the Education Ministry and the Teach for Malaysia Foundation. Teachers participating in the programme would first undergo intensive training for eight months before being assigned to selected schools for a two-year period.<sup>320</sup>

Other developments on the socio-cultural level include the establishment of the Centre for American Studies (KAMERA) at the Institute of Occidental Studies at Universiti Kebangsaan Malaysia (UKM) in May 2009. The Centre is headed by Dr K S Nathan, the President of the Malaysian Association for American Studies (MAAS).<sup>321</sup> In June 2010, MAAS and KAMERA organized an international conference on 'The United States and the New Asia: Towards Partnership and Multilateral Engagement in the 21<sup>st</sup> Century.'<sup>322</sup> There have also been many talks and seminars on Malaysia-US relations, organized by MAAS and KAMERA in Malaysia, and by the Malaysia-America Society in Washington D C.

In June 2010, five gifted Malaysian teenagers were chosen to attend a three-week summer camp for gifted children at the John Hopkins Centre for Talented Youth in the US. They were chosen from over 400 youth who had attended the Permata Pintar camp at UKM in 2009.<sup>323</sup> In April 2010, Penang was featured in an episode of *The Amazing Race*, an Emmy award-winning American reality TV show.<sup>324</sup> In 2010, the *National Geographic* co-produced a 60-minute documentary on Tun Abdul Razak, with the help of Malaysia's Information, Communication and Culture Ministry,<sup>325</sup> its National Film Development Corporation (FINAS), and the All-Asian Satellite Television and Radio Operator (Astro), a Malaysian direct broadcast

satellite (DBS) pay television service.

With regard to American speakers during the Najib period, they have included the following: the Rev. Jesse Jackson, who delivered a keynote address at a session of 'Bridges — Dialogues Toward a Culture of Peace,' organized by the Institute of Diplomacy and Foreign Relations and the International Peace Foundation, in April 2009; Professor Howard Gardner of Harvard, who conducted a course on management for Malaysia's Harvard Club in June 2009; Professor Kenneth Rogoff of Harvard, who spoke at a RAM Holdings Bhd seminar on 'The Global Economy and the Aftermath of the Financial Crisis' in July 2009; John Isaacs, a specialist on nuclear issues, who discussed 'The Global Nuclear Threat' in May 2010; Jim Rogers, an investment specialist, who spoke at an investment conference in June 2010; and former US president Bill Clinton, who discussed youth leadership and civic engagement at the INTI International University in Nilai, Negri Sembilan, in November 2010.<sup>326</sup> This university is part of the Laureate International Universities of which Clinton is the honorary chancellor.

Martha Stewart also visited Malaysia for a week in May 2009 as a guest of Tourism Malaysia. She spent time in Kuala Lumpur, Malacca, Sabah, and Pangkor Island and appeared on NTV7's 'Breakfast Show.'<sup>327</sup> As for American artistes who performed in Malaysia, they have included Adam Lambert and Diana Ross while Broadway shows have included *Sesame Street Live* and *West Side Story*.<sup>328</sup>

Malaysians have also won US awards. Between 2009 and 2011, the following were amongst them: Ambiga Sreenivasan, the then Malaysian Bar Council President, who was a recipient of the 2009 International Women of Courage Award, given by the US Department of State, for advocating good governance, democracy, and human rights; a YES student from Malaysia, Faisal Hassan, a 2007 grantee to Seattle, who was chosen by the State Department

as the State Alumni of the Month in February 2010 in recognition of his work as President of YES Malaysia; the Prime Minister's wife, Datin Paduka Seri Rosmah Mansor, who received the International Peace and Harmony Award 2010 from the Business Council for International Understanding 'to highlight her extensive charity efforts and to celebrate the important links between Malaysia and the US;' a Malaysian artist, Tan Tatt Foo, better known as Tattfoo Tan, who won the Excellence in Design award in 2010, given by the Public Design Commission in New York for his design on the rehabilitation of the Bronx River Art Centre; Malaysia's army chief, General Zulkifeli Mohd Zin, who was inducted in 2011 into the International Fellows Hall of Fame at the National Defence University (NDU) in Washington DC, in recognition of his outstanding military achievements in the Malaysian armed forces; and Dr Jane Cardosa, a specialist on tropical diseases, who won a US\$100,000 grant from the Bill and Melinda Gates Foundation in 2011 for a global health and development research project.<sup>329</sup>

Other Malaysians, or Malaysian-born individuals, who deserve some mention for their achievements in the US during this period include Lim Wei Meng, a lawyer, who in 2009 was appointed deputy director of the United Nations High Commissioner for Refugees (UNHCR) in New York; Chris Chong Chan Fui, a filmmaker-artist, who in 2010 became the first Malaysian to have his work, a short 20-minute film, called *Block B*, exhibited at the Smithsonian Institution Museum in Washington DC; Padma Veeru-Collings, a lawyer, who was chosen as Salt Lake City's chief prosecutor in April 2011; Judy Cheng-Hopkins, the UN Assistant Secretary-General for Peace-Building Support, who was selected in 2011 for inclusion in *Forbes Magazine's* list of 'The 10 Most Powerful Women at the UN;' Leon Lim, a New York-based deaf artist, whose portrait of Australian journalist, Julian Assange, appeared in the Dec 27, 2010-Jan 3, 2011 issue of *TIME* magazine;

and Zang Toi, a famous designer in New York, whose clients include Patti LaBelle, Ivana Trump, and Sharon Stone.<sup>330</sup>

Dr Chandra Muzaffar, a professor of global studies at Universiti Sains Malaysia also gave several talks at Harvard University in 2009.<sup>331</sup> In addition, Dr Sharifah Eliza Jamalullail, a medical doctor, became the first recipient of the Mahadevan Travelling Fellowship at Harvard University. The fellowship, begun in 2009 by a Malaysian psychiatrist, enabled her to study mental health issues for a month at the Massachusetts General Hospital in 2010.<sup>332</sup>

In the area of tourism, Malaysia is trying to woo more tourists from the US and from around the world. In the 21<sup>st</sup> century, Malaysia is promoting medical tourism as it combines high quality and cost-efficient health care services with local tourism opportunities. The Malaysian government has identified health tourism as one of the potential growth areas in the country's tourism industry. Thus, one aspect of the bilateral socio-cultural relationship involves Americans coming to Malaysia for cardiac, orthopaedic, dental, and cosmetic procedures that are less expensive than in the US.<sup>333</sup> At first, Malaysia focused on low-risk procedures at lower costs but soon moved into more profitable surgeries such as heart bypass, hip replacement, and spinal fusion.

There is a two-way traffic in this area as Malaysians still go to the US for medical treatment; the ruler of Selangor, Sultan Sharafuddin Idris Shah, underwent successful open heart surgery in May 2009 at Stanford University Medical Centre in Palo Alto, California.<sup>334</sup> According to Malaysia's Health Minister, Datuk Seri Liow Tiong Lai, the number of medical tourists has climbed from 56,000 in 2000 to 392,000 in 2010.<sup>335</sup>

Malaysia's tourism industry contributed RM1bn per week to the economy in 2009 and provided employment to over one million Malaysians.<sup>336</sup> The country's tourism industry is doing

well as the United Nations World Tourism Organization (UNWTO) ranked Malaysia as the ninth most travelled to destination in the world in 2009.<sup>337</sup> The private hospitals involved in medical tourism include the Universiti Malaya Medical Centre, Metro Specialist Centre, Loh Guan Lye Specialist Centre, the NCI Cancer Hospital, and the Golden Horses Health Sanctuary (GHHS).<sup>338</sup> The GHHS is located within the premises of a five-star hotel, the Palace of the Golden Horses.

To Gary Cohen, the chief executive officer of iSOFT, a global health information technology (IT) provider, 'About 60 per cent of the world population is spending their healthcare budget in Asia and this figure is expected to go up in the coming years'. He believes that Malaysia has the potential to be a regional hub in medical tourism as it not only has the right infrastructure in terms of health care, its costs are also competitive when compared to regional and international markets.<sup>339</sup> In late 2009, at the 2<sup>nd</sup> World Medical Tourism and Global Health Congress, held in Los Angeles from October 26-28, eight US companies, including CIGNA International, expressed interest in referring American patients to Malaysia's National Heart Institute.<sup>340</sup>

But not all socio-cultural ties have been smooth. In June 2009, Malaysia was back on the US human trafficking blacklist, with that year's TIP Report stating that Malaysia 'does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so.'<sup>341</sup> The report upset many Malaysian leaders who demanded to know why Malaysia had been downgraded from Tier 2 to Tier 3. They also refuted allegations about the involvement of government officials in human trafficking.<sup>342</sup>

But Dr Irene Fernandez, Director of Tenaganita, a non-profit organization formed to promote and protect the rights of women workers and migrant workers in a globalized world, said that the TIP Report gave a fair account of Malaysia's 'limited

efforts' in trying to stem labour trafficking. She claimed that although her organization had for 15 years cautioned that allowing employers to withhold workers' passports opened workers to exploitation and bondage, the issue had still not been addressed. She pointed to the lack of transparency in investigations, as in the sale of refugees along the Thai-Malaysia border. To her, 'The Government is in a state of denial. It should have at least engaged with us since we released the report on the sale of refugees in December but this has not happened.' She said that to improve its ranking, Malaysia needed to reform the recruiting and employment of migrant workers to more clearly define the workers' contracts, and to follow the standards set by the International Labour Organization. She also confirmed that the Report was correct in stating that some Malaysian women had been trafficked abroad.<sup>343</sup>

The Malaysian Government took the 2009 TIP report very seriously and carried out several measures to curb human trafficking, including child trafficking. It soon arrested five immigration officials for trafficking Myanmar refugees.<sup>344</sup> As a result, and in recognition of its efforts, Malaysia was upgraded to Tier 2 in the 2010 TIP Report. Tier 2 countries are those that do not fully comply with the minimum standards of the US Trafficking Victims Protection Act of 2000 but are making significant efforts to bring themselves into compliance with those standards.<sup>344</sup> Malaysia remained in Tier 2 in the 2011 TIP Report.<sup>345</sup>

There was an interesting case involving a Malaysian businessman and the American fast food giant McDonalds. The problem began in 2001 when P Suppiah named his restaurant 'McCurry' and McDonalds filed a suit to stop him from using the Mc prefix, on the grounds that the name could cause confusion and lead people to associate his products with McDonald's. Suppiah claimed that the name was meant to be an abbreviation

of Malaysian Chicken Curry and that McDonald's could not claim monopoly or exclusive rights to the use of the prefix 'Mc' as it was used around the world as a surname, especially in Scotland.

The long-standing lawsuit was only settled in 2009. Suppiah lost the first round in September 2006 when the High Court ruled in McDonald's favour.<sup>346</sup> However, he won the second round in May 2009 when the Court of Appeal said that there was no evidence to show that McCurry Restaurant was passing off McDonald's business as its own.<sup>347</sup> But McDonald filed an appeal against the decision in the Federal Court that September. In the end, McDonald lost its eight-year trademark battle when the Federal Court ruled that McDonald's cannot appeal against the verdict of another court that had allowed McCurry to use 'Mc' in its name. The application was dismissed with costs, which meant that McDonald had to pay RM10,000 to McCurry. A newspaper report called the lawsuit a 'David and Goliath court case.'<sup>348</sup>

## **V. Conclusion**

When compared to earlier phases, the present period shows the Malaysia-US relationship at its closest and deepest level — a partnership in the true sense of the term in that there is reciprocity on both sides. After five decades of independence, Malaysia has evolved to a stage where it can reciprocate on the political, economic, and socio-cultural levels. It has individual clout, as a modern, prosperous, and predominantly Muslim nation, and collective clout, as a leader in Asean, NAM, and the OIC.

As this monograph has tried to show, the US Government holds consultations with the Malaysian Government as a partner, treats it as a partner, and praises it as a partner. Their partnership is strongest on the political level, especially in fighting terrorism. Malaysia has reciprocated in numerous ways, including hosting SEARCCT and providing facilities for US Navy SEALs to undertake training in the country. As a partner, Malaysia has felt comfortable saying both 'yes' and 'no' to the US. For example, it has agreed to most US initiatives on terrorism but has refused assent to the Regional Maritime Initiative, which involves control of the Straits of Malacca. On the socio-cultural level, there is also growing two-way traffic in cuisines, films, cultural performances, the MM2H programme, and medical tourism.

### ***Present Dominant Themes in Malaysia-US Relations***

As for the dominant themes in the relationship, these are presently: counter-terrorism, due to the on-going war on the terrorist threat, socio-cultural ties, because of the growing educational and cultural links between the two nations, and economic ties, as a result of the role the US can play, and is playing in helping Malaysia achieve first-world status. Of these three themes, the economic one is by far the longest and the most constant theme in the bilateral relationship. However, the Human Rights theme is also gaining strength with the Bersih 1 and 2 movements, the Hindraf rally, the problem of trafficking in persons, and continuing concern about the independence of the Malaysian judiciary.

### ***Main Areas of Cooperation and Tension***

Regarding cooperation in the relationship, overall there is cooperation across the board, on all levels. However, there is most cooperation on the political level, particularly on the fighting of terrorism. This is followed by economic cooperation, which is strongly reflected in trade and investments. Within economic cooperation, there are three new partnership areas, as follows: environmental undertakings, the TPP negotiations, and biotechnology projects. Close on the heels of economic cooperation is socio-cultural cooperation, which is growing in leaps and bounds due to new initiatives like the English teaching programme and the collaboration with US universities, such as John Hopkins University and the University of Maryland.

In the case of tensions in the partnership, these are found mainly on the political level, where, ironically, most of the cooperation is also found. The political tensions revolve around US policy towards Palestine, Israel, and the Middle East; the wars

in Afghanistan and Iraq; and matters regarding Islam and the Muslims, including prisoners in US prisons. Some are old issues which continue to fester while new ones have surfaced since 9/11. Some are also issues involving human rights. In some cases, the tensions have revolved around two controversial Malaysian leaders, Dr. Mahathir and Anwar Ibrahim. On the economic level, surprisingly, there is very little tension at present, unlike earlier periods when this was where the most contentious issues were found.

### ***Prospects for the Future***

As for prospects for the future, this will depend on two main variables. One is the leadership factor, as both Najib and Obama face daunting challenges. Najib's challenges include the transformation of Malaysia's economy; keeping intact his National Front coalition; retaining UMNO support; maintaining national unity; handling Perkasa; starting electoral reform; and addressing the submarine purchase scandal. Obama has as much, if not more, on his plate, including the problems inherited from Bush.

The following are some of Obama's challenges: dealing with America's US\$14 trillion deficit; reducing the nine per cent unemployment rate; managing factions within his party and in Congress; winding down US involvement in foreign wars; continuing the fight against terrorism; dealing with countries like Pakistan, Israel, Palestine, and Libya; and coping with natural disasters like tornadoes, forest fires, flooding, and drought. Both face accusations that their leadership has been marked more by rhetoric than by action. Both also face coming elections. If both win their elections, the partnership can be expected to grow, with Obama even visiting Malaysia. On the other hand, if there is a change in one or both leaders, there is the possibility the relationship may not be so cordial.

Another variable is the state of the economy — in Malaysia and in the United States. Economically, the US is presently in worse shape than it has ever been since the Great Depression. The US is also at its weakest vis-à-vis Malaysia since WWII. The US is still the world's only superpower but its strength has diminished. Malaysia, on the other hand, is at its strongest vis-à-vis the US, even removing its peg to the US dollar in 2005. But these are relative states and the strength of economies can change. In America's case, it has on its side a track record of creativity, ingenuity, and innovation. If both economies are doing well, there will be fewer problems with protectionist sentiments and anti-free trade policies. If the economies are not doing well, some tensions can be expected.

Even so, there are other fundamentals in the relationship that will sustain it as they now enjoy a very broad-based relationship on many levels. For instance, the educational and cultural ties in particular have proven to be very rich and beneficial to both countries. The political ties are also very good and the case can be made that Malaysia is America's most important partner in Southeast Asia in fighting terrorism in the region. Moreover, although cooperation and tension co-exist in their partnership, cooperation outweighs tension, which portends well for the future of their relationship.

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3. Pamela Sodhy, 'The Jessup Mission to the Far East in 1950: The Case of Malaya,' *Jebat* 12 (1983/84), 3-15; \_\_\_\_, 'United States Aid to Malaya: The Griffin Mission of 1950,' *Malaysia in History* 27 (1984), 83-93; and \_\_\_\_, 'America's Melby Mission to Southeast Asia in 1950: The Case of Malaya,' *Jebat* (1990), 263- 87.
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## About the Author

Pamela Sodhy is Adjunct Associate Professor, Asian Studies Program, School of Foreign Service, Georgetown University. She has also taught part-time at the History Department of the University. Prior to that, she was for many years an associate professor at the History Department of the National University of Malaysia. Her history degrees are from the University of Malaya (BA Hons), Louisiana State University (MA), and Cornell University (MA, Ph D). She is also the recipient of an American Field Service Scholarship, an American Council of Learned Societies Research Fellowship, and a Fulbright-Hays Grant.

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