

## Southeast Asia from the Corner of 18th &amp; K Streets

Responding to the Crisis in Japan: The Most  
Important Strategic Choice of the Early 21st Century

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.**March 23, 2011*  
.....

The heartbreaking tragedy that has befallen Japan will not keep that resilient and strong nation down for long. However, the three-headed monster of a massive earthquake, life-sucking tsunami, and nuclear uncertainty has hit our stoic allies hard. Japan recovered in record-breaking time from earlier disasters, including the costly earthquake at Kobe in 1995 that racked up costs of more than \$110 billion. Unfortunately, Japan today is not the same Japan as then.

**NOT THE SAME JAPAN**

Although it remains the world's third-largest economy, top investor, and one of the top three trading partners of most other Asia-Pacific countries, Japan has relatively weak political leadership, unprecedented levels of debt, and a yen that has rocketed to levels not seen since World War II. The country faces an enormous challenge, and the United States and other nations have signaled their commitment to support a friend in need.

There is no good time for a disaster to strike, but Japan has been hit at a particularly crucial moment in the development of new power dynamics in the Asia-Pacific region. New security and trade architectures are being developed—notably the East Asia Summit (EAS), the ASEAN Defense Ministers' Meeting Plus (ADMM+), the Asia-Pacific Economic Cooperation (APEC) forum, ASEAN Plus Three (ASEAN plus China, Japan, and Korea) and the Trans-Pacific Partnership (TPP). Japan's role as the foundational U.S. treaty ally in Northeast Asia has underpinned regional security for many decades.

Volume II | Issue No. 4 | March 23, 2011

**Inside This Issue**

## THE WEEK THAT WAS

ASEAN Aid for Japan

SBY Decides Against a Reshuffle

Nuclear Projects in Vietnam, Malaysia

## LOOKING AHEAD

CSIS Event with Indonesian Ambassador

Launch of CSIS Sustainable Energy Study

U.S.-Japan-Australia Strategic Dialogue

# The Most Important Strategic Choice of the Early 21st Century *(continued)*

## IMPLICATIONS FOR LOSING THE JAPAN “WHEEL”

The question is how losing the “Japan wheel” on the cart of Asian dynamism—even if temporarily—will affect the direction of regionalism and the power dynamics between key countries such as China and the United States.

The recent focus on architecture means that countries are working together to establish new rules that will allow rising powers like China and India to join the neighborhood in a peaceful manner that emphasizes balanced growth, transparency, and commitment to multilateralism. To succeed in that mission, there must be a highly focused nexus of like-minded countries providing leadership and investing in capacity building for developing and smaller nations. Japan has been a leader in this effort along with the United States, Australia, and others.

Assume in the future that Japan will need to focus financial resources on rebuilding at home, rather foreign direct investment and official development assistance. Other countries will need to step up to the plate in a very substantial way to fill the gap—and that means those countries will have to be thinking strategically and implementing efficiently.

## U.S. RESPONSE MUST BE STRATEGIC

This is a message that the U.S. Congress, for one, must heed with urgency and commitment—stepping away from cutting foreign aid in Asia, moving ratification of the United Nations Convention on the Law of the Sea (UNCLOS) to the top of the agenda, and teaming with the private sector and other nations to invest massively to speed Japan’s complete recovery.

Supporting recovery in Japan and New Zealand (whose dual earthquakes in Christchurch will cost that country an estimated 6 percent of its gross domestic product) should now move to the top of the agenda for the ASEAN Summit and the EAS in Jakarta as well as the APEC meeting in Honolulu.

## CHINA’S DEFINING MOMENT

China also faces a defining moment. It can join and help to lead the recovery process in Japan, embracing a regional leadership role and demonstrating its understanding of the importance of a strong and balanced community of nations in Asia. On the other hand, it could proceed with its aggressive stance on regional disputes with a newly weakened Japan and press its clear advantage. The former course would reassure China’s neighbors and chart a course for strong regional cooperation in Asia for decades to come. The latter could result in increasing China-U.S. tensions as well as strengthening the antibodies that China’s recent assertiveness in the South China Sea and Senkaku and Diaoyu Islands has awakened among its neighbors.

## The Most Important Strategic Choice of the Early 21st Century *(continued)*

Nature has unleashed unimaginable terror on our friends in Japan and at the same time tabled the most profound question for the actors who will shape the future of Asia.

Responding strategically and decisively to the crisis in Japan is one of the most important opportunities of the early twenty-first century for the United States, China, and other Asia-Pacific countries. The stakes are historically high.

# The Week That Was

“When our Dialogue Partners suffer, ASEAN suffers along with them. We are a community. In time of emergencies like this, it is only natural that we step forward and extend our hands to the people of Japan in return. That, too, is an ASEAN Way.”

-ASEAN Secretary General Surin Pitsuwan

## HUMANITARIAN DISASTERS IN JAPAN

- **Help for Japan from ASEAN.** ASEAN has collectively and individually recognized the urgent need to support Japan, providing rescue and recovery teams, funds, and food and other supplies. One of the best steps ASEAN and other nations can take is to keep markets open to Japanese goods and not implement unscientific policies to restrict trade based on radiation fears. Good policies should be supported by science and benchmarked to international standards and testing facilities. Secretary General Surin Pitsuwan said, “When our Dialogue Partners suffer, ASEAN suffers along with them. We are a community. In time of emergencies like this, it is only natural that we step forward and extend our hands to the people of Japan in return. That, too, is an ASEAN Way.”
- The president of the Philippine Medical Association, Dr. Oscar Tinio, said his group’s emergency and disaster management committee has begun mobilizing volunteer specialists in the fields of surgery, emergency medicine, anesthesiology, and pediatrics. The Philippine Air Force said it will send its cargo plane C-130 to help evacuate civilians.
- Malaysia will send a team of 50 search and rescue (SAR) personnel, including five tracker dogs and additional aid material and medicine.
- Indonesia’s National Disaster Mitigation Agency will dispatch a 64-member Rapid Reaction Team equipped with medical supplies. The team will include members of the military, SAR team, and medical personnel. Indonesia also pledged \$2 million in aid to Japan to help with the losses caused by the earthquake and tsunami.
- Singapore’s prime minister Lee Hsien Loong said Singapore would donate \$392,000 to the Singapore Red Cross as “seed money” to kick-start relief efforts for the earthquake. The search platoon of the Singapore Civil Defense Force (SCDF) dispatched five officers and search dogs from its rescue contingent “Operation Lionheart” to Japan.
- Thailand’s cabinet has allocated \$6.58 million to buy warm clothes, gloves, rubber boots, and other goods to be sent to Japan. Thailand will also send 15,000 tons of rice and a 17- person medical team to the Sendai area.
- Vietnam pledged \$200,000 aid to Japan and the Vietnamese Red Cross will give an initial \$50,000 to the Japanese Red Cross.
- Cambodia’s prime minister Hun Sen expressed condolences and offered a contribution of \$100,000 to relief efforts.
- Laos and Burma/Myanmar contributed \$100,000 to relief efforts. Laos agreed to collect more money for Japan and be prepared

to send some personnel to the disaster-stricken country.

- Australia sent a 72-person urban search and rescue team, along with sniffer dogs, to Miyagi prefecture and provided airlift support. The country is also helping to move fresh water, troops, and equipment in the quake zone.
- Incredibly, even while dealing with its own disaster in Christchurch, New Zealand contributed search and rescue teams numbering 65 personnel.

#### NEW ZEALAND

- **American Friends of Christchurch (AFOC) created to support recovery.** U.S. assistant secretary of state Kurt Campbell and New Zealand ambassador to the United States Mike Moore are honorary chairs of a new organization called American Friends of Christchurch (AFOC). They made the announcement about the new organization to the collected American survivors of the U.S.-NZ Partnership Forum who were in Christchurch when the February 22 earthquake struck. The organization will be led by Peter Watson, an American of Kiwi descent and former director of Asian affairs on the National Security Council, and will seek to focus the United States-New Zealand joint support for Christchurch's recovery process. Mr. Watson and Ambassador Moore will be interviewed about the AFOC and their plans later this week by CSIS senior adviser Ernie Bower. The interview will be aired on CSIS multimedia on [www.csis.org](http://www.csis.org).

- **Royal Commission created for investigation of Christchurch quake damages.** Prime Minister John Key said New Zealand would hold a royal commission to investigate the two office buildings that failed to withstand the 6.3-magnitude earthquake. The Royal Commission, chaired by High Court judge Mark Cooper, would make broader examination of building standards in Christchurch, where one-third of the downtown area and 10,000 homes will be leveled because of the quake.

- **Australian and NZ dollars fall below parity.** The Australian dollar slid, due to heightened concerns about earthquake-ravaged Japan and as traders pushed out interest rate expectations from the Australian central bank. It traded for \$0.9950, down from \$1.0076 on March 17. The Australian dollar traded at Y81.185, down from Y82.775 against the yen. The New Zealand dollar plunged to a five-month low of 0.7321 against the U.S. dollar and a six-month low of 59.50 against the yen. Central banks in both countries indicated they will not make changes in their prime or interbank rates.



Secretary Clinton and Prime Minister Key in Wellington, November 2010.  
[flickr.com/photos/us\\_embassy\\_newzealand/5144845037/](http://flickr.com/photos/us_embassy_newzealand/5144845037/)

## INDONESIA

- **SBY is reshuffling the political cabinet?** Apparently not. Indonesian president Susilo Bambang Yudhoyono (SBY) appears to have backed off his plans to fire ineffective ministers. The president's indecision comes at time when Indonesians are asking hard questions about religious freedom, corruption, and macroeconomics—particularly inflation. State Secretary Sudi Silalahi said that SBY has not given a timeframe for the cabinet reshuffle. Instead, he said the president would move only “whenever it is needed.” Sudi also called for an end to media speculation regarding changes, saying it could affect the performance and concentration of the current cabinet members.

- **Parcel bomb explodes at office of a political party headquarters.** On March 15, 2011, a bomb exploded at the office of the moderate Islamic group Liberal Muslim Network, injuring at least two people. The bomb was in a package addressed to Ulil Abshar Abdalla, a politician who frequently speaks out against religious extremism. The bomb exploded while an officer was checking the contents of the package. The explosives were placed inside a hollowed-out book titled *They Need to Be Killed for their Sins against Islam and Muslims*. Three similar mail bombs were also sent to other high-profile Indonesians. The targets were Lt. General Gories Mere, former chief of the police anti-terror squad; Yapto Suryosumarno, a politician; and Ahmad Dhani, a well-known singer who had recent disagreements with Islamic extremists. No one has admitted to sending the explosives, and the government has called for investigations into the incidents.



*Indonesian President Susilo Bambang Yudhoyono. flickr.com/photos/londonsummit/3406188803*

## CAMBODIA

- **Cambodia and Thailand move to resolve the temple dispute.** Cambodia has agreed to join an ASEAN-proposed meeting, scheduled for March 24, 2011, on the Cambodia-Thailand border conflict. ASEAN is awaiting confirmation from Thailand. Meanwhile, Cambodian and Thai officials have already agreed to meet on May 25, 2011, at the Paris headquarters of the United Nations Educational, Scientific and Cultural Organization (UNESCO) to discuss issues related to the Preah Vihear temple. The meeting is an outcome of a visit by UNESCO envoy Koichiro Matsuura to the two countries in late February.

- **Mass evictions displace thousands in central Phnom Penh.** A lake-filling project aimed for commercial development has begun in central Phnom

Penh. It will eventually displace approximately 4,000 lakeside families. Half of the residents living on the shores of the Boeung Kak Lake have already left. Residents repeatedly received limited compensation from the company and were denied land titles by the government. The remaining residents have held frequent protests, urging the company to allow them to stay in their homes. In 2009, the evictions displaced approximately 27,000 people across the country. World Bank president Robert Zoellick called for Cambodia to halt the mass eviction.

- **Cambodia and the United States discuss “dirty debt.”** On March 17, Cambodian foreign minister Hor Namhong and U.S. deputy assistant secretary for East Asian and Pacific Affairs Joseph Yun met to discuss ways to settle the “dirty debt” of approximately \$445 million. During the talks, Hor Namhong asked the United States to lower the interest rate on the loans from 3 percent to 1 percent. He also requested that 70 percent of the debt be converted into development assistance for Cambodia and that the remainder be paid to Washington. Without much comment, Yun expressed hope for an agreement to be reached soon. For an analysis on the Cambodia debt issue, please read “Cambodian Debt to the United States: Ring of Consecrated Sand” by CSIS Southeast Asia Program senior adviser and director Ernest Bower at cogitASIA: <http://cogitasia.com/cambodian-debt-to-the-united-states-ring-of-consecrated-sand/>.

## BURMA

- **Earthquake at Burmese border.** On March 10, 2011, a 5.4 magnitude earthquake struck southwest China, near the border with Burma, killing at least 24 people and injuring more than 200 others. According to the U.S. Geological Survey, the earthquake was centered approximately 217 miles northeast of the Burmese city of Mandalay and occurred at a depth of about 22 miles. There were no immediate reports on the effects of the quake in Burma.

- **United Nations envoy calls for probes on human rights violations in Burma.** Tomás Ojea Quintana, the United Nations special rapporteur on human rights in Burma, called on the Burmese government to carry out credible probes on human rights violations and to release all political prisoners immediately. Quintana said told the UN Human Rights Council that he needed to see stronger signals from the newly elected authorities that they intend to change the policies of the old government. If the Burmese government fails to confront the current problems, then “the responsibility to take action falls to the international community.”

“Tomás Ojea Quintana, the United Nations special rapporteur on human rights in Burma, called on the Burmese government to carry out credible probes on human rights violations and to release all political prisoners immediately.”



- **Political parties lobby EU to end sanctions.** On March 14, 2011, 10 opposition parties in Burma gathered to call on the European Union (EU) to terminate sanctions on Burma, claiming that post-election “evolution” is under way. Led by the Myanmar Fraternal Democratic Parties, an alliance including the National Democratic Force (NDF), Democratic Party Myanmar (DPM), and other ethnic parties said that the current embargo denies Burma the benefits of foreign investments. Khin Maung Swe, leader of the NDF, also called on the EU ministers to facilitate dialogue between the opposition groups and the military junta. European countries are reportedly becoming more divided on their sanctions policies.

## VIETNAM

- **Vietnam moves ahead with nuclear power plants.** The Vietnamese government announced its intentions to move forward with plans to build the country’s first nuclear power plant, with help from Japan and Russia. Nguyen Phuong Nga, spokeswoman for Vietnam’s foreign ministry, said nuclear safety was a top priority and Vietnam would work with Japan and other international partners to develop safe nuclear energy. Tran Thanh Minh, former director of Vietnam’s Institute for Nuclear Science and Technology, said that although he agreed with the government’s decision, careful consideration needed to be given to rising sea levels, as Vietnam is one of the countries most vulnerable to the effects of climate change.

- **Vietnam business costs higher for foreign companies.** According to a joint study by the Vietnam Chamber of Commerce and Industry and the U.S. Agency for International Development (USAID), foreign companies face higher start-up costs than domestic businesses do. The survey found investors face an uncertain regulatory environment. For instance, it can take a foreign firm twice as long as a local company to start a business in Vietnam. Foreign direct investment pledged in Vietnam dropped 32 percent to about \$1.56 billion in the first two months of 2011. Of the 1,155 foreign enterprises surveyed, 64 percent admitted they waited more than a month for clearances, compared with only 32 percent of the 7,300 domestic businesses surveyed.

- **U.S. reduces duties on Vietnam’s fish.** The U.S. Department of Commerce (DOC) has decided to reduce antidumping taxes on Vietnam’s tra fish (*Pangasius*). Duty rates on Vietnam’s *Pangasius* exports will return to zero to 0.52 percent. In September 2010, the DOC released a preliminary decision approving a proposal that would have used the cost of production in the Philippines instead of Bangladesh to calculate the



*Vietnamese catfish Pangasius. flickr.com/photos/noodlepie/53644217/sizes/z/in/photostream/*



cost of production in Vietnam, deemed a non-market economy. Using the Philippines as a surrogate would have imposed a 130 percent duty rate on Pangasius exports instead of the much lower zero to 0.52 rate used if Bangladesh was Vietnam's surrogate. The Vietnamese government expressed dissatisfaction with last year's proposal, claiming that it would affect the trade relationship between the two countries. The United States is Vietnam's second-largest market for fish after the EU. However, Vietnamese fish exporters have been the focus of protectionist campaigns from the Catfish Farmers of America. Though the Pangasius is technically a different species of catfish and has a different taste and texture, the Catfish Farmers of America has lobbied to keep the cheaper Vietnamese Pangasius out of the American market.

## MALAYSIA

- **Malaysia seizes suspicious nuclear shipment to Iran.** On March 18, 2011, Malaysian police seized suspicious equipment, possibly for use for nuclear weapons, from a Chinese ship bound for Iran. Home Minister Hishamuddin Hussein stated that there were reasons to believe the ship's containers held material "used for weapons of mass destruction and nuclear armaments." Local and international agencies will have to verify the shipment, which may take weeks or months. The ship was bound for Iran when it was intercepted. According to the home minister, the crew was released after questioning because the police had no grounds to detain them.

- **Cabinet to decide Malaysia's nuclear fate.** According to the Energy, Green Technology, and Water Minister Datuk Seri Peter Chin Fah Kui, the cabinet will review plans to move forward with the construction of two nuclear power plants. The government is currently awaiting a report by the Malaysia Nuclear Power Corporation to better inform their decisions. Malaysia's pursuit of nuclear energy has been questioned and criticized by political parties such as the Malaysian Chinese Association (MCA) and Gerakan who say they believe safer alternatives are possible, in light of the nuclear crisis in Japan.

- **Australian firm set to build rare earths plant in Malaysia.** Australia's Lynas Advanced Materials Plant (LAMP) in Kuantan announced plans to finish building a huge rare earths processing plant in Malaysia later this year. Described as "the largest of its kind," the plant will refine raw materials from Mount Weld in Western Australia and help provide the first new supply source of rare earths metal outside China. The company wants



*President Barack Obama meets with Prime Minister Najib Razak at the Nuclear Security Summit last year. flickr.com/photos/csisponi/4523394557/*

to boost the plant's output to 22,000 tons a year by the end of 2012. The government's approval of the project has drawn criticism from Malaysian environmental groups, who believe the new refinery will produce enormous quantities of radioactive waste. Malaysia's Atomic Energy Licensing Board said that while the project was approved, it has not obtained the go-ahead for operations because government agencies will need to review the safety aspects of the project.

## PHILIPPINES

- **Public-private partnerships.** On March 7, 2011, President Aquino launched the first tranche of public-private partnership (PPP) projects, worth \$1 billion. He said the projects will “undoubtedly further stimulate” the Philippine economy. The projects include the Ninoy Aquino International Airport Expressway, Daang Hari-SLEX Road Project, and the North-South Luzon link expressway. President Aquino noted that the projects “give more reason to be optimistic; we can expect thousands of jobs for our people, growth in our economy, and long-term, mutually beneficial partnerships between the public and private sectors.” Analysts say these projects will improve Philippine transportation infrastructure, thereby boosting the country's economic competitiveness.

- **Clinton-Del Rosario dialogue.** Secretary of State Hillary Clinton phoned new Foreign Affairs Secretary Albert del Rosario on March 13, 2011, to discuss issues of mutual interest between the Philippines and the United States, including regional architecture mechanisms, the South China Sea, and U.S.-Philippine bilateral relations. Del Rosario welcomed the participation of the United States as the newest member of the East Asia Summit (EAS) and noted that both the United States and the Association of Southeast Asian Nations (ASEAN) would play significant roles in the EAS. On the South China Sea, both leaders talked about the need for all claimants to resolve these issues peacefully at the negotiating table, iron out their claims, and work with China on a legally binding Code of Conduct. Finally, both leaders expressed their desire for an early meeting so that they could work more closely in advancing the common interests of the Philippines and the United States.

- **Gutierrez impeached.** On March 22, 2011, the Philippine House of Representatives approved the articles of impeachment to bring Ombudsman Merceditas “Merci” Gutierrez to trial in the Senate. In a 212-46 vote with four abstentions, the lawmakers impeached Gutierrez for allegedly betraying the public trust by inaction on various corruption



*Makati Skyline. flickr.com/photos/mjlsha/3549512394/*

charges involving officials in the former Arroyo administration. Gutierrez was also accused for her inaction on a fertilizer fund scam. Analysts believe that if the Congress impeaches Gutierrez, they will gain confidence in pursuing other Arroyo appointees who have been accused of undermining President Aquino's anticorruption and reform efforts.

## THAILAND

- **Abhisit survives no-confidence motion.** Prime Minister Abhisit Vejjajiva survived a no-confidence vote following heated debate in the parliament on March 19. Cost of living, growing public debt, and the government's mismanagement of economic policy were discussed in a three-day censure motion that pitted the opposition party, Puea Thai, against the prime minister. In response to these issues, Prime Minister Abhisit stressed that his administration is responsible for the highest exports and tourism gains in the country's history. Also, Deputy Prime Minister Suthep Thaugsuban repudiated accusations by Puea Thai MP Jatuporn Prompan that the government was responsible for the deaths of protestors in the April-May 2010 violence and the arsonist attack on Central World Plaza. He stated that the "men in black," led by the late Major General Khattiya Sawasdiapol, were behind those developments.

- **Effects of Japanese disaster on Thailand.** Thai authorities estimate that Japan's catastrophe will cut Thai exports to Japan by 7.2 percent, or \$735 million to \$1.47 billion. The Thai baht fell by the most in six weeks as the deteriorating situation at a nuclear power plant in Japan boosted concern that the global economic recovery will slow, cutting demand for emerging-market assets. Analysts also expect a decline in foreign direct investment as Japanese companies focus on rebuilding domestically.

## LAOS

- **The National Congress of the Lao People's Revolutionary Party** opened on March 17, 2011, at the headquarters of the Party Central Committee in Vientiane. Some 576 delegates, representing more than 190,000 party members, gathered to select a new party leadership that will govern for the next five years. Choummaly Sayasone, 75, was re-elected as secretary general, a position he has held since 2006. Former prime minister Bouasone Bouphavanh was dropped from the Politburo, while his successor, Thongsing Thammavong, was elevated to the number two slot in the top decisionmaking body. Other Politburo members include Vice President Bounnhang Vorachit and Foreign Minister Thongloun Sisoulith.



*Scenes from inside Thailand's House of Parliament during the censure debate.*  
[flickr.com/photos/thaigov/5537330242](http://flickr.com/photos/thaigov/5537330242)

- **Thirty percent of Assembly seats expected to go to women.** The selection process for the Lao National Assembly is scheduled for April 30, 2011. According to Thongsy Ouanlasy, a National Election Committee member, Laos has a policy to promote the role of women in all sectors of the country, including the parliament. At least 30 percent of the seats for the upcoming election will go to women. By increasing women's representation in the government, Laos hopes to address problems related to women and gender equality.

- **Russian mobile operator acquires 78 percent stake in Laos's Millicom.** Russian mobile operator VimpelCom Ltd. acquired a 78 percent stake in Millicom Lao Co. for \$ 88 million. VimpelCom paid the owners of the stake around \$65 million and also repaid \$23 million of Millicom's debt. Though the deal was announced in September 2009, the acquisition was delayed until the recent endorsement of the Lao government.

## SINGAPORE

- **Singapore lifts restrictions on election campaigning.** Singapore amended its Parliamentary Elections Act to allow political parties and candidates to use "new media" in campaigning for the general elections (GE). Candidates can now upload live recordings of election activities online without vetting from the Board of Film Censors. These moves are expected to bring about more liberal campaigning and will appeal to young voters who are comfortable with new media. However, all candidates must declare the platforms they will use for election advertising within 12 hours after the start of the campaign period. The upcoming GE will be more robustly contested than previous ones, as the opposition has indicated they will field candidates for all 87 open seats.

- **Minister Mentor Lee clarifies comments about the Muslim community.** Singapore's minister mentor Lee Kuan Yew corrected remarks about Singapore's Muslim community he had made in his book *Hard Truths*, which was released earlier this year. In his book, Mr. Lee states that Singapore's multicultural society was proceeding well until the "surge of Islam," making it difficult for Muslims to integrate properly into Singapore's society. In a statement on March 7, 2011, Lee shared that ministers and politicians had informed him of Singaporean Muslims' special efforts to integrate and that his comments were therefore "out of date." Yaacob Ibrahim, Singapore's minister-in-charge of Muslim affairs, welcomed Lee's statement and urged Singapore's Muslim community to "move on."



*Minister Mentor Lee Kuan Yew. commons.wikimedia.org/wiki/File:Lee\_Kuan\_Yew.jpg*

“Prime Minister Julia Gillard is defending herself after reneging on her election promise to not pursue a carbon tax.”

## AUSTRALIA

- **Julia Gillard under fire for carbon tax.** Prime Minister Julia Gillard is defending herself after reneging on her election promise to not pursue a carbon tax. The prime minister said she still believed in a carbon-trading scheme; however, she had to compromise with the Greens and independents to get legislation through the parliament. She was also criticized by former prime minister John Howard for launching a plan without any details. Opposition leader Tony Abbott has called Prime Minister Gillard’s explanation of why she broke her pre-election pledge “deceitful.”
- **Anxiety over nuclear power.** Labor member of Parliament Stephen Jones says that nuclear power is never entirely safe. But outspoken union boss Paul Howes claims the evolving nuclear crisis in Japan should not prevent a calm and unemotional debate about the use of nuclear energy in Australia. Dr. Ziggy Switkowski, former chairman of the Australian Nuclear Science and Technology Organization, acknowledged the situation in Japan could set back the cause of nuclear power; however, it is an important consideration for a low-carbon future. Currently, Australia has no nuclear power plants.

## BRUNEI DARUSSALAM

- **Brunei Shell Petroleum reports significant oil finds.** Brunei Shell Petroleum (BSP) announced a “significant oil and gas find in its deep water acreage” that could add several hundred million barrels of oil production for the sultanate. The well, known as Geronggong, is located 100 kilometers from the coast of Brunei and almost one kilometer deep. The well is the deepest find for BSP in Brunei’s waters.
- **Brunei forms committee to cut energy use by 25 percent.** Brunei’s minister of energy, Pehin Dato Hj Mohd Yasmin Hj Umar, announced the establishment of a committee to deal with the country’s energy efficiency and conservation strategy. The committee will comprise nongovernmental organizations and private-sector agencies and aims to reduce the sultanate’s energy usage by 25 percent by 2035. This move is in line with Brunei’s commitment to reduce its energy intensity as part of its commitment to the Sydney APEC Leaders’ Declaration on Climate Change, Energy Security, and Clean Development, which was signed in 2007. The minister also noted that the oil-rich nation has taken steps toward promoting alternative energy use and has established a solar-powered power station in the oil-producing town of Seria.



- **Kampong Ayer to apply for UNESCO World Heritage listing.** Brunei's minister of culture, youth, and sports, Pehin Hj Hazair bin Hj Abdullah, announced plans to register Kampong Ayer, Brunei's "water village," as a UNESCO World Heritage site. The minister is seeking Sultan Hassanal Bolkiah's approval for the listing and is working toward ratifying the UNESCO World Heritage Convention. The UNESCO listing is set to revitalize the historic 500-year-old village of 12,500 residents as a tourist destination. The village, which consists of houses built on stilts above the waters of the Brunei River, suffers from sanitation and pollution concerns, aging buildings, and development constraints. Brunei currently has no UNESCO World Heritage sites.



*Brunei is planning to list the 500-year-old water village as a UNESCO World Heritage site. [flickr.com/photos/ameztegui/3446056558/](https://www.flickr.com/photos/ameztegui/3446056558/)*

## TIMOR-LESTE

- **Timor-Leste faces stiff objections for ASEAN admission.** Timor-Leste has expressed its intention to join ASEAN and has received support from Thailand and Indonesia. Singapore, however, has expressed concerns and said it is prepared to veto Timor-Leste's inclusion for at least several years, due to the state's lack of capacity for contributing to ASEAN integration by 2015. Cambodia and Laos also expressed concerns, reportedly about dilution of capacity-building assistance.

## PAPUA NEW GUINEA

- **Prime minister found guilty on accusations of financial misconduct.** A special tribunal has found Prime Minister Sir Michael Somare guilty of 13 charges of misconduct. The prime minister was accused of improperly or only partially filing his financial statements between 1994 and 1997. Denying the allegations, he claims he has lodged his records with the ombudsman commission every year and suggested that records were lost by that staff. Somare may face penalties ranging from a fine to dismissal from office, although politicians guilty of similar offenses in the past have merely been fined. The tribunal is expected to sentence the prime minister on later this week.

## MEKONG DELTA/RIVER

- **Mekong Delta to become a major global economic zone by 2050.** Vietnam's Ministry of Construction and the Can Tho People's Committee announced the prime minister's decision to develop the Mekong Delta until 2020, as part of an envisioned global economic zone by 2050. The plan envisions the construction of an international airport in Can Tho and Phu Quoc, and divides the delta into three main metropolitan areas: Can



Tho City, My Tho City, and Ca Mau City. The ministry projects the delta will have 250 cities with a combined total population of 20 million–21 million by 2020. Urbanization will proceed at a rate of 33 to 35 percent. Six electricity plants with a capacity of 22,500 MW are expected to be completed soon to supply the growing population.

- **Vietnamese criticism of dam project may sway Laos.** Lower Mekong River countries and environmental groups continue to criticize Laos over its decision to proceed with the construction of the \$3.5 billion Xayaburi hydropower dam. Opposition from Vietnam and other lower Mekong countries could force Laos to delay the building of the dam. Vietnam and Laos, which are ideologically and politically close, have found it difficult to extricate themselves from diametrically opposed positions on the Xayaburi dam. The Mekong countries are awaiting recommendations from the Mekong River Commission (MRC) due to be completed this month. Thailand has a vested interest in the electricity generated from Xayaburi and has announced it will remain neutral in MRC negotiations. Vietnam and Cambodia have vowed to continue to place political pressure or use economic leverage to force Laos to give up the dam.

## SOUTH CHINA SEA

- **China deputy calls for a law of the sea.** Zhang Deshun, former deputy chief of staff of the PLA Navy, said that China lacked a national law to guide efforts on marine resource development and to protect its maritime interests. Zhang called on the country to implement a basic law of the sea to combat rampant infringement of maritime sovereignty. Zhang said the purpose of his proposed law was to make clear the goals and strategies for sea development, map a detailed blueprint, and set up an agency to streamline agencies handling sea-related matters.

## ASEAN

- **ASEAN Summit Preparatory Meetings.** On March 7, 2011, 30 officials from all ASEAN countries met in Yogyakarta, Indonesia, to prepare for the upcoming ASEAN summit on May 7–8, 2011. The meeting involved all Senior Officials Meeting (SOM) leaders, Senior Economic Officials Meeting (SEOM) leaders, and members of the Senior Officials Committee for the ASCC Council (SOCA). During the meeting ASEAN officials offered new ideas that would be set as goals for this year, including cooperative plans between universities within ASEAN. These will serve as significant steps to promote people-to-people interaction in an effort to realize an ASEAN Community by 2015. The ministers also outlined plans to accelerate the



*The frigate Mianyang of the PLA-Navy sails into Sydney Harbor. flickr.com/photos/crouchy69/5006900623/sizes/z/in/photostream/*

establishment of eminent persons groups between ASEAN and both the United States and India that would be made up of representatives from both the public and the private sector. A single unified tourist visa for ASEAN countries has been proposed, an initiative that analysts believe will increase the number of visitors in Southeast Asia, thereby boosting economic activities in the region.

- **ARF Disaster Relief Exercise.** On March 15, 2011, Indonesian vice president Boediono inaugurated the ASEAN Regional Forum Disaster Relief Exercise (ARF DiREx) in Manado, Indonesia. Boediono was accompanied by visiting Japanese deputy prime minister Makiko Kikuta. Other participating countries included Australia, China, the EU, the Republic of Korea, and Singapore. U.S. ambassador to Indonesia Scot Marciel said, “Through its leadership in developing major multilateral cooperative activities like ARF DiREx, Indonesia is demonstrating its desire to play a prominent role in regional and global affairs.” Ambassador Marciel assured ASEAN countries that the United States is committed to supporting Indonesia’s ARF efforts and to engaging other Southeast Asian countries in mutually beneficial, multilateral activities, including common security concerns.

## APEC

- **SOM I meeting in Washington D.C.** On March 9, 2011, Secretary of State Hillary Clinton spoke at the Asia-Pacific Economic Cooperation (APEC) Senior Official Meeting (SOM I) in Washington D.C. Secretary Clinton reiterated the U.S. commitment to the Asia-Pacific region and laid out three principles for success: open opportunities around the world; a free platform with as few barriers as possible to trade and investment; and a fair and level playing field, where businesses succeed or fail based on honest competition rather than government manipulation. Michael Froman, deputy national security adviser for international economic affairs, said that SOM I went “a long way” toward making APEC 2011 a “successful and productive year.” The meetings explored ways to address nontariff barriers, ease exchanges of technologies of vehicles with reduced greenhouse gas emissions, and collaborate on emerging green innovations, including smart-grid technology. Additional SOM meetings are scheduled at Big Sky, Montana, in May and San Francisco in September.

- **Trans-Pacific Partnership Agreement and U.S.-Korea FTA.** The Obama administration planned to have key elements of a Trans-Pacific Partnership (TPP) agreement in place for a nine-country free trade bloc by the APEC summit in November 2011. Michael Froman, deputy national security



*Secretary of State Hillary Rodham Clinton speaks to the first APEC Senior Officials Meeting of the year. flickr.com/photos/statephotos/5513494803/*



adviser for international economic affairs, said that the APEC meeting in Honolulu is not a target date to full completion of the TPP talks, but noted that the TPP negotiations and APEC meetings are complementary and reinforcing as they share the same goals of enhancing trade, regulatory cooperation, and green growth. The Korea-U.S. Free Trade Agreement (KORUS) is currently pending delivery to the U.S. Congress for review. Despite calls from many congressional and business leaders for the administration to submit a package of three FTAs for approval on Capitol Hill, the United States Trade Representative said it would send KORUS first and seek ratification before sending FTA agreements with Colombia and Panama for approval.

# Looking Ahead



*Ambassador Dr. Dino Patti Djalal is received by President Barack Obama last year. White House photograph in the public domain. photos/44642504@N03/5074097992*

- CSIS Southeast Asia Program event with Indonesia's ambassador to the United States His Excellency Dr. Dino Patti Djalal: "Moving Forward: The Future of the U.S.-Indonesia Relationship." Further details of the event will be available soon; please e-mail [SoutheastAsiaProgram@csis.org](mailto:SoutheastAsiaProgram@csis.org) with any questions.
- Launch of CSIS Southeast Asia Program study "Sustainable Energy Futures in Southeast Asia" on March 31. The CSIS Southeast Asia Program will be launching a new study on energy and related environmental policies—and future energy landscapes—in Southeast Asia's largest economies. Further details of the event will be available soon. Meanwhile, interested parties can e-mail [SoutheastAsiaProgram@csis.org](mailto:SoutheastAsiaProgram@csis.org) to find out more about the study.
- U.S.-Japan-Australia Trilateral Strategic Dialogue on April 12 in Washington D.C.

## SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

CSIS Southeast Asia Program contributors:

Ernest Bower, Senior Adviser and Director

Ai Ghee Ong, Research Associate and Program Manager

Jennifer Chen, Intern Scholar

Chayut "Peko" Setboonsarng, Intern Scholar

Derek Pham, Intern Scholar

Lie Nathanael Santoso, Intern Scholar

Kheng Swe Lim, Intern Scholar

For more details on our programs and to follow CSIS with real-time updates, follow the CSIS Southeast Asia Program:



On Facebook at <http://www.facebook.com/CSISSoutheastAsia>



On Twitter at [@SoutheastAsiaDC](https://twitter.com/SoutheastAsiaDC).



On our blog, [cogitASIA](http://CogitAsia.csis.org) at <http://CogitAsia.csis.org>

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

This newsletter is published by the Southeast Asia Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C., a private, tax-exempt institution focusing on international public policy issues. CSIS's research is non-partisan and nonproprietary. 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).

© 2011 by the Center for Strategic and International Studies. All rights reserved.