

Southeast Asia from the Corner of 18th & K Streets

Volume II | Issue 19 | November 9, 2011

Two Models for Integrating Asia: A Must Win for President Obama

ERNEST Z. BOWER

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

November 9, 2011

.....

Asia is now home to more than 50 percent of the world's economic activity, a long-anticipated benchmark vastly accelerated by China's stunning, swift economic growth and its overtaking Japan as the planet's second-largest economy. Asia's dynamism is transforming the world, its institutions, and U.S. strategy. Secretary of State Hillary Clinton has described the shift to Asia as a strategic pivot.

While U.S. foreign policy and security leadership are aptly refocusing on Asia, more needs to be done—and fast. This is particularly the case on trade.

The United States has lost ground in Southeast Asia over the last decade. In 2004, the United States was ASEAN's largest trading partner, with total trade valued at \$192 billion. Today, China, a non-consequential partner for ASEAN in the early 1990s, is the region's largest trading partner, with two-way trade totaling \$293 billion in 2010.

Over the past 10 years, ASEAN has inked free trade agreements (FTAs) with China, Japan, Korea, Australia, New Zealand, and India. The United States has only one FTA in ASEAN—with Singapore. The result has been a ceding of market share and presence in the world's fastest growing and most dynamic markets. No wonder that U.S. economic growth has suffered. Ignorance and relative neglect of Southeast Asia have cost the United States jobs, growth, and influence.

Inside This Issue

THE WEEK THAT WAS

- CSIS releases U.S.-ASEAN Strategy Commission executive summary
- Disaster and humanitarian relief a top priority for the East Asian Summit
- Burma amends political parties' registration law

LOOKING AHEAD

- APEC summit in Honolulu
- Lecture on Chinese and Japanese investment in Southeast Asia
- U.S.-ASEAN Summit and East Asia Summit meetings in Bali

Two Models for Integrating Asia: A Must Win for President Obama *(continued)*



Heads of state of countries involved in negotiating the Trans-Pacific Partnership (TPP) gather on the sidelines of the APEC summit in November 2010. Having finally passed FTAs with Korea, Colombia, and Panama, the United States is well-positioned to push forward with the TPP. <http://www.flickr.com/photos/gobiernodechile/5178312541/>

That is why the CSIS-U.S. ASEAN Strategy Commission has recommended that the Obama administration put a stake in the soil when President Obama travels to Indonesia for his third U.S.-ASEAN Leaders Meeting and first East Asia Summit and tell the region that the United States wants to negotiate a U.S.-ASEAN FTA. The signal would resonate loudly in capitals around the Asia Pacific. It would demonstrate that the United States is back, serious, and committed to reasserting its role as an economic leader in Southeast Asia.

There is a real competition under way to define how economic integration of Asia will proceed. The wagers are high. The winning model will determine standards and rules. It will define the pace of trade and investment and support a move toward either global free trade or a return to regionalism and nationalism. Those left out of the predominant structure will experience slower growth and face grinding competition to engage from outside.

The two competing models are those of the U.S.-led Trans-Pacific Partnership (TPP) and the China-led ASEAN Plus Three—ASEAN plus China, Japan, and South Korea. Competition for economic integration is good for Asia. It should sharpen the sense of urgency for governments to move faster and more decisively. The TPP model is one based on a high-level U.S. FTA standard that is comprehensive and binding.

The Chinese ASEAN Plus Three model puts geopolitical concerns above specific trade and investment rules and links countries together through

Two Models for Integrating Asia: A Must Win for President Obama *(continued)*

a lowest-common-denominator formula that is very effective and has a high impact in the short term. Trade expands rapidly as tariffs are reduced, but binding rules on investment, procurement, intellectual property, environment, and labor provisions are not addressed.

In sum, the U.S.-led model is deep and requires massive political commitments by governments to legally bind themselves and reform current regulations and practices. The China-led model is relatively shallow and easier for governments to join. It is high-profile, with nonbinding agreements expressing general intent and some specifics around tariffs, but it includes little on other commercially important rules and regulations.

Fortunately, President Obama and the United States have begun to address the lack of leadership on trade that has resulted in the serious loss of U.S. market share in Asia. Congress recently passed the Korea, Colombia, and Panama FTAs and will announce, with the eight other negotiating partners, a significant framework agreement for the TPP, signaling that the talks are progressing well toward an agreement.

Passing the U.S.-Korea FTA convinced Asia that the United States is putting presidential political capital behind trade again. That factor was a game changer and has resulted in Japan, Canada, Mexico, and Korea indicating serious interest in joining the TPP, making progress toward the vision of a Free Trade Area of the Asia Pacific seem more compelling and achievable.

Prime Minister Yoshihiko Noda has recognized that Japan cannot survive if it sits on the sidelines while Korea moves ahead with its FTAs with the European Union and the United States. Japanese economic intelligence was spot on when it advised its government that Korea would move to join the TPP as soon as Seoul passes the U.S.-Korea FTA.

Progress on the TPP makes the China-led ASEAN Plus Three model look less compelling than even two months ago. The ASEAN Plus Three has its own secretariat, in Seoul, and has delivered extensive, if shallow, trade integration in East Asia. China's partners in the ASEAN Plus Three are among the strongest proponents for competing trade and economic architecture.

The rest of Asia wants to trade with China and to receive its investment and low-cost loans for infrastructure development, but it does not want



China has overtaken the United States in recent years as ASEAN's largest trading partner. The two now present two competing trade models for the region—the U.S.-led Trans-Pacific Partnership and the Chinese-led ASEAN Plus Three. <http://www.flickr.com/photos/kalleboo/4188359581/>

Two Models for Integrating Asia: A Must Win for President Obama *(continued)*

to be dominated by China. Much of Asia also rejects the idea of Chinese governance even in the commercial and economic space—a phenomenon that has been strengthened during the last year and a half as China has tested whether it could turn the screws on its Asian neighbors over questions of sovereignty in the South China Sea by leveraging its new economic dominance. Thrusts by Beijing have been parried.

Strategically, the table is set for President Obama to suggest a U.S.-ASEAN FTA. This move would send the signal that the United States is willing to invest over the long term in strengthening ASEAN as an institution. It would provide a much-needed carrot to help drive political and economic reform in Burma, enhance economic capacity and reform in less-developed economies such as Laos and Cambodia, and move forward immediately with ASEAN nations willing and able to embrace a structure that would be fully compatible with and complementary to the TPP. At the same time, it would strengthen ASEAN as the fulcrum of regional economic and security architecture for Asia.

The end game is to present a compelling case to China to join in the more comprehensive and inclusive economic integration model for the Asia Pacific and to abandon its efforts to put its eggs only into forums that it can dominate, a behavior that sets up eventual structural conflicts in Asia that could divide and destabilize the Asia-Pacific region down the road.

Bringing China aboard and allowing it a leadership role, but convincing it to play by rules that it and its neighbors around the Pacific and Indian oceans define multilaterally, is the surest path to regional peace and prosperity. There is no mission more important if President Obama is to achieve his goal of ensuring that the American people have opportunities, jobs, and a safe world to live in. ■

The Week That Was

- **CSIS releases U.S.-ASEAN Strategy Commission executive summary.** CSIS's [U.S.-ASEAN Strategy Commission](#) released the executive summary of its seminal report *Developing an Enduring Strategy for Southeast Asia* on November 4. The summary, [available here](#), examines the details of the U.S.-ASEAN relationship and outlines seven recommendations for shaping and strengthening U.S. policy toward ASEAN and the region. On hand for the event were commission cochairs Maurice “Hank” Greenberg and former secretary of defense William Cohen, as well as several of their fellow commissioners. Before the summary’s public launch, they discussed the report’s findings in private with officials from the ASEAN embassies and with members of the administration, including Assistant Secretary of State for East Asia and the Pacific Kurt Campbell. The commission’s final report will be published later in the year.

APEC

- **APEC agenda announced.** The APEC summit in Honolulu November 7-13 will focus on discussions to lower barriers to trade of green energy technology, improve market access, and promote regulatory coherence, according to the agenda released by the host committee. The summit will also serve as the backdrop for announcing the broad outlines of the Trans-Pacific Partnership (TPP) trade agreement, which includes nine APEC members. U.S. secretary of state Hillary Clinton will lead a discussion at the summit on the topic of international cooperation on disaster response in the region.
- **Congress passes APEC Business Traveler Card bill.** The Senate on November 4 passed legislation authorizing the APEC Business Travel Card, which facilitates business travel by giving frequent business travelers pre-cleared entry into participating APEC economies. The legislation will allow pre-screened Americans who are frequent travelers to APEC countries to get through airport security more quickly and avoid the hassle of multiple visa applications. The Senate vote was the final hurdle before President Barack Obama signs the bill and puts the United States in the company of 18 other APEC members already partnered in the traveler card system. “Passage of this legislation sends a clear message that the United States is committed to bolstering its commercial presence in Asia,” said Asia-Pacific Council of American Chambers of Commerce chair Steven Okun.
- **Japan’s prime minister expected to back participation in TPP negotiations.** Japanese prime minister Yoshihiko Noda is expected to announce that Japan will apply to join negotiations to enter the nine-



Secretary of State Clinton delivered the keynote address at the APEC Women and Economy Summit in September 2011 and will attend the APEC Summit next week with President Obama and other administration officials. <http://www.flickr.com/photos/glennia/6158647649/>



nation Trans-Pacific Partnership when he meets the leaders of other TPP member countries at the APEC summit November 11-12. Prime Minister Noda held a meeting with his cabinet on November 8 to outline Japan's diplomatic approach to joining the TPP, which will require Japan to end farm trade protections that are popular with Noda's ruling Democratic Party of Japan. Once Japan formally announces its intention to join the TPP, it will have to negotiate the terms of its entry with the existing members, a process expected to last at least several months.

ASEAN

- **ASEAN announces visa-free policy for non-ASEAN tourists to promote connectivity.** Deputy Secretary-General of ASEAN S. Pushpanathan announced November 2 that the organization has established a committee to analyze the adoption of a visa-free policy for non-ASEAN tourists coming to the region. The announcement accompanied ASEAN's two-day Connectivity Symposium that began November 8. The symposium was meant to provide an update on the implementation of the Master Plan on ASEAN Connectivity and act as a forum to facilitate public and private cooperation.
- **Ministers discuss ASEAN Energy Grid Project in Singapore.** Singaporean, Malaysian, and Philippine ministers agreed during a Singapore Energy Summit on October 31 that the development of an ASEAN energy grid is a crucial step toward attaining regional energy security and furthering ASEAN integration. Singapore's second minister for trade and industry, S. Iswaran, urged ASEAN governments to provide political direction at both the national and regional level to see the plan implemented.
- **ASEAN Business Club established to support ASEAN integration.** Top business leaders from Southeast Asia launched the ASEAN Business Club on October 31 in Kuala Lumpur as a private-sector initiative to support ASEAN's economic integration. Nazir Razak, CEO of CIMB Group and key organizer of the club, said that business-to-business relations will determine the success of ASEAN's integration and that ASEAN states require the support of the business community.

EAST ASIA SUMMIT

- **Disaster and humanitarian relief a top priority for the East Asian Summit.** ASEAN secretary-general Surin Pitsuwan said on October 31 that disaster and humanitarian relief would be a top priority when heads

of state meet during the East Asia Summit in Bali on November 19. The meeting comes at a time of severe flooding in much of Southeast Asia, particularly in Thailand.

BURMA

- **Burma amends political parties' registration law.** The Burmese parliament amended a law on October 27 governing the registration of political parties to which opposition leader Aung San Suu Kyi and her National League of Democracy (NLD) had objected. Under the new law, former prisoners are no longer banned from party membership or holding office. An NLD spokesman said the party is now likely to register and Suu Kyi herself might run for parliament during a bi-election expected later this year. Members of the NLD central committee met on November 4 to discuss the issue, but no decision was made public.
- **Indonesia foreign minister hints at support for Burma's 2014 ASEAN chairmanship.** Indonesia's foreign minister Marty Natalegawa traveled to Burma on October 28 to assess the country's bid to chair ASEAN in 2014 by exchanging turns with Laos. He welcomed recent political reforms and said the country has made "significant" changes. During his two-day mission, Natalegawa met with Burmese officials, including President Thein Sein, as well as pro-democracy leader Aung San Suu Kyi.
- **Burmese government reaches cease-fire with Karen group.** The Burmese government agreed to a cease-fire with the breakaway Democratic Karen Buddhist Army (DKBA) Brigade 5 on November 3. Brigade 5 split from the DKBA and renewed fighting with the Burmese army in November 2010 after refusing demands to join the government's Border Guard force. The cease-fire follows earlier agreements between Burma's new civilian government and ethnic Wa and Mongla forces. The government has also approached the Shan State Army-South, Karen National Union, and New Mon State Party for peace talks in recent weeks.
- **IMF delegation concludes mission to Burma.** Officials from the International Monetary Fund (IMF) held consultations with Burmese officials and made an initial assessment of steps needed to reform Burma's ineffective dual monetary exchange rate system, according to a November 2 IMF press release announcing the end of the two-week mission to Burma. The IMF did not confirm whether Burma would accept necessary conditions for further IMF assistance, particularly accession to Article VIII of the IMF charter, which bans member countries from engaging in



discriminatory currency practices. Knowledgeable sources confirm that Burmese officials are very interested in continuing their cooperation with the IMF and say that another IMF delegation is expected to return to Rangoon in January 2012.

- **Burma asks for assistance in developing green technologies.** Burma's environmental conservation and forestry minister, Win Tun, urged developed nations during an environment forum in Naypyidaw on October 3 to share green technologies with Burma. The minister's statement seemed calculated to respond to increasing outcries over environmental degradation and unsustainable resource exploitation in Burma. It also fits a pattern of recent government attempts to engage the international community.

THAILAND

- **Growing unrest over flood management puts political pressure on Thai government.** Continued flooding in Bangkok has fueled criticism of the Thai government's handling of relief efforts as many residents complain that they have not yet received food or assistance. Prime Minister Yingluck Shinawatra ordered a gate in a northeastern district raised on October 31 in response to residents' protests of the decision to protect Bangkok's downtown areas at the expense of their suburban communities. Her opponents, especially Bangkok governor Sukhumbhand Paribatra, argue the move risks damaging key economic areas and is another sign of a weak administration.

- **Economic impact of floods likely to cause Thailand to slip relative to regional peers.** Thailand's central bank slashed its 2011 economic growth forecast from 4.1 percent to 2.6 percent on October 28, fueling concerns that the negative impact of the floods on key industries and agriculture in Thailand is expected to slow GDP growth and may cause the country to fall behind relative to its fast-growing regional neighbors. Fears over mismanagement of the recovery efforts may also discourage future investors who for years have looked for new emerging economies. Over the past two decades, Thailand has slipped in its status as the second-largest economy in Southeast Asia while Vietnam (sixth-largest economy) and Indonesia (largest economy) continue to post rapid growth.



A sandbag barrier holds back the rising Chao Phraya River in Nonthaburi, Thailand. <http://www.flickr.com/photos/remkotanis/6254005986/>

SOUTH CHINA SEA

- **Philippines, Vietnam forge partnership on South China Sea.** Philippine president Benigno Aquino and his Vietnamese counterpart, Truong Tan

Sang, signed maritime agreements harmonizing their responses to natural disasters, piracy, and maritime resource conflicts during a meeting in Manila on October 26. President Sang reiterated his support for Manila's plan for a "zone of peace," which looks to establish a robust framework for ASEAN regional security.

- **Exxon discovers large gas reserve off coast of Vietnam.** ExxonMobil made a "potentially significant" gas discovery in August in disputed waters off the coast of Danang in central Vietnam, the company said in a statement on October 26. Beijing, which claims rights to much of the South China Sea, responded on October 31, saying, "We hope foreign companies do not get involved in disputed waters for oil and gas exploration and development." The discovery comes at a time of growing tensions over resources in the South China Sea. Vietnam says the block being explored by ExxonMobil is within the 200 nautical mile exclusive economic zone granted under the UN Convention on the Law of the Sea.

- **Beijing warns fellow claimants to prepare for "sound of cannons."** China's state-owned *Global Times* warned other South China Sea claimants to "prepare for the sound of cannons" in an October 25 editorial. Chinese Foreign Ministry spokeswoman Jiang Yu reaffirmed Beijing's commitment to a peaceful policy in the sea and distanced the government from the editorial, saying, "China's media have the right to freely say what they like." Philippine Armed Forces Lt. Gen. Juancho Sabban responded on October 28 that "the sound of cannons will not scare us from protecting our own territory." The *Global Times* tends to express more strident nationalist views than other Chinese press outlets or official statements.

MALAYSIA

- **Malaysian Court of Appeals overturns Universities and University College Act.** Malaysia's Court of Appeals ruled in a landmark 2-1 decision on October 31 that the country's 1971 Universities and University College Act (UUCA) is unconstitutional. The UUCA barred university students from joining and participating in political activities while enrolled in school. The appeal began last year when four students at Universiti Kebangsaan Malaysia, the national university of Malaysia, were threatened with disciplinary action after campaigning for a local opposition party. Justice Hishamuddin Yunus in his judgment held that the UUCA violated the fundamental rights of democracy and human dignity.

- **Overseas Malaysians sue for right to register as absentee voters.** Six Malaysian nationals living in the United Kingdom filed a lawsuit on



Philippine president Benigno Aquino has spearheaded a "zone of peace" plan among Southeast Asian countries.
<http://www.flickr.com/photos/usembassymanila/5395296886/>

October 31 asking the Kuala Lumpur High Court to impel Malaysia's Election Commission to register them as absentee voters. The lawsuit seeks to extend voting rights to all of the roughly 1 million Malaysians living overseas. Currently, only overseas government employees, full-time students, and military personnel are able to vote. The court is scheduled to decide on November 14 whether the lawsuit will proceed.



Malaysian prime minister Najib Razak has called for the revival of a controversial refugee swap deal with Australia. <http://www.flickr.com/photos/foreignoffice/5936758979/>

- **Prime Minister Najib seeks to revive Malaysia-Australia refugee swap.** Malaysian prime minister Najib Razak argued for the revival of a controversial Malaysia-Australia refugee swap deal in an op-ed in Australian papers on October 27. Prime Minister Najib said that without action, people smuggling would continue. The deal was declared unconstitutional by the Australian High Court in August and now faces stiff resistance in Australia's Federal Parliament from the opposition Green Party. Calls for a solution grew louder after the November 2 drowning of 27 asylum seekers off the southern coast of Indonesia.

- **PayPal to open regional office in Malaysia.** PayPal, eBay's online payment service, will expand its Asian operations by developing its Malaysia office into a new global operations center by 2013. This will be PayPal's first global operations center in Southeast Asia. The company is responding to increasing business in the region; the Asia Pacific saw a 35 percent increase in cross-border payment volume during the third quarter of 2011. PayPal is expected to hire up to 500 new employees in its enlarged operations in Malaysia by 2013.

INDONESIA

- **Court cuts jail sentence of Jemaah Islamiyah spiritual leader.** An Indonesian appeals court cut the 15-year jail sentence of Jemaah Islamiyah spiritual leader Abu Bakar Bashir to 9 years on October 26, citing his advanced age. Bashir, 72, was convicted of financing a terrorist training camp in Aceh. The radical cleric was previously convicted for his role in the 2002 Bali bombings that killed 202, mostly Western, tourists, but that verdict was overturned in 2006. Analysts worry that the court's action will prompt other terrorism suspects to demand similar leniency.

- **Freeport McMoRan declares "force majeure."** As the security situation in Papua Province deteriorates, U.S. mining giant Freeport-McMoRan declared "force majeure" on October 26, avoiding legal fallout from its inability to fulfill orders due to ongoing strikes at its Grasberg copper and gold mine. Clashes between security forces and Papuan protesters

have resulted in dozens of deaths and injuries in recent weeks. The United Steelworkers moved to support the miners' union in Papua on November 1 by requesting that the U.S. Department of Justice investigate Freeport-McMoRan's cash payments to security forces in Papua for possibly violating the Foreign Corrupt Practices Act.

- **Polls show Indonesians disappointed in law enforcement, police, and corruption body.** A recent poll by the Indonesia Voice Network indicates that only 53.6 percent of Indonesians "approve" of the job that police are doing and only 45 percent approve of how the Corruption Eradication Commission (KPK) is doing. The poll of 1,200 people was released on November 2. It found that 39.7 percent are "dissatisfied" with law enforcement, while only 31.1 percent are "satisfied." The statistics indicate a continuing downward trend in the public's approval of these Indonesian institutions since 2009.

- **Indonesia's Chamber of Commerce raises concerns over inadequate infrastructure.** The Indonesia Chamber of Commerce and Industry (Kadin) on November 2 blamed poor infrastructure for holding back Indonesian economic performance. Kadin said shortcomings in Indonesia's roads, ports, and vehicles increase the logistics costs of domestic companies and make it harder for them to compete with foreign firms. Kadin's critique was issued before a November 10-12 conference to discuss raising the standards of the country's logistics in anticipation of regional economic integration as outlined in plans for an ASEAN Economic Community by 2015.

PHILIPPINES

- **Philippine and rebel peace talks continue.** The Philippine government and Moro Islamic Liberation Front (MILF) agreed on November 3 to continue peace negotiations despite clashes on October 18 that left 19 soldiers dead in Basilan Province. The Muslim rebel group promised that its fighters would "not be in the way of the government forces" in the wake of President Aquino's order on November 1 for "all-out justice" against "lawless elements" responsible for the clashes.

- **Arroyo seeking medical treatment abroad.** Former Philippine president and current congressional representative Gloria Macapagal-Arroyo is requesting medical treatment abroad amid allegations of fraud and plunder during the 2007 presidential elections. Justice Secretary Leila de Lima denied the request on November 8, barring Arroyo from leaving the



Indonesian police and law enforcement in general are rated poorly by the Indonesian public in recent polling. <http://www.flickr.com/photos/neeravbhatt/6282380844/>



A young MILF rebel waits for peace. <http://www.flickr.com/photos/14455532@N06/2287793824/>

Philippines for spine treatment. If her request had been approved, Arroyo had planned to meet with specialists in Singapore, Spain, Germany, Italy, and the United States over two months. She is now questioning the travel ban at the Supreme Court.

- **Philippines stops sending workers to 41 countries.** Manila barred the export of Filipino laborers to 41 countries where subpar protections leave foreign workers vulnerable to sexual and physical abuse. The November 2 order prevents deployment in Afghanistan, Cambodia, India, North Korea, Iraq, Libya, and Pakistan, among other countries. Most of the labor abuse violations take place in the Middle East, where about a million Filipinos work. The Philippines is one of the largest labor exporters and its economy relies heavily on remittances from overseas workers.

- **Five Abu Sayyaf militants killed in air strikes.** Philippine air strikes killed five Abu Sayyaf fighters in Sulu Province on October 30. The main targets who escaped were Malaysian Zulkifli bin Hir of Jemaah Islamiyah and Abu Sayyaf Group leader Umbra Jumail. One of the most wanted terrorists in the world, the U.S.-educated Zulkifli allegedly taught and funded Abu Sayyaf bomb-makers responsible for past terrorist attacks. The U.S. government is offering up to \$5 million for information on Zulkifli.

VIETNAM

- **Japan and Vietnam announce nuclear energy and rare earths deal.** Japan's prime minister Yoshihiko Noda and Vietnam's prime minister Nguyen Tan Dung agreed on October 31 to cooperate on the construction of two nuclear power plants to help Vietnam meet its future energy needs. The leaders also agreed to the joint extraction in Vietnam of rare earth minerals used in the manufacture of electronic equipment such as smart phones and flat screen televisions. After the March 11 Japanese earthquake, tsunami, and nuclear emergency, Japan's export of nuclear technology was delayed until the nation's reactor designs' safety could be verified.

- **Vietnamese consumer confidence flags as government struggles with economic and monetary policies.** Polling by Nielsen Vietnam released on November 1 indicates that 69 percent of Vietnamese incorrectly believe their country is in an economic recession. The survey, conducted in August and September, shows consumer confidence has declined in recent quarters. Since January, the Vietnamese government has fought inflation by raising interest rates and adopting a more flexible foreign exchange rate, but many foreign investors and domestic companies have lost



Vietnam and Japan reached an agreement on cooperating on the construction of two nuclear power plants and mining for rare earth minerals in Vietnam. <http://www.flickr.com/photos/rightee/3364335666/>

confidence in the government's ability to handle the economy effectively.

- **Little change in Southeast Asian nations' human development rankings.**

No Southeast Asian nation fell in the UN Development Program's Human Development Index (HDI) rankings this year. Brunei and Cambodia are the only Southeast Asian nations to have fallen in the rankings since 2006, to 33 and 139 respectively. Since 2006, Singapore has improved three places to 26 and is the highest-ranked Southeast Asian nation; Laos has also moved up three places since 2006 and is ranked 138. The HDI is a composite statistic of life expectancy, literacy, education, and the standard of living and has been published annually since 1990.

CAMBODIA

- **Former Khmer Rouge leader's defense team sues prime minister.**

Defense lawyers for former Khmer Rouge deputy chief Nuon Chea filed a lawsuit on October 24 against Cambodian prime minister Hun Sen and 10 other high-ranking officials for allegedly interfering in the proceedings of the UN-backed court tasked with prosecuting Khmer Rouge war criminals. The team accused the government officials of blocking key witnesses from testifying at the trial and of opposing the pursuit of any further cases after the current one against Nuon Chea and three codefendants.

- **The United States to provide funding for health and education projects.**

The United States announced on October 25 that it would commit \$32.5 million for ongoing health and education projects in Cambodia in 2011. According to a press release issued by the U.S. Embassy in Phnom Penh, total U.S. assistance to Cambodia could reach \$65 million for 2011. The United States has provided \$330 million in health and education assistance to Cambodia since 2003.

- **UN pledges \$4 million in flood relief.** The United Nations announced on October 27 that it will provide \$4 million in flood relief and resettlement assistance for Cambodia. Recent flooding has affected about 1.5 million Cambodians and 75 percent of the country's land area, leaving thousands without shelter or food. The *New York Times* reported on November 3 that according to local aid workers and civil society groups, little relief aid so far has reached victims in Cambodia's remote provinces.

- **Cambodia to beautify its capital ahead of 2012 ASEAN chairmanship.**

The Phnom Penh municipal government announced on October 24 beautification plans for areas of the capital likely to be seen by visiting



delegations during Cambodia's chairmanship of ASEAN in 2012. According to the plans, residents living near major roads, busy markets, and popular landmarks will be prohibited from selling or displaying foods in public and from drying clothes in front of their homes or on the streets. Residents will also be required to decorate their homes with national flags and flower pots.

- **Cambodia commemorates former king's return from exile.** Cambodia held celebrations in Phnom Penh on October 27 to mark the 20th anniversary of former king Norodom Sihanouk's return from exile following the country's civil war. Sihanouk, 89, lived in China and North Korea for years after he was overthrown as head of state by a U.S.-backed coup in 1970. The ailing Sihanouk, who was one of the country's most prominent public figures until his voluntary abdication in favor of his son in 2004, vowed during the ceremony that he would never again leave his homeland.

MEKONG DELTA

- **Thai soldiers turn themselves in for killing 13 Chinese on the Mekong.** A group of Thai soldiers turned themselves in to authorities for the murder of 13 Chinese sailors on the Mekong River last month. The murders prompted China, Laos, Burma, and Thailand to sign a security agreement on November 1 to improve safety in the so-called Golden Triangle between the four countries, which is known for drug smuggling. Under the agreement, the four countries will share intelligence, patrols, and law enforcement resources to tackle transnational crime and respond to emergencies or major incidents endangering public order.
- **South Korea meets Mekong countries regarding economic and development efforts.** South Korean officials met with ministers from Cambodia, Laos, Burma, Thailand, and Vietnam October 28 and reached agreement to establish a partnership to boost the region's development in areas such as infrastructure and information technology. The "Han River Declaration" aims to expand trade and investment opportunities in the region. According to Korean foreign minister Kim Sung-hwan, "the growth and development of this subregion is critical not only to promote ASEAN integration but also to achieve an East Asian community."
- **Switzerland to provide \$3 million for basin preservation.** The Mekong River Commission and the Swiss Agency for Development and Cooperation signed an agreement on October 26 providing \$3 million for development and environmental protection projects in the Lower Mekong Basin over

two years. The basin is facing a wide range of transboundary and regional challenges including changing climate patterns, increasing urbanization, and increased interest in development on the Mekong's mainstream.

TIMOR-LESTE

- **UN official optimistic as Timor-Leste prepares for elections.** Ameerah Haq, head of the UN Integrated Mission in Timor-Leste, said she is optimistic that the country's 2012 presidential elections will proceed without the violence that marred the 2006 elections and necessitated the entry of UN security forces. In an interview that was reported on October 30, she said improvements in the country's democratic institutions have contributed to the current political stability, but the UN withdrawal scheduled for December 2012 will still depend on the holding of free, fair, and peaceful elections. The administration of President Jose Ramos-Horta has requested UN support during the elections.

- **ADB contributes \$11 million to improve quality of drinking water.** The Asian Development Bank agreed on October 28 to contribute 77 percent of the cost of a project aimed at reducing water-related diseases in Timor-Leste by rehabilitating and expanding the country's water system to provide clean drinking water to about 30,000 people. The project is part of the government's plan to provide 24-hour access to safe drinking water in all districts of the capitals and to restore Lehumo Lake as a viable water source and mitigate the effects of erosion.

- **New Zealand sends troops to train East Timor soldiers.** Sixty-seven New Zealand soldiers will spend six months in East Timor to support the Australian-led International Stabilization Force (ISF). ISF forces were deployed after violence broke out during elections in 2002 and will remain until after elections next year. Because of the improved security situation in Timor-Leste, the ISF has moved from a security and stabilization role to supporting the capacity building of the nation's defense force.

SINGAPORE

- **Singaporeans smuggle IED materials.** The United States linked four Singaporeans in a conspiracy to import illegal transmitters used in improvised explosive devices (IEDs) in Iraq. Singaporean authorities arrested four citizens on October 24 after the United States charged them with smuggling components from Minnesota through Singapore to Iran. IEDs allegedly manufactured in Iran have killed U.S. soldiers in Iraq.



The current president of Singapore, Tony Tan Keng Yam, took office September 1, 2011. <http://www.flickr.com/photos/worldeconomicforum/3488038465/>



- **Singaporean firms unlikely to engage in bribery.** Singapore ranks among the least likely countries where headquartered firms engage in bribery abroad, according to the Transparency International Bribe Payers Index 2011. With the eighth-highest rank in the index, Singapore received a score of 8.3; the highest score, 10, signifies that companies from that country never bribe abroad. Singapore trailed behind other regional countries, with Australia in sixth place and Japan in fifth place.
- **Lee Kuan Yew reveals he suffers from neural disease.** Singapore's first prime minister admitted on November 7 that he has been battling sensory peripheral neuropathy for the past two years. Lee Kuan Yew initially confided with his daughter, doctor of neurology Lee Wei Ling, who began noticing his "unsteady gait" in October 2009 during a trip with her father to visit former secretary of state Henry Kissinger in Connecticut. Despite the admission, Lee affirmed his health to the *Straits Times*, claiming, "I have no doubt at all that this has not affected my mind, my will, nor my resolve."

BRUNEI

- **Brunei calls for greater transparency from leading energy company.** Brunei's energy minister Pehin Dato Hj Mohd Yasmin criticized the country's leading oil and natural gas producer, Brunei Shell Corporation, for allowing large companies to monopolize energy contracts at the expense of small and medium-sized enterprises (SMEs). He urged greater transparency and faster vendor registration to promote the development of SMEs in the country's energy sector. Brunei Shell Corp. is a joint venture of the Bruneian government and Royal Dutch Shell. ■

Looking Ahead

- **APEC summit in Honolulu.** High-level delegations from the 21 member-economies of the Asia-Pacific Economic Cooperation (APEC) forum will meet in Honolulu, Hawaii, for the annual APEC summit November 8–13. Major events will include the concluding Senior Officials’ Meeting on November 8–9, the Finance Ministers’ Meeting on November 11, and the Economic Leaders’ Meeting, which will be attended by heads of state including U.S. president Barack Obama, on November 12–13. The full events calendar is available [here](#).
- **Lecture on Khmer-Vietnamese violence.** The Sigur Center for Asian Studies and the Organization for Asian Studies will cohost a lecture on violence along the Cambodia-Vietnam border on November 9 from 12:30 p.m. to 1:45 p.m. The lecture, entitled “Conversations with Scholars: Why Do Groups Kill? Understanding Khmer-Vietnamese Violence in an Out of the Way Place,” will be given by Shawn McHale, Professor of History and International Affairs at George Washington University. The event will be held at the Sigur Center, Suite 503, 1957 E St., N.W. Please RSVP [here](#).
- **Lecture on Chinese and Japanese investment in Southeast Asia.** The Sigur Center for Asian Studies will host a lecture by Eric Harwit, Professor of Asian Studies at the University of Hawaii, on November 16 entitled “Chinese and Japanese Investment in South and Southeast Asia: Case Studies of the Automobile and Electronics Industries.” The event will take place from 3:00 p.m. to 4:15 p.m. at the Lindner Family Commons, Room 602, 1957 E St., N.W. Please RSVP [here](#).
- **Business Conference on investment in Southeast Asia.** The U.S. Commercial Service in Baltimore and the U.S. Department of Commerce will host a two-day conference on investment in Southeast Asia on November 9–10. The conference, entitled “Southeast Asia NOW!,” will run from 8:00 a.m. to 6:00 p.m. each day and will be held at the Hilton BWI Airport Hotel, 1739 West Nursery Rd., Linthicum Heights, MD. Please register [here](#).
- **U.S.-ASEAN Summit and East Asia Summit meetings in Bali.** Heads of state and other high-ranking officials from the Asia Pacific will convene in Bali, Indonesia, November 17–19 for the 19th ASEAN Summit and related meetings. On the sidelines of the summit, U.S. president Barack Obama will host the third U.S.-ASEAN Leaders Meeting with his ASEAN counterparts on November 18. On November 19, heads of state from the ASEAN member states and their eight most prominent dialogue partners will convene for the East Asia Summit. The United States and Russia will be attending for the first time. The full events calendar is available [here](#). ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

CSIS Southeast Asia Program contributors:

Ernest Bower, Senior Adviser and Director
Murray Hiebert, Senior Fellow and Deputy Director
Greg Poling, Research Assistant
Sakari Deichsel, Researcher
Wai Phyo Myint, Researcher
Kiet Nguyen, Researcher
MeiLee Dozier, Researcher
Blake Berger, Researcher

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.com) at <http://cogitASIA.com>

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.