

Southeast Asia from the Corner of 18th & K Streets

The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea

ERNEST BOWER

Ernest Z. Bower is the senior adviser and director of the Southeast Asia Program at the Center for Strategic and International Studies in Washington, D.C.

July 27, 2010

Bilateralism, secrecy, and quiet pressure are being confronted by multilateralism, transparency, and efforts to appeal to international rule of law in one of the twenty-first-century's most important bodies of water—the South China Sea.

Ironically, a tripartite agreement signed in Manila on March 14, 2005, one that China hoped would remain under the radar, helps to reveal the regional dynamics at play. That deal was called the Joint Maritime Seismic Understanding (JMSU). It merits a look as policymakers and politicians digest the results of last week's important discussions at the 43rd ASEAN Ministerial Meeting (AMM) and 17th ASEAN Regional Forum (ARF) in Hanoi, Vietnam.

THE CLINTON AGENDA

While media reports from Hanoi focused on North Korea and Burma, a vital subplot was playing out as U.S. secretary of state Hillary Clinton sidestepped quiet but intense Chinese lobbying to avoid having the South China Sea on the official agenda for the ARF and tabled concepts for what she described as “a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion.” Clinton’s intervention was no surprise to any of the nations at the table: the United States had deployed its top Asia hands, Assistant Secretary for East Asia and the Pacific Kurt Campbell as well as one of its top diplomatic architects, Undersecretary of State William Burns, to present the concept and seek support ahead of the meetings in Hanoi.

Volume I | Issue No. 23 | July 27, 2010

Inside This Issue

THE WEEK THAT WAS

- 17th ASEAN Regional Forum (ARF) in Hanoi
- US moves toward normalizing military ties with Indonesia
- Bangkok bombing in the wake of by-elections
- Khmer Rouge prison chief found guilty and sentenced
- US will spend more than \$187 million in the Mekong Region

THE WEEK AHEAD

- CSIS Event: An update on Secretary Clinton’s recent trip to Asia
- Burma’s Senior General Than Shwe to visit India
- North Korea’s foreign minister four-nation tour to Burma, Vietnam, Laos, and Indonesia

The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea *(continued)*

CHINA'S ALTERNATIVE

China's foreign minister, Yang Jiechi, a man who after serving as ambassador in Washington, D.C. understands U.S. politics and policy development on an expert level, responded by expressing his country's preference for addressing these issues bilaterally and out of the public eye. He said, "Turning the bilateral issue into an international or multilateral one would only worsen the situation and add difficulties to solving the issue." Minister Yang's hope that the South China Sea could be stuffed back in a bottle like a genie may be based on earlier successes achieved through opportunistic, quiet, bilateral advances, as in the early days of the JMSU.

2004—CHINA CRACKS THE CODE IN MANILA

Eduard "Ed" Manalac knew he had a deal. The then head of the Philippine National Oil Company (PNOC) knew the players well from his days in China working for Conoco and as a highly talented Filipino manager with considerable networks at home. Manalac understood the mandate from Malacanang, the presidential palace that lies next to the languid Pasay River: get a deal done with the Chinese for joint exploration, analysis, and development of potential energy resources in the South China Sea. That mandate was at odds with internal ASEAN diplomatic discussions encouraging the 10 member states to find a common position from which they could talk with China about the disputed waters. Ironically, it was the Philippines that had earlier led this call for ASEAN unity when it was feeling the very real pressure of the Chinese navy on Mischief Reef and other tiny island locations in disputed territorial waters in the late 1990s and early 2000s.

LESSONS LEARNED

Understanding how President Gloria Arroyo-Macapagal reversed the Philippines' position on an issue arguably vital to her country's national security interests illustrates how China may use its new levels of regional influence gained while Washington focused on the Middle East and other priorities—lessons worth learning as we move into the second decade of the twenty-first century.

The Philippines had been a hard nut for China to crack. The archipelagic U.S. treaty ally sits on the tip of the nose of China's eastern face.



South China Sea Claimants

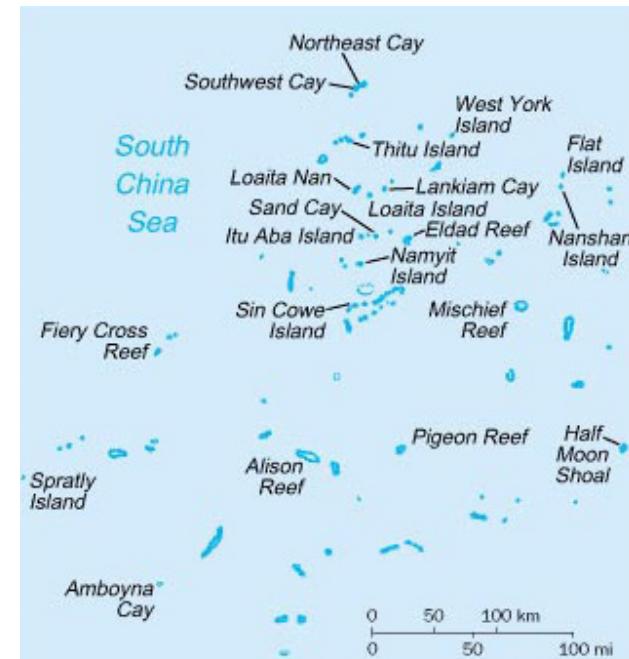
The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea *(continued)*

A democracy inhabited by a largely Catholic population prone to say what it thinks in key regional diplomatic forums like ASEAN, ASEAN + 3, and APEC, outspoken about human rights at times (albeit with certain ironies given its own record), and openly concerned about Chinese intentions in the Spratly Islands, the Philippines was never an easy country for China to influence.

That was until the U.S.-Philippine relationship went south—and fast—in 2004. Early in his first term, U.S. president George W. Bush embraced President Arroyo, inviting her to the White House for a rare state visit in 2003. Relations went into a deep chill at the highest levels, however, when Arroyo dropped out of Bush’s “coalition of the willing” for the war in Iraq during Bush’s hard-fought bid to win a second term and after Bush digested intelligence briefings outlining allegations of Arroyo’s fraudulent actions in her own presidential campaign.

CHINA SEIZES AN OPENING

China saw its opportunity. Enter the itinerant internationalist Jose De Venecia, then Speaker of the House in the Philippines. De Venecia was still a political ally of President Arroyo when he was encouraged to visit Beijing by the Chinese ambassador in Manila. De Venecia returned home with reports of Beijing’s interest in expanding bilateral ties and providing large amounts of funding for development projects in the Philippines. Arroyo soon became a regular visitor to Beijing, often taking large numbers of family members and politicians in her delegations to enjoy reportedly lavish hospitality. China was good to its word and accelerated its overseas development assistance (ODA) to the Philippines, quickly moving up the rankings of donors to become the fifth-largest contributor. Approvals of loans were fast and did not include troublesome “strings” of accountability linked to governance. Funds were provided for the North Luzon Railway (NorthRail), Southern Luzon Railway (SouthRail), and other rail projects as well as for a National Broadband Network (NBN) linking 2,295 national offices and 24,549 barangay (or village) municipal offices using Chinese telecom provider ZTE, local Philippine Chinese business leaders, and, as would later be revealed during congressional investigations, alleged kickbacks and payoffs for Philippine officials and politicians. (More details about how these Chinese aid projects were structured are included in congressional testimony to the U.S. China Commission provided by CSIS Senior Adviser Ernest Bower on February 4, 2010, and available here (http://csis.org/files/100204_bower_testimony.pdf).



Spratly Islands chain (http://en.wikipedia.org/wiki/Spratly_Islands)

The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea *(continued)*

It may never be known whether the JMSU was presented as a quid pro quo for China's other support in the Philippines, but the timing of the agreement—March 2005—suggests it was signed at a time when Chinese influence was peaking in Manila.

The agreement itself was signed by PETRON, by the China National Offshore Oil Company (CNOOC), and by an initially unwilling third party, Vietnam's national oil and gas company, PetroVietnam, which signed on after six months of strong objections to being presented with a fait accompli. The agreement was designed to conduct seismic exploration in an area spanning 142,886 square kilometers west of Palawan.

THE PERILS OF NON-TRANSPARENT ACTS

The JMSU initially seemed to be a coup for Chinese diplomats. The Philippine leadership had clearly opened several new channels to Beijing; President Arroyo was relying heavily on Chinese-funded major ODA projects to demonstrate economic development; and China had effectively divided ASEAN, getting a trilateral deal with the country that had been its most outspoken critic—the Philippines—along with Vietnam the leader of new efforts to multilateralize or ASEAN-ize the dialogue on the South China Sea.

The wheels began to come off for the JMSU as President Arroyo's popularity sank to sub-Ferdinand Marcos levels amid impeachment bids and growing allegations of corruption. Among the most serious corruption allegations were deals funded by China, such as the NBN transaction that was eventually cancelled and featured in headline-grabbing congressional investigations. The Philippines was criticized for breaking ranks with ASEAN, and the Philippine Congress began investigations into the JMSU and questioned whether Philippine national security interests had been bartered away. The result was passage of the Archipelago Baseline Act in February 2010, which delineates Philippine sovereign interests and restricts the government from entering into future JMSU-like agreements without due process and transparency.

The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea *(continued)*

THE WAY FORWARD

A great opportunity lies on the table, as does great risk. The question is whether diplomacy and Asian regionalism can succeed—meaning getting all parties engaged, sharing their views and interests and creating a framework that meets those various requirements. Failure in this effort would represent unacceptable risk to Asia's continued economic growth, relative peace, and future prosperity.

China is understandably concerned about what it perceives as undue and unwelcome attention to a region that it considers among its “core” interests. Southeast Asian nations represent a range of views—from those who are claimants to the disputed Spratley Islands such as Vietnam, Indonesia, the Philippines, Malaysia, and Brunei, many of whom have had nationals—mostly fisherman—threatened, abducted, or killed and that hold national assets in and under these waters, to those with no direct claim but whose interests in regional stability, peace, and growth are at stake. For the United States, the issues are fundamental to its national interests, including open navigation lanes, economic growth, and honoring its role as a guarantor of regional security in Asia.

Secretary Clinton’s leadership in pushing the South China Sea onto the agenda in Hanoi has been quietly welcomed by most of Southeast Asia. That includes the Philippines, a country now led by a new president, Mr. Benigno “Noynoy” Aquino, who has also studied the lessons of the JMSU. Mr. Aquino and other ASEAN leaders see the great advantages of China’s entrance onto the regional and global stage—it presents a new regional engine for economic growth and helps focus world attention on the centrality of Asia, and its potential contributions to cultural, scientific, and other aspects of development are alluring to say the least. At the same time, all parties have a stake in convincing China to use its considerable influence and make its interests known in international forums within multilateral legal frameworks, which it can help to shape through transparent governance processes. The days of JMSU-like divide-and-conquer policies should be coming to an end because they expose Asia to unnecessary levels of risk and uncertainty.

The Week That Was



North Korea spokesman Ri Tong-il (second from right) at ARF. (www.flickr.com/photos/49246618@N04/4829045753/)

"ASEAN and all its dialogue partners welcomed the United States and Russia into EAS, especially with the United States clearly demonstrating its commitment to the region."

ASEAN

· **17th ASEAN Regional Forum (ARF) in Hanoi.** The ARF dialogue was relatively substantive and timely. The discussions represented the focus and directness of this year's host, Vietnam. Secretary of State Hillary Clinton extended her perfect attendance record and played a key role. North Korea denounced joint U.S.-South Korea military exercises and threatened military retaliation, but is still willing to engage dialog partners in six-party talks. Singapore's foreign minister George Yeo said ASEAN is unlikely to condemn North Korea for the *Cheonan* sinking despite urging from South Korea and the United States. ASEAN is worried about alienating China, which it understands is concerned about putting pressure on North Korea. Secretary Clinton helped voice regional concerns about the South China Sea and tabled an intervention suggesting a conflict resolution mechanism to resolve disputes over the sea and its islands. She said the process should be institutionalized through ASEAN and based on the international law of the sea. Clinton stayed consistent on U.S. foreign policy priorities and expressed serious concern to Burma about its human rights abuses and suspected nuclear collaboration with North Korea.

· **43rd ASEAN Ministerial Meeting (AMM), Hanoi.** ASEAN will continue accelerating the implementation of mechanisms and institutions for peace and security in creating the ASEAN Community. Notably, foreign ministers approved a two-year working plan for the ASEAN Intergovernmental Commission on Human Rights. In addition, Canada and Turkey were admitted to ASEAN's Treaty of Amity and Cooperation (TAC), and ministers signed a protocol amending the TAC to create favorable conditions for accession of EU countries.

· **Expanded East Asian Summit (EAS).** ASEAN and all its dialogue partners welcomed the United States and Russia into EAS, especially with the United States clearly demonstrating its commitment to the region. Diplomats said their inclusion would help to counterbalance the dominance of regional giant China and preserve ASEAN's centrality in the regional architecture. An official invitation to the two world powers will be offered by ASEAN and other EAS leaders during the 17th ASEAN Summit in Hanoi in October.

· **China to promote cooperation with ASEAN in six areas.** At the China-ASEAN Ministerial Meeting last Wednesday, Chinese foreign minister Yang Jiechi announced the following areas of cooperation, including the drafting of an action plan guiding China-ASEAN cooperation in the 2011-2015 period; deepening the development of a China-ASEAN Free Trade Area; supporting ASEAN in strengthening connectivity within the bloc, with enhanced

cooperation on finance, poverty reduction, environmental protection, defense, and nontraditional security issues; expanding friendly exchanges of youth, media, and nongovernmental organizations; and strengthening coordination on major international and regional issues.

- ADB upgraded its economic forecast for aggregate growth in Southeast Asia to 6.7 percent.** Asian Development Bank (ADB) said the growth, sharply higher than the previous 5.1 percent forecast, was driven by buoyant exports, strong private demand, and sustained stimulus policy effects. Jong-Wha Lee, ADB's chief economist, said Southeast Asian economies are leading the way with improved consumer confidence and export growth beyond projections.

INDONESIA

- United States moves toward normalizing military ties with Indonesia.** Last week, during his second visit to Indonesia as U.S. secretary of defense, Robert Gates announced U.S. plans to gradually remove the training ban on Indonesian special forces, or Kopassus. Normalizing military ties with Indonesia is a fundamental step for the United States ahead of engaging in the development of regional security architecture. Gates will attend the ASEAN Defense Ministers Meeting + 8 in Hanoi, and the United States will be formally invited to join the East Asia Summit (EAS) during the ASEAN Summit in Hanoi in October. Secretary Gates indicated the move with Kopassus was in compliance with the Leahy Law of 1997. Indonesia agreed to ensure that key Kopassus figures involved in past human rights abuses in Papua New Guinea, East Timor, and Aceh had been removed from active service. U.S. senator Patrick Leahy (D-Vermont) issued a statement following the move saying, "I deeply regret that before starting down the road of re-engagement, our country did not obtain and Kopassus did not accept the necessary reforms we have long sought."

- Senate Hearing: Scot A. Marciel, nominee for ambassador to the Republic of Indonesia.** Ambassador Marciel is the current U.S. ambassador to ASEAN and deputy assistant secretary for Southeast Asia in the Bureau of East Asian and Pacific Affairs. In his testimony, he emphasized his mission would focus on developing the U.S.-Indonesia Comprehensive Partnership, promoting increased opportunities for American business, and taking advantage of new public diplomacy initiatives.



Kopassus on guard. (www.flickr.com/photos/wijen/310932961/)

BURMA/MYANMAR

- **Thai PM Abhisit canceled trip to Burma.** Prime Minister Abhisit Vejjajiva canceled his scheduled trip to Burma due to scheduling difficulties with the Burmese government. Abhisit planned to visit Burma in early August, prior to the Burmese national elections. However, despite recent disputes regarding the Moei River, Abhisit assured the public that indefinite postponement of the trip would not affect bilateral ties.
- **Fresh evidence surfaced on alleged nuclear program.** According to the military journal *Jane's Intelligence Review*, allegations by a Burmese defector that the country is pursuing a nuclear weapons program are now supported by satellite images. Photos of the buildings and security fences near the new capital Naypyidaw confirm the reports. However, analysts believe that nuclear weapons are not foreseeable in the near future given Burma's current technological and intellectual capabilities.
- **ASEAN leaders concerned about Burmese elections.** During the ASEAN Regional Forum last week, ASEAN Secretary-General Surin Pitsuwan told the reporters on the sidelines that "Myanmar...got an earful." ASEAN ministers told their Burmese counterpart that the first elections in 20 years should not reinforce military rule, but instead should be free, fair, and inclusive. They also offered to send observers to the elections. Similarly, at the ASEAN Regional Forum, Secretary of State Hillary Clinton said Burma's failure to announce a date for promised elections raised doubt about its commitment.

THAILAND

- **Bangkok bombing in the wake of by-elections.** An explosion went off in Bangkok's commercial district, Ratchadamri, across from the CentralWorld that was recently torched during the May protests. A 51-year-old man was pronounced dead and at least 10 others were injured. The bomb went off during the by-elections in Bangkok's 6th constituency. Polls have shown the Democrat Party candidate receiving 45 percent of the votes, while 42 percent went to the opposition party and 12 percent to others. Currently, it is unclear whether the attacks are linked to the election results.
- **Update on political climate.** Minor arrests and police summons were made to single protestors and groups who expressed their anti-government views on the Internet. The emergency decree has been lifted in three more provinces.



Thai PM Abhisit canceled his recent trip to Burma. (www.flickr.com/photos/worldeconomicforum/3488883590/)

The National Reform Committee has advised Prime Minister Abhisit Vejjajiva to revoke the state of emergency, stating that it would defuse tensions, improve the political atmosphere, and hasten the national reconciliation process.

- Red Shirt and Yellow Shirt leaders drop eight libel suits against each other.** Red and Yellow leaders brokered a deal at the criminal court and reached a settlement after seven hours of discussion. Sondhi Limthongkul, leader of the People's Alliance for Democracy (PAD), had six libel cases against him, while Red Shirt leaders Veera Musigapong and Nattawut Saikua had eight libel cases. Veera and Nattawut are currently being held at the Bangkok Remand Prison for acts of terrorism.

VIETNAM

- Vietnam and the United States fight HIV/AIDS.** Secretary of State Hillary Clinton signed a five-year Partnership Framework with Vietnam's minister of justice Ha Hung Cuong. The Framework supports a collaborative response to HIV/AIDS and provides health services for most-at-risk populations. The United States and Vietnam also hope to increase the involvement of NGOs, multilateral organizations, and the private sector in the process of prevention, care, and treatment.
- Clinton pushes for human rights in Vietnam.** Last week, Secretary Clinton met with Foreign Minister Pham Gia Khiem of Vietnam to discuss U.S.-Vietnam relations and to commemorate 15 years of bilateral relations. During the meeting, Clinton praised the ability of the two countries to accept the past and move ahead for future cooperation. At the same time, she also raised concerns regarding jailed democracy activists and attacks on religious groups, and urged Vietnam to strengthen its commitment to human rights. In response, Mr. Khiem noted President Obama's observation that human rights should not be imposed from the outside.
- Vietnamese PM Dung encourages nuclear power use.** Last Thursday, Vietnam called on the Southeast Asian nations to consider using nuclear power for peaceful purposes. At the meeting of ASEAN Energy Ministers, Prime Minister Nguyen Tan Dung said the countries should promote cooperation on planning and energy policy to ensure security of energy supply. Vietnam plans to start building its first nuclear power plant in 2014 using Russian technology. It was scheduled to sign a memorandum of understanding with Japan's Ministry of Economy, Trade, and Industry on cooperation in the development of nuclear power.



At a meeting with Vietnamese foreign minister Pham Gia Khiem, Clinton called on Vietnam to strengthen its commitment to human rights. (www.flickr.com/photos/seiu/374537760/)

- **Vietnam grants citizenships to refugees.** The UNHCR praised Vietnam for its plan to grant citizenship to 2,357 people who fled Cambodia's genocide under Pol Pot three decades ago. In a ceremony two weeks ago, Vietnam gave citizenship to 287 refugees. The remaining 2,070 will receive ID cards and full rights by the end of the year.

PHILIPPINES

- **Philippine government to fight hunger.** As a response to the sharp rise of hunger in the country, the government said it would make \$71 million in direct transfers to poor families. The government is examining conditional cash transfers, but has yet to specify the conditions under which families could qualify for aid. This is the third consecutive quarter that hunger—defined as involuntary suffering due to a lack of anything to eat—has exceeded 20 percent, with a record high of 24 percent in December.
- **U.S. Undersecretary of State for Political Affairs William Burns visits the Philippines.** Undersecretary Burns expressed America's commitment and determination to continue the U.S.-Philippine partnership. Undersecretary Burns and President Aquino discussed issues regarding bilateral relations, ASEAN, poverty reduction, judicial transparency, and the political divisions in Mindanao. Mr. Burns pledged U.S. development assistance to settle the conflict. He also visited Cotabato City in Mindanao to emphasize Washington's commitment to peace in the Southern Philippines. He also reiterated U.S. president Barack Obama's invitation to President Benigno Aquino III to visit the White House.
- **Toshiba wants to restart Bataan nuclear plant.** Toshiba expressed interest in helping the Philippines rehabilitate and re-power the out-of-commission Bataan Nuclear Power Plant (BNPP) in Morong, Bataan, which had cost \$2.3 billion to construct and is the only nuclear power facility in the country. The process would take five years and cost \$1 billion. The Aquino administration is currently studying a proposal from Korea Electric Power to rehabilitate the plant.
- **Philippines signals interest in joining the Transpacific Partnership (TPP).** Philippine trade secretary Gregory L. Domingo on Wednesday expressed interest in joining the TPP, alongside other planned trade policies such as eased import clearance processes and a possible trimming of ineffective export support programs.

“Philippine trade secretary Gregory L. Domingo on Wednesday expressed interest in joining the TPP, alongside other planned trade policies such as eased import clearance processes and a possible trimming of ineffective export support programs.”

Secretary Domingo's new stance represents a full policy turnaround from the Arroyo administration's position of refusing to negotiate the TPP with minor partners just to secure access to the United States.

- **Senate Hearing: Robert “Skip” Orr, nominee for U.S. ambassador to the Asian Development Bank** (ADB) based in Manila. Orr is currently chairman of the board of the Panasonic Foundation and member of the board of the East-West Center Foundation. He was formerly president of Boeing Japan. After 25 years of engagement with the government, academia, and businesses in Asia, Orr believes his exposure and experience will enable him to execute U.S. policy priorities effectively alongside his Japanese colleagues. If confirmed, he pledges to improve the efficiency and transparency of the Bank's operations while further reducing Asia's growing income gap.

LAOS

- **U.S. ambassador nominee: Karen Stewart, nominee for U.S. ambassador to the Lao Peoples Democratic Republic (Lao PDR).** Last Tuesday, President Obama announced his nomination of Karen B. Stewart as ambassador to Laos. Ambassador Stewart has served as the special adviser to the director general of the Foreign Service since January 1, 2010. Prior to that, she was the principal deputy assistant secretary for the Bureau of Democracy, Human Rights, and Labor, as well as the ambassador to Belarus.

- **Laos and Vietnam accelerate power line plan.** Following the 28th ASEAN Senior Officials Meeting on Energy (SOME 28) in Dalat, representatives from Laos and Vietnam agreed to accelerate their plan to build a 500-KV electricity power line. The transmission line will connect Vietnam's central highlands city of Pleiku and the southern Lao province of Ban Hatxan. The power line, expected to be completed by 2015, will allow Laos to export more than 1,000 MW of electricity, and serve as power interconnectivity among the ASEAN countries.

- **China and Laos pledged to strengthen military ties.** In a half-hour meeting in Beijing last Thursday, Chinese premier Wen Jiabao and Lao deputy prime minister Douangchay Pichit agreed to further strengthen military relations. While Wen reaffirmed the importance of China's bilateral relationship with Laos and its armed forces, Douangchay reassured China that the Lao government will continue to adhere to the one-China policy.



A 500-KV electricity power line is expected to connect Laos and Vietnam by 2015. (www.flickr.com/photos/gsbrown99/2706179635/)

MALAYSIA

- Senate Hearing: Paul W. Jones, nominee for U.S. ambassador to Malaysia.** Jones is currently the deputy to the special representative and deputy assistant secretary of state for Afghanistan and Pakistan. In his testimony, he noted the flourishing bilateral relations between senior-level officials after Prime Minister Najib's visit to Washington on April 12. If confirmed as ambassador, Jones intends to support the strengthening of democracy and rule of law in Malaysia as a priority interest of the United States.
- Malaysian stocks to climb, surpass pre-financial crisis levels, CIMB says.** The FTSE Bursa Malaysia KLCI Index may climb to 1,450 by the end of 2010, an 8 percent advance from Monday's close of 1,337.67, said CIMB. The measure last reached that level on January 17, 2008. As reported last week, Malaysia aims to halve its budget deficit and make its economy more competitive, as demonstrated by the government's removal of fuel and sugar subsidies.



Malaysian stocks to climb past pre-financial crisis level. (www.flickr.com/photos/stuckincustoms/312261666/)

TIMOR LESTE

- Senate Hearing: Judith R. Fergin, nominee for U.S. ambassador to Timor Leste.** Judith R. Fergin, the former consul general of the United States in Sydney, appeared in front of the Senate Foreign Relations Committee to give her statement on Timor Leste. She has served many U.S. government agencies and in Indonesia, Singapore, and Russia. She expressed her interest in U.S.-Timor Leste relations and praised the nation for its dedication to human rights and democratic principles, noting its elections and the peaceful transition of political parties. She cited the nation's efficiently managed sovereign wealth fund, but lack of human capacity and development resources. The response from the United States been a pledge of \$25 million assistance for poverty alleviation and assistance from the House Democracy Assistance Commission (HDAC), which helped in legislative capacity building for the Timorese parliament and staff.

CAMBODIA

- Khmer Rouge prison chief found guilty and sentenced.** The trial for former Khmer Rouge prison chief Kaing Guek Eav, commonly known as Duch, was held last week at an international war crimes tribunal in Phnom Penh. Duch was found guilty and sentenced to 35 years in prison. The court reduced the term to 30 years after ruling that he had been detained

illegally for years before the UN-backed tribunal was established. The sentence is equivalent to life, given Duch's age. During the trial, Duch surprised the court observers by first changing his plea, then dismissing his international legal counsel.

- **U.S. Undersecretary William Burns defended military relations with Cambodia.** Following a visit to Phnom Penh, Burns defended relations with allegedly abusive Cambodian military units. Burns said that U.S. military aid to Cambodia was originally intended to boost a civil-military relationship that was essential to forming a "healthy political system."

SINGAPORE

- **China, Singapore to boost cooperation to combat cross-border crime, terrorism.** Chinese state councilor Meng Jianzhu met with Singaporean deputy prime minister Wong Kan Seng on Thursday and called for closer cooperation between the two nations to combat transnational crime. Meng expressed his intentions to expand cooperation to crack down on cross-border crime, maritime law enforcement, training, and antiterrorism within the ASEAN and INTERPOL framework.
- **Central Banks of China and Singapore agree to 150 billion yuan currency swap.** China's central bank has already signed swap agreements of at least 650 billion yuan with Argentina, Indonesia, Belarus, Malaysia, Hong Kong, and Korea since December 2008. The series of swaps demonstrates China's intentions to expand the use of the yuan as a global currency and reduce reliance on the dollar.
- **Taiwan may seek a free-trade accord with Singapore** following its first such deal with China, the island's top negotiator with China, Chiang Pin-kung, said.

"The series of swaps demonstrates China's intentions to expand the use of the yuan as a global currency and reduce reliance on the dollar."

NEW ZEALAND

- **New Zealand is to hold its first summit with ASEAN at the East Asia Summit** later this year in Vietnam, Foreign Minister Murray McCully announced Friday. ASEAN is New Zealand's third-largest trading bloc, whereby two-way trade are worth around NZ\$10 billion (US\$7.14 billion) last year.

AUSTRALIA

- **August 21 national election tightens up.** Liberal Party leader Tony Abbott and his coalition gained ground on Prime Minister Julia Gillard and her Labor Party last week. Polls indicated Gillard and Abbott are in a near dead heat. In televised debates over the weekend, many analysts suggested Abbott bested Gillard on key issues of immigration and taxation.
- **Rudd faces cabinet neglect claims.** Former prime minister Kevin Rudd had been promised a position as a frontbencher if PM Julie Gillard's Labor Party won the August elections. As an experienced spokesman in foreign affairs, Rudd would have been foreign minister. However, reports are surfacing that during his tenure at the Lodge, Rudd disregarded the national security committee despite Australia's involvement in Afghanistan and border issues. On certain occasions, he would allow 31-year-old Alister Jordan to deputize the committee when he was late or absent. Rudd would also have Jordan or another senior staffer stand in for him during Strategic Priorities and Budget Committee of Cabinet. His casual attitude to cabinet committees raises questions about Gillard's choices. Tony Abbott has also stated that Rudd's part-time work with the United Nations could be a potential conflict of interest with his ministerial position.

SOUTH CHINA SEA

- **China and Vietnam overlook sea dispute and strengthen relations.** Despite disputes over the South China Sea, Vietnamese foreign minister Pham Gia Khiem and his Chinese counterpart Yang Jiechi agreed to strengthen strategic relations. At the ASEAN Regional Forum meeting last week, Yang said that relations between Vietnam and China are opening up. Analysts suggest that Vietnam tends to emphasize ties with China ahead of key political meetings of the Communist Party of Vietnam (CPV). The Party Congress is coming up in January/February 2011.

MEKONG DELTA REGION

- **United States will spend more than \$187 million in the Mekong Region.** Last Thursday, Secretary Clinton met with the foreign ministers of Cambodia, Laos, Thailand, and Vietnam to discuss the framework of the Lower Mekong Initiative. Following the meeting, the United States agreed to spend more than \$187 million in 2010 on environmental, education, and health programs in the Mekong Delta region. The budget will be used to develop strategies to address the impact of climate change, train health professionals to detect malaria, and support English language training in the region.

"In televised debates over the weekend, many analysts suggested Abbott bested Gillard on key issues of immigration and taxation."

The Week Ahead

- **CSIS event: “An Update on Secretary Clinton’s Recent Trip to Asia”** with Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, and Vikram Singh, Senior Defense Adviser and Director of Communications to Ambassador Richard Holbrooke, Office of the Special Representative for Afghanistan and Pakistan, on Thursday, July 29, 2010, 1:00–2:00 p.m. For more details and an invitation, please e-mail externalrelations@csis.org.
- **Burma’s Senior General Than Shwe is scheduled to visit India July 25 to July 29**, his second visit in six years. A host of issues are expected to be discussed during the upcoming visit—ranging from the insurgency to cooperation on economic development, pharmaceutical projects, and trade. Bilateral agreements are also expected to be signed.
- **North Korea’s foreign minister** will make a four-day visit (July 29 to August 1) to Burma as part of his current **four-nation tour** that includes Vietnam, Laos, and Indonesia.
- **China and Japan will hold the first round of negotiations on July 27** regarding the implementation of the principles of consensus concerning the East China Sea issue.
- **India’s Army Chief General VK Singh will undertake a four-day visit to Vietnam** from July 26 to July 29 aimed at strengthening bilateral military ties between the two nations.

For more details on our programs and to follow CSIS with real-time updates, find the CSIS Southeast Asia Program on Facebook  at <http://www.facebook.com/CSISSoutheastAsia> and follow us on Twitter  @SoutheastAsiaDC. E-mail SouthEastAsiaProgram@csis.org to send feedback or comments. Check out our program website at <http://csis.org/program/southeast-asia-program>.

Thank you for your interest in U.S. policy in Southeast Asia and in CSIS Southeast Asia. Join the conversation!

This newsletter is published by the Southeast Asia Program at the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and non-proprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2010 by the Center for Strategic and International Studies. All rights reserved.