

Southeast Asia from the Corner of 18th & K Streets

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Enter the Cambodians

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It is time American senior officials got to know their way around Phnom Penh.

Cambodia, one of ASEAN's newer and smaller members, will assume the chairmanship of ASEAN from Indonesia later this year. The chair plays a key role in setting the agenda for ASEAN and ASEAN-based regional economic and security architecture such as the East Asian Summit (EAS), ASEAN + 3, and the U.S.-ASEAN leaders' summit.

Many analysts and senior officials are focusing no further than the Asia Pacific Economic Cooperation (APEC) summit in Honolulu and the EAS meeting and U.S.-ASEAN leaders' summit in Bali in November. September is the month when U.S. officials in charge of planning the president's engagements at the APEC summit, the EAS, and the U.S.-ASEAN leaders' summit start to feel the heat and need political leaders to focus on defining deliverables. What is the president going to point to as the results of his investment of time and energy in Hawaii and Bali in November? How will the meetings and agenda be structured? Will the president have the opportunity to genuinely engage fellow leaders, or will the hosts get hung up on protocol and sacrifice interaction for safer (but less useful) set pieces?

These are important questions and focus is necessary. However, the United States needs to extend planning cycles, connect the dots between Asia's potential impact on domestic issues such as economic recovery and job creation, and invest more political capital in Asia. Only by taking these

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Steps will the United States transition from a State Department- and U.S. Pacific Command (PACOM)-led involvement in Asia to a strategic engagement. Strategic engagement is the level required for the United States to reap real and sustained returns on investment from being an Asia Pacific nation.

This is the context that should bring American focus to Cambodia, a country of 15 million people run by Prime Minister Hun Sen and his Cambodian People's Party (CPC). The Cambodian economy is gaining momentum. Growth estimates from the World Bank for 2011 are 6.5 percent, with IMF estimates at 6.8 percent. Foreign direct investment is on track to reach 6 percent of GDP for this year compared to 5.4 percent last year. Inflation is estimated at 5.5 percent for 2011 and 5 percent for 2012, quite manageable relative to other Asian countries.

On the surface, Cambodia appears to be one of the ASEAN countries most influenced by a highly targeted Chinese charm offensive. Chinese influence in Cambodia was underlined in December 2009 when China compensated Cambodia with an estimated \$1 billion in new deals for infrastructure and rebuilding Buddhist temples in return for agreeing to forcibly repatriate 20 Uighurs (members of a Muslim ethnic minority group in China). China has since focused on providing soft loans and military support for Cambodia, finding an eager partner in Hun Sen, who is seeking to build momentum for one of the region's least-developed economies. The United States has offered some military support, but each of its efforts has been parried by China, which consistently offers to top American offers.

But a closer look reveals real opportunities. Hun Sen is a pragmatist and realist. His path to consolidating power after years of gut-wrenching horror, including genocide, in Cambodia did not follow governance models that could be supported by countries whose foreign policies held human rights, democracy, and transparency dear. In truth, however, many Southeast Asian post-colonial leaders followed such paths in their nation-building push during the Cold War. Because Hun Sen's efforts were carried out later than those of his neighbors, they stood out more starkly, framed by democratizing ASEAN neighbors like Thailand and Indonesia on one side and by the brutal repression of the junta in Burma on the other.

Evidence suggests that Hun Sen may not want to allow himself to be dominated by China. Cambodia's economy has clearly benefitted enormously from Chinese trade and soft loans, but to sustain that growth and attract new investment that includes technology transfer, training,



Cambodia's pragmatic prime minister Hun Sen is seeking greater international linkages for his country, including with the United States. <http://www.flickr.com/photos/worldeconomicforum/4674308266/>.

Enter the Cambodians *(continued)*

education, and linkages to world markets, Cambodia needs to get out from behind paternalistic ties to China. Its leaders are well aware of this and a more balanced foreign policy is a real possibility as a result.

Hun Sen has recruited highly talented Cambodians with international experience and strong links to the United States and Europe to his team. Leaders such as Chantol Sun, the Cambodian government's investment guru, and special advisers like Sok Siphana, who is advising both the Supreme National Council and the Ministry of Foreign Affairs and International Cooperation and has strong links to multilateral development agencies, European countries, and the private sector, suggest important new openings for diplomacy and engagement.

The prime minister is interested in enhancing Cambodia's international linkages. Cambodia has deployed hundreds of troops to serve under the United Nations Peacekeeping program around the world, especially in demining activities. In fact, Phnom Penh is lobbying for a rotational UN Security Council seat by 2013 to raise its profile in the international arena.

ASEAN's partners including the United States should not assume that a Cambodian chairmanship of ASEAN in 2012 means that Chinese interests will dominate as agendas are set for the EAS, the ASEAN Regional Forum (ARF), and the ASEAN Defense Ministers' Meeting-Plus (ADMM+). Instead, diplomats should redouble efforts to understand the new Cambodian worldview and the country's plans for development. The results of such exploration may defy assumptions that Phnom Penh will settle for Beijing-dominated development.

Approaching Southeast Asia strategically requires the United States to be a leader in this effort to uncover new opportunities for alignment with Cambodia. In the process, we should encourage other ASEAN countries and key partners such as Australia, Japan, Korea, and New Zealand to join the effort.

The goal should not be to compete with China in tit-for-tat aid, nor should we ignore core tenants of U.S. foreign policy such as governance, human rights, and the fight against corruption. Quite the opposite, in fact: if Hun Sen wants to stabilize and balance Cambodia, he must now move on to institution building, education promotion, and infrastructure development.

The truth is the Americans are more than welcome in Phnom Penh. Now is the time to focus. ■

“... Phnom Penh is lobbying for a rotational UN Security Council seat by 2013 to raise its profile in the international arena.”

The Week That Was

APEC

- **APEC ministerial meeting in San Francisco.** APEC's Senior Officials Meeting (SOM) is being held in San Francisco September 11-26 to prepare for the APEC Economic Leaders' Meeting hosted by President Barack Obama in Hawaii beginning November 13. A Transportation and Energy Ministerial will be held in San Francisco on September 13 on the sidelines of the SOM, followed by a Transportation Ministerial on September 14. An APEC Women and Economy Summit, a new forum to promote women's economic empowerment that will feature Secretary of State Hillary Clinton, has been organized for September 13. The SOM will focus on promoting regional economic integration, developing green growth among member economies, and encouraging regional economic cooperation and convergence.
- **President Obama's jobs speech to joint session of Congress.** In his jobs speech to Congress on September 9, President Obama again called on Congress to pass the three outstanding free trade agreements (FTAs) with Korea, Colombia, and Panama. Congress had been expected to pass the trade deals before the August recess, but those plans were shelved because of the wrangling over the government's debt ceiling. Trade analysts believe that congressional leaders of the two parties have reached an agreement under which they will renew funding for a job-retraining program and pass the FTAs in October. It is critical for President Obama's credibility with his counterparts in the Asia Pacific that the three FTAs are passed before he hosts APEC in November. Approval of the FTAs will also give a boost to the Trans-Pacific Partnership talks in which the United States is negotiating a regional trade agreement with eight other APEC members.

INDONESIA

- **Indonesia threatens retaliation as RIM builds factory in Malaysia.** Canada-based Research In Motion recently chose to bypass Indonesia as the regional manufacturing hub for its popular BlackBerry in favor of Malaysia. In response, Indonesian authorities have threatened retaliatory measures against RIM, with Industry Minister M.S. Hidayat suggesting that a value-added or luxury tax should be imposed on BlackBerry imports. Previous disputes between RIM and the Indonesian government are being cited for RIM's decision, especially Indonesia's demands in 2010 that the company establish a data center in the country and allow monitoring of messages on its BlackBerry Messenger Service. Ironically, Indonesia has one of the highest penetration levels for the BlackBerry in Asia.



A January 2010 launch event for the BlackBerry Bold 9700 and BlackBerry Storm2 9520 in Kuala Lumpur. BlackBerry maker Research In Motion has decided to build a regional manufacturing hub in Malaysia rather than neighboring Indonesia. <http://www.flickr.com/photos/liewcf/4286012436/>

- **Central bank maintains interest rates despite higher inflation.**

Indonesia's central bank announced on September 8 that its benchmark interest rate will be maintained at 6.75 percent for a seventh straight month despite inflation rising to a two-year high of 5.15 percent in August. Most analysts expect inflation to remain stable for the remainder of the year. The decision not to raise rates to combat inflation seems to indicate that Indonesian authorities remain concerned about the global economic slowdown.

- **Toyota opening minicar plant in Karawang.** Toyota Motor Corp. plans to open a new \$387 million plant in Karawang, Indonesia, by 2013 to produce minicars. The company had announced in May that it would invest \$176 million to expand capacity at a preexisting plant in Karawang. Toyota is the largest carmaker in Indonesia, controlling 60 percent of the market. The company's expansion in the country is part of Toyota's plan for emerging markets to account for half of its total sales by 2015. Toyota's announcement comes as global automobile manufacturers are taking a new look at investing in the world's fourth-most-populous country.

- **Indonesia deploys security forces to Maluku following communal clash.**

The Indonesian government deployed security forces to Ambon in the eastern province of Maluku on September 11 after Muslims and Christians clashed in fights that resulted in at least 6 deaths and 89 injuries. Violence erupted after rumors that a Muslim motorcycle taxi driver who had died from injuries in a traffic accident had in fact been killed by Christians. Muslim groups allegedly confronted Christians shortly after the man's funeral, and the altercation ended with both sides throwing rocks and wielding machetes, police told the AP.

THAILAND

- **PM Yingluck begins ASEAN tour.** Prime Minister Yingluck Shinawatra undertook her first overseas trip on September 10 with an eye to strengthening ties with fellow ASEAN countries. The tour began in Brunei on September 10, followed by Indonesia on September 12, and Cambodia on September 15. Foreign Minister Surapong Tovichakchaikul will accompany the prime minister to Phnom Penh to discuss the two countries' border conflict with his Cambodian counterpart.

- **Secretary-General of Thai National Security Council removed from office.**

Thailand's cabinet resolved on September 6 to transfer Secretary-General of the National Security Council Thawil Pliensri to the prime minister's



The Government House of Thailand in Bangkok houses the prime minister and cabinet offices. <http://www.flickr.com/photos/pnp/1705445084/>

office as an adviser. The move is waiting for royal approval. National Police Chief General Wichean Potephosree will replace Thawil. The transfer was part of a major reshuffle of senior officials in key ministries, with many of those viewed as loyal to ousted prime minister Thaksin Shinawatra, brother of newly elected prime minister Yingluck Shinawatra, promoted to key posts. Thawil vowed to appeal the decision.

- **Democrat Party sets up shadow cabinet on September 6.** Former prime minister Abhisit Vejjajiva will serve as the shadow prime minister and defense minister in the opposition Democrats' new shadow cabinet. Four senior party members, former finance minister Korn Chatikavanij, parliamentarian Chamni Sakdiset, parliamentarian Kiat Sittheeamorn, and former foreign minister Kasit Piromya, will serve as Abhisit's deputies. Former deputy minister Suthep Thaugsuban will serve as shadow interior minister and parliamentarian Juri Krairiksh as the shadow finance minister.
- **GM opens \$200 million diesel-engine plant in Thailand.** General Motors opened its first Southeast Asian diesel-engine plant in Thailand's Rayong province on September 9. The \$200 million plant is adjacent to GM's vehicle manufacturing plant and has a production capacity of about 120,000 engines a year. GM Southeast Asia president Martin Apfel said the plant is expected to produce around 100,000 engines in 2012 and will increase to full capacity in 2013.



Malaysia's minister of foreign affairs Anifah Aman addresses the UN General Assembly. Anifah has called on members of the Non-Aligned Movement to recognize Palestinian independence. http://www.flickr.com/photos/un_photo/3968458319/

MALAYSIA

- **Malaysia urges NAM members to recognize Palestine independence.** Malaysian foreign minister Anifah Aman on September 7 urged Non-Aligned Movement (NAM) member countries that have not recognized Palestine's independence to do so. He said that NAM must assist Palestine in realizing the two-state solution, recognizing East Jerusalem as the capital of Palestine and establishing pre-1967 borders with Israel. Ninety-seven of the 118 NAM member countries support Palestine's statehood.
- **Malaysia improves competitiveness position in the Global Competitiveness Report.** Malaysia's position in the 2011 Global Competitiveness Report rose to 21st out of 142 economies, up from 26th last year. Malaysia is currently ranked 6th among Asia-Pacific economies and 2nd in ASEAN with a score of 5.08 points out of a maximum of 7 (72.6 percent), compared to 4.88 last year. The report cited the country's "efficient and sound financial sector," which ranks 15th in the report, as one of the key factors for its improvement.

- **Malaysia's exports increase 7.1 percent in July.** Malaysia's Trade Ministry said the country's exports increased 7.1 percent year-on-year to \$19.80 billion in July. Higher shipments of palm oil, liquefied natural gas, and chemical products led the growth. The pace of exports was slower than June's 8.6 percent increase and down from the 13.5 percent increase in July 2010. The slowdown was expected because Europe and the United States are struggling with debt crises and Japan is recovering from recent natural disasters.

BURMA

- **Derek Mitchell travels to Burma for first visit.** U.S. special envoy for Burma Derek Mitchell began his first visit to the country by meeting with Burmese officials in Naypyitaw on September 9-10. Mitchell, a former Defense Department official and senior director at CSIS who was confirmed for his Burma post by the Senate in August, then traveled to Rangoon for consultations with civil society, political party, and opposition officials September 11-14. The State Department said the trip is "intended to build upon U.S. dialogue and engagement," but few analysts expect short-term changes in U.S. policy toward Burma. Mitchell says he will regularly visit other Asian countries to find ways to promote progress in Burma. He named China, India, Japan, and other ASEAN countries as future destinations.
- **Report criticizes oil and gas pipelines to China.** The Burmese exile group Shwe Gas Movement released a report entitled *Sold Out* on September 6 criticizing a \$1.5 billion project to construct natural gas and oil pipelines from Burma's Arakan state to China's Yunnan province. The project began in June and is funded and operated by the China National Petroleum Corporation along with Indian and South Korean companies. The report alleges the project will displace up to 30,000 people and siphon off Burma's natural resources to China.
- **Female Nobel Laureates call for a Commission of Inquiry.** Five women Nobel Peace Prize laureates (Mairead Maguire, Rigoberta Menchú Tum, Jody Williams, Shirin Ebadi, and Wangari Maathai) sent a letter to U.S. secretary of state Hillary Clinton on September 7 asking her to support the creation at the UN General Assembly on September 13-22 of a Commission of Inquiry into alleged war crimes in Burma. The State Department has previously expressed support for a Commission of Inquiry, but Secretary Clinton has not spoken on the matter personally.



Secretary of State Hillary Clinton, center, with Nobel Peace Prize laureate Wangari Maathai, right. Maathai and four other female laureates recently sent a letter to Clinton urging support for a Commission of Inquiry into Burmese war crimes. <http://www.flickr.com/photos/americanagov/3795679192/>

- **Burma sets up Human Rights Commission.** According to the state-run New Light of Myanmar, Burma recently established a 15-member National Human Rights Commission to “safeguard the fundamental rights of its citizens.” It is unclear how much authority the group of former bureaucrats and academics will have, but most outside observers doubt it will be given a significant role. The regime has tried recently to burnish its international image by allowing UN human rights envoy Tomás Quintana to visit and organizing a meeting between President Thein Sein and opposition leader Aung San Suu Kyi in August.

VIETNAM

- **IMF warns against lowering interest rates.** Benedict Bingham, the IMF’s senior resident representative in Vietnam, in a meeting with Vietnam’s president Nguyen Tan Dung in Hanoi on September 6 cautioned the government against lowering interest rates or easing monetary policy. Bingham said that addressing currency devaluation and reining in inflation must remain the government’s top priorities. The dong lost 1 percent of its value in August despite measured selling of dollar reserves by the central bank, and inflation rose to a 33-month high of 23.02 percent, the highest in Asia. The dong has lost more than 20 percent of its value since 2008.
- **Vietnam allegedly employing forced labor in drug-rehab centers.** Human Rights Watch released a report on September 7 detailing conditions of forced labor, abuse, and torture in Vietnamese drug-rehabilitation centers. The report asserts that approximately 40,000 inmates in 137 centers nationwide are forced to work long hours under poor conditions, mostly processing cashews, of which Vietnam is the world’s leading exporter. Vestergaard Frandsen of Switzerland and U.S.-based Columbia Sportswear halted operations that were found to involve rehabilitation centers, and more foreign companies are likely to follow suit. The full report by Human Rights Watch is available [here](#).
- **Royal Dutch Shell seeking to increase its investments in Vietnam.** While ConocoPhillips and BP are divesting assets in Vietnam, Royal Dutch Shell’s general manager, Thanh Le, told the *Financial Times* that Vietnam remains an attractive destination for investment. Shell is currently negotiating a memorandum of understanding with Vietnam and seeking investment opportunities, including possibly purchasing offshore exploration licenses. Thanh said that Vietnam is likely to move to a market-based pricing system for fuel within 10 to 15 years, a move that will likely increase distributors’ profitability.

- **FAO issues warning about mutated strain of bird flu.** The UN Food and Agriculture Organization (FAO) recently warned that a newly mutated strain of avian influenza discovered in Vietnam and China could pose “a possible major resurgence” of the disease in Asia. The new mutation was first observed in 2009, but only recently became the dominant strain in Vietnam. While urging greater vigilance, the FAO said there have been no reported cases of human infection of the bird flu in Vietnam since April 2010 and there is no evidence the new strain presents an increased risk to humans.

LAOS

- **Laos prepared to resume work on Xayaburi dam.** Viraphonh Viravong, director-general of Laos’s Department of Electricity in the Ministry of Energy and Mines, said on September 8 that Laos has completed its latest impact study on the controversial Xayaburi dam and is ready to restart construction. Viraphonh presented the findings by Switzerland-based Poyry Energy AG to Vietnam and will also present them to officials in Thailand and Cambodia. According to Poyry’s assessment, “any potential long-term trans-boundary impacts on the downstream region would be insignificant.” Laos halted construction of the dam on the Mekong River earlier this year and began the most recent study in April after its neighbors protested that the dam would damage the ecosystem downstream.
- **Representatives of top U.S. companies visit Laos.** The US-ASEAN Business Council took its first business delegation to Laos as part of a wider trip that included Vietnam and Cambodia during the week of September 4-11. The delegation to Laos included representatives from Coca-Cola, Johnson & Johnson, GE, Chevron, and ExxonMobil. Foreign investment in Laos totaled \$13.6 billion last year and was dominated by China, Vietnam, and Thailand. Members of the delegation said they hoped to find greater investment opportunities in Laos for U.S. companies.

BRUNEI

- **Thai prime minister holds closed-door meeting with sultan.** For her first official visit as Thailand’s prime minister, Yingluck Shinawatra traveled to Brunei on September 11 and met with Sultan Hassanal Bolkiah. They held a closed-door meeting and were expected to discuss southern Thailand’s insurgency and ways to strengthen cooperation on agriculture and the halal food industry, among other issues. Yingluck denied that her brother, ousted prime minister Thaksin Shinawatra, would also be in Brunei during her visit.



Brunei’s Sultan Hassanal Bolkiah will meet with Yingluck Shinawatra during her first official visit as Thailand’s new prime minister. <http://www.flickr.com/photos/syaphotography/2346558587/>

CAMBODIA

- **Cambodia makes seventh troop withdrawal from Thai border.** Cambodia extracted 500 troops on September 5 from a disputed border area with Thailand in its seventh withdrawal since tensions between the two countries' militaries began to ease in July. This move is part of a pullout from the provisional demilitarized zone surrounding the disputed Preah Vihear temple as defined by the International Court of Justice. The pullout from the provisional demilitarized zone must be done simultaneously by Thai troops.
- **Thaksin to visit Cambodia one day after Yingluck.** Former Thai prime minister Thaksin Shinawatra is slated to visit Phnom Penh to participate in a conference one day after the official visit by his sister, Yingluck Shinawatra, the current prime minister, the Chinese news wire Xinhua reported. Cambodian prime minister Hun Sen reported that Thaksin would arrive in Phnom Penh on September 16 and speak at a conference on Asia's economic future the following day. Hun Sen denied reports that Thaksin would seek to negotiate about the two countries' overlapping maritime claims, which are believed to contain sizeable natural gas reserves.
- **China is Cambodia's leading investor with \$8.8 billion total investment.** Reports by the Council for the Development of Cambodia on September 6 said that China has invested \$8.8 billion in Cambodia from 1994 to July 2011, making it the leading investor in the country. South Korea takes second place with \$4 billion, and European countries are in third place with \$3.6 billion, followed by Malaysia and Taiwan with \$2.6 billion and \$823 million respectively. The United States ranks 10th with investments totaling \$282 million.

PHILIPPINES

- **Aquino bolsters security in disputed South China Sea.** President Benigno Aquino signed an order on September 6 creating the National Coast Watch System that will serve as an interagency mechanism to coordinate the government's maritime security efforts. Aquino signed the order a few days after returning from a visit to China where he and Chinese officials agreed to peacefully settle their dispute over a region that the Philippines call the West Philippine Sea. The new mechanism will include the secretaries of defense, transportation, interior, justice, energy, finance, environment, and agriculture.



Cambodian troops near the disputed Preah Vihear temple. Cambodia has been withdrawing troops from the area as ordered by the International Court of Justice. <http://www.flickr.com/photos/trojantraveler/5560216407/>

- **Aquino urges Chinese companies to invest in the Philippines.** President Benigno Aquino, on a five-day visit to China beginning in late August, called on Chinese companies to invest more in the Philippines despite a dispute between the two countries in the resource-rich South China Sea. Some 300 businessmen accompanied Aquino and the two sides agreed to boost trade five-fold to \$60 billion over the next five years. Chinese companies are the third-largest investors in the Philippines behind the United States and Japan. Earlier this year, the Philippines accused China of harassing an oil exploration vessel in the South China Sea near the Philippines in an area claimed by both countries.
- **Aquino to visit United States, Japan in late September.** President Benigno Aquino will visit New York early in the week of September 19 to participate in the Partnership for Open Governance conference in New York with 12 other leaders at the invitation of President Barack Obama. Aquino will also travel to Washington, D.C., on September 21 to give a speech at the World Bank. He will visit Japan after his stop in Washington.



Philippine president Benigno Aquino recently urged Chinese companies to invest in the Philippines even as he attempts to bolster security in the disputed South China Sea. <http://www.flickr.com/photos/the pocnews/4598286776/>

SINGAPORE

- **Smog from Indonesia engulfs Singapore and Malaysia.** Since early September, smog from forest fires in Indonesia has spread over Singapore and Malaysia, prompting complaints from Indonesia's neighbors. Malaysia's environment minister Douglas Uggah Embas sent a letter on September 10 complaining to his Indonesian counterpart about hundreds of fires on the island of Sumatra. Indonesia bans the use of fire to clear land for palm oil plantations, but the regulations are largely ignored because law enforcement in remote areas of Indonesia is weak.
- **Singapore leads Asia on competitiveness survey.** Singapore topped its Asian neighbors and ranked second behind Switzerland globally in a competitiveness survey recently conducted by the World Economic Forum. Singapore moved up one notch in the survey, which measures 14 indicators such as the quality of education, infrastructure development, and maturity of the financial services sector. Among Singapore's neighbors, Malaysia ranked 21st, Thailand 39th, Indonesia 46th, Vietnam 65th, and the Philippines moved up 10 notches to 75th.
- **Former PM Goh says government needs "new social compact."** Former prime minister Goh Chok Tong of Singapore said on September 5 that the government will have to find new ways to satisfy the needs of the country's upper-middle-class population. He said the city-state's new

cabinet needs to forge a “new social compact” because citizens were no longer content with getting basic housing and education. Goh stepped down from his cabinet post as senior minister along with former minister mentor Lee Kwan Yew in May, soon after parliamentary elections in which the ruling People’s Action Party lost six seats and won 60 percent of the vote, its poorest showing since Singapore gained independence in 1965.

TIMOR-LESTE

- **Timor-Leste and Indonesia strengthen defense cooperation.** During a visit to Timor-Leste, Indonesia’s defense minister Purnomo Yusgiantoro on August 22 signed a memorandum of understanding with Timor-Leste’s prime minister Xanana Gusmão to strengthen bilateral defense and military-to-military cooperation. Yusgiantoro witnessed the official demobilization of the Falintil militia that fought for Timorese independence against Indonesia.
- **Army chief resigns in preparation for presidential run.** Timor-Leste Army chief Taur Matan Ruak submitted his letter of resignation to the cabinet on September 2. Ruak’s move is believed to be in preparation for a widely expected run against incumbent president José Ramos-Horta in 2012. Ruak is a popular veteran of Timor-Leste’s struggle for independence from Indonesia.

SOUTH CHINA SEA

- **Chinese warship confronts Indian Navy vessel.** A Chinese ship demanded on July 22 that an Indian amphibious assault vessel that had just left Vietnam identify itself, the *Financial Times* reported on August 31. The incident marked the first encounter between the two navies, and the Chinese vessel reportedly demanded that the Indian ship explain what it was doing in what China considers to be its waters. The Indian ship, which had just completed a scheduled port call in Vietnam, was 45 nautical miles off the coast in what Vietnam considers to be its exclusive economic zone. China claims almost the entire South China Sea and rejects the smaller claims of five other countries, including Vietnam, over an area considered rich in hydrocarbons and fisheries.
- **Vietnam and China agree to speed up South China Sea talks.** During an official visit to Hanoi by China’s state councilor Dai Bingguo on September 8, Dai and Vietnamese officials agreed to speed up talks aimed at resolving territorial disputes in the South China Sea, according to Chinese



Timor-Leste prime minister Xanana Gusmão, who recently signed a memorandum of understanding for greater defense cooperation with Indonesia. <http://www.flickr.com/photos/unisgeneva/4887622966/>

state media. Both countries hope to sign a memorandum of understanding soon and promised to resolve their disputes based on international laws and the 2002 Declaration on Conduct of Parties in the South China Sea, China's Xinhua news service reported.

ASEAN

- **ASEAN finance ministers and central bank governors convening in Washington.** Many of ASEAN's finance ministers and central bank governors will be in Washington September 23-25 to participate in the annual World Bank and International Monetary Fund (IMF) meetings. CSIS will host Philippine finance secretary Cesar Purisima on September 22, from 1:00 p.m. to 2:00 p.m., at a Banyan Tree Leadership Forum where Purisima will make a short speech and respond to questions. To RSVP, contact southeastasiaprogram@csis.org.
- **U.S. ambassador to ASEAN David Carden visiting Washington.** Ambassador David Carden is visiting Washington September 13-15 for consultations with administration officials, the private sector, and other groups. During the visit, he will also assist with preparations for President Obama's November visit to Indonesia for his inaugural East Asia Summit meeting and third U.S.-ASEAN Leaders' Meeting. While in Washington, Carden will meet members of CSIS's U.S.-ASEAN Strategy Commission.
- **United States to name ASEAN Eminent Persons Group.** Sources confirm that the White House is planning soon to name as many as three prominent Americans as eminent persons to advise the U.S.-ASEAN leaders' summit process. The eminent persons group is expected to be a deliverable for the summit in Bali in November. ■



Philippine finance minister Cesar Purisima will speak at CSIS's prestigious Banyan Tree Leadership Forum on September 22. <http://www.flickr.com/photos/worldeconomicforum/5829385138/>

Looking Ahead

- **ASEAN leaders to attend UN General Assembly.** World leaders will convene in New York September 13–22 for the opening of the 66th Session of the UN General Assembly. While in New York, leaders will attend several high-level meetings on issues including prevention of non-communicable disease, desertification, drought, and poverty eradication. There is also wide speculation that leaders will raise the possibility of establishing a Commission of Inquiry to investigate war crimes in Burma.
- **CSIS Southeast Asia Program director Ernest Bower to speak at American University.** On September 15, American University will host Ernest Bower, senior adviser and director of CSIS’s Southeast Asia Program, from 6:15 p.m. to 7:45 p.m. for a presentation on the political and social situation in Malaysia. The presentation, entitled “An Update on Malaysian Politics: Will the Real Malaysia Please Stand Up?” is being cohosted by the Malaysia-America Society and the ASEAN Studies Center at American University. The event will take place at the Mary Graydon Center, Room 245, 4400 Massachusetts Ave., N.W. Please contact aseanstudiescenter@american.edu to find out more.
- **Banyan Tree Leadership Forum featuring Cesar Purisima.** On September 22, CSIS will host Philippine finance minister Cesar V. Purisima from 1:00 p.m. to 2:00 p.m. for a speech on finance and trade developments in the Philippines. Purisima served as finance minister in the cabinet of former president Gloria Macapagal Arroyo until 2005. The speech is part of the Banyan Tree Leadership Forum series. The forum is the premier Washington venue for Southeast Asian and U.S. leaders to share their views on vital issues affecting regional and bilateral relations. Please contact southeastasiaprogram@csis.org to find out more.
- **Annual World Bank and IMF meetings in Washington.** Many of ASEAN’s finance ministers and central bank governors will travel to Washington to participate in the annual World Bank and International Monetary Fund (IMF) meetings September 23–25. In addition to government officials from around the world, the meetings will be attended by private business leaders and academics who, according to the IMF, will discuss important issues concerning global “economic outlook, poverty eradication, economic development, and aid effectiveness.”

- **The Cloister and SAIS book launch with Thant Myint-U.** On September 28, Thant Myint-U, a Burmese writer and historian, will speak at a Cloister briefing at CSIS from 2:00 p.m. to 3:00 p.m. The next day, Thant will launch his new book, *Where China Meets India: Burma and the New Crossroads of Asia*, at the Johns Hopkins School of Advanced International Studies (SAIS). The book launch will take place at the Benjamin T. Rome Building auditorium, 1619 Massachusetts Ave., N.W., Washington, D.C., from 5:30 p.m. to 7:30 p.m. Please contact southeastasiaprogram@csis.org to find out more.
- **Banyan Tree Leadership Forum featuring Sri Mulyani Indrawati.** On September 30, CSIS will host World Bank managing director Sri Mulyani Indrawati from 10:00 a.m. to 11:00 a.m. for a policy speech on trends in governance, finance, and trade in Southeast Asia. Sri Mulyani, one of three managing directors at the World Bank, was formerly Indonesia's finance minister. The speech is part of the Banyan Tree Leadership Forum series. Please contact southeastasiaprogram@csis.org to find out more. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS
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