

Southeast Asia from the Corner of 18th & K Streets

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The Next Steps for U.S. Policy in Myanmar

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Despite complaints of voting irregularities, opposition leader Aung San Suu Kyi and her party, the National League for Democracy (NLD), won 43 of the 45 seats contested in Myanmar's April 1 parliamentary by-elections. The Obama administration, which has pledged a policy of meeting "action for action," responded quickly to the results by announcing further steps to normalize relations with the country.

Measures announced April 4 by Secretary of State Hillary Clinton include enabling private U.S. organizations to pursue a broad range of nonprofit activities from democracy building to health and education projects and allowing travel to the United States for select Myanmar government officials. Most significantly for American companies, U.S. officials will begin the process of a targeted easing of the bans on the export of U.S. financial services and investment to help overhaul Myanmar's banking system and encourage the country's economic modernization and political reform.

Set to go first are restrictions in sectors such as tourism, agriculture, telecommunications, and banking that are most likely to benefit ordinary Burmese. The United States appears likely to retain bans on sectors such as natural resources and precious stones. These industries are perceived to be closely linked to members of the military regime responsible for human rights abuses, especially in ethnic minority areas.

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The steps taken by the U.S. government have hit roughly the right pitch at this stage, but it is important that Washington think through what steps it should take next to ensure political reforms do not stall, economic growth is encouraged, and U.S. business is engaged responsibly in the country.

Myanmar has arrived at a critical, albeit fragile, juncture in its tumultuous history. Steps toward political and economic reform taken by the Thein Sein administration, while far from complete or perfect, are raising hopes that the measures are real and sustainable.

If the reforms proceed, the United States should boldly follow up with further fine-tuning of its sanctions regime. Incentives to continue reforms, especially given the gratifying near-term record of accomplishment of Thein Sein to follow through on his commitments, are going to be vital to sustaining momentum for opening the country politically and economically and for consolidating important near-term gains.

Policymakers need to remain strategic while taking into account a spectrum of considerations ranging from governance to human rights to maintaining momentum for reform.

The U.S. business sector has an important role to play now too. It is time for American companies to help articulate a vision of what they could bring to the table in Myanmar and why doing so is in the interests of both the United States and Myanmar. U.S. companies should start to work more proactively with the U.S. government—both the administration and Congress—to seek support for getting engaged, assisting in promoting economic reforms, and ensuring protections that will allow investment, including in innovative sectors, to flow into Myanmar.

The U.S. government should continue to provide Myanmar with clear guidance on what more it has to do to continue toward normalizing relations. That is going to be a long road, but articulating a vision of what normal relations between Myanmar and the United States would look like would be a strong motivating force. The Thein Sein administration knew the conditions it had to fulfil before the April 1 parliamentary by-elections, and it moved on these areas with remarkable alacrity. For instance, Washington has made clear that Myanmar must release the several hundred remaining political prisoners, but it also should spell out in greater detail what steps the government has to take to demonstrate that it has done everything it can to establish peace with its ethnic minorities and end its military ties with North Korea.



Aung San Suu Kyi February 29 received a delegation from the EU Parliament for the first time. The European Union is moving faster than the United States to lift many of its sanctions on Myanmar in the wake of Suu Kyi's by-election victory. http://www.flickr.com/photos/european_parliament/6941353947/



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As for U.S. economic sanctions, there are legitimate concerns about rent seeking and unintentionally rewarding corrupt elements in the military and government. But U.S. businesses could play an important role in improving the lives of Myanmar's citizens if the political, legal, and economic environment is right. Judicial reform, a foreign investment law, and other measures that will provide foreign companies with a safe, transparent, and accountable business environment must first be implemented.

The United States should also closely benchmark its efforts with those of other countries that share an interest in seeing reform take hold in Myanmar. Leveraging plans for capacity building, development, and supporting governance and economic reforms is not only practical but important strategically. Working with friendly nations within the East Asia Summit to promote Myanmar's emergence as a viable and contributing member in the Asia-Pacific community is an opportunity for building trust in and promoting the value of regional institutions.

When the groundwork is laid, foreign involvement in sectors such as manufacturing, agriculture, and tourism will benefit ordinary citizens of Myanmar because they employ large numbers of workers, create opportunities for small and medium-size enterprises, and are less likely to enrich the military families and political cronies who are known to be more involved in the natural resource sector.

There is good reason for Washington to move cautiously on lifting restrictions on investment in Myanmar's natural resource industry. But planned changes to Myanmar's foreign investment laws—in particular, the proposal to allow foreigners to make investments without the need for a local partner—might make it more palatable for the U.S. government to begin rolling back the ban.

Keeping Americans out of the bidding for developing energy and natural resources in Myanmar could create a legacy of dangerous and environmentally harmful mines, pipelines, and oil wells in a country that is just beginning to look seriously at developing its industry and engagement in world markets. In addition, inviting foreign competition into these sectors could help chip away at the monopolistic state-owned enterprises and businesses owned by family members and cronies of the military regime.

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An alternative to the current approach of singling out certain industries for sanctions would be for the United States not to pick and choose sectors, but instead to introduce broad investment principles that all companies in all sectors would need to follow. The U.S. government might consider setting up a joint U.S. government-business taskforce to draw up guidelines for responsible investment. Efforts should also be made to bring the international community into this endeavor.

These guidelines could include efforts to avoid doing business with those on the Specially Designated Nationals and Blocked Persons List. They could also include agreements to protect the environment and engage in corporate social responsibility projects that help alleviate poverty and improve the lives of ordinary people. Separately, Washington could begin exploring a bilateral investment treaty with Myanmar.

When tackling the tricky issue of import sanctions, Washington may be able to side-step political landmines if it frames the lifting of import bans in the context of supporting the recovery of the country's devastated economy. A quick way for Myanmar to generate economic growth is to embrace an export-oriented development strategy. In lifting import restrictions, the United States can also take the bluntness out of sanctions by selectively allowing in goods that will help revive Myanmar's labor-intensive industries such as garment manufacturing and alleviate poverty in its agricultural sector.

As the European Union, Japan, and Australia move to ease their sanctions, U.S. companies may soon be the only ones kept out. Continuing U.S. sanctions will not ensure that corrupt elements in the military and their cronies will not benefit or that the environment and human rights will be protected. In fact, if the United States decides to sideline American companies, it makes investment from other countries that do not prioritize these concerns and are not subject to shareholder oversight or to laws such as the U.S. Foreign Corrupt Practices Act more competitive and reduces the choices for capital- and technology-hungry Myanmar.

Opening the door to well-governed companies will also help draw a highly talented Burmese diaspora back home to help rebuild



The United States is moving to lift some sanctions on those sectors, like agriculture, that are most likely to help normal Burmese. <http://www.flickr.com/photos/insmu74/5349241305/>

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their country. Many Burmese professionals work in the world's developed economies and are interested in returning. They will not be attracted by less than excellent organizations or by less than the opportunity to develop governance and innovation models that can be protected by law and aspire to global standards.

Some argue that certain economic sanctions must be kept because the reforms undertaken by President Thein Sein and other reformers in Myanmar's government are only skin-deep and could be reversed at any time. Others worry that lifting sanctions would deprive opposition leader Aung San Suu Kyi of her leverage with the country's military rulers.

But now that Suu Kyi has been elected to parliament, lifting economic sanctions will give her, NLD lawmakers, and their allies in government a real shot at improving the lives of ordinary people in Myanmar. Concrete results and progress, no matter how minor or incremental, could bolster public faith in the democratic opposition and convince hardliners that reforms are the better and more constructive way of doing things.

With the April by-elections now history, the United States needs to recalibrate the "action for action" policy against a new timeframe. The next major political milestone in the country will be the elections in 2015 when the transition of power could move from the symbolic to the more formal. It is fair to assume that reformers and hardliners alike are planning—and hedging their bets—against this deadline.

The United States should target its longer-term policies toward this date. "Action for action" will be most effective if Washington figures out what success over the next few years would look like and develops plans to achieve it. Such plans would identify shared interests, clarify expectations, and involve negotiating benchmarks with the government in Myanmar. ■

Hardin Lang, senior fellow at CSIS focusing on national security, stabilization operations, and the economic dimensions of conflict, also contributed to this commentary

The Week That Was

MYANMAR



Secretary of State Hillary Clinton announced April 4 that the United States will ease some sanctions on Myanmar following the country's April 1 by-elections. <http://www.flickr.com/photos/america.gov/3842292403/>

- **Myanmar's main opposition party wins big in by-elections.** Election officials April 2 confirmed that opposition leader Aung San Suu Kyi and her party, the National League for Democracy, won 43 of 45 contested seats in April 1 parliamentary by-elections. Suu Kyi said she hoped the vote would mark the start of a new era for Myanmar. President Thein Sein described the elections as "very successful." Presidential adviser Ko Ko Hlaing said the outcome could help strengthen the hand of reformers by showing conservative politicians they have to do more to change. Suu Kyi and her fellow parliamentarians will take their seats April 23.
- **United States eases sanctions on Myanmar as reward for by-elections.** Secretary of State Hillary Clinton April 4 announced the U.S. government would begin to ease bans on the export of U.S. financial services and investment in Myanmar, lift the travel ban on some of Myanmar's senior leaders, and reopen a U.S. Agency for International Development office in the country. The administration also said it would stop restricting activities by the UN Development Fund, remove restrictions on the work of U.S. nongovernmental organizations in certain sectors, and nominate an ambassador to Myanmar. *Foreign Policy* reported April 6 that the administration would nominate special envoy to Myanmar Derek Mitchell as ambassador.
- **Myanmar mulls revamp of financial system.** Myanmar authorities launched a new foreign exchange regime April 1, announcing a reference exchange rate of 818 kyat per dollar, close to the black market rate. The official exchange rate has long been approximately 6 kyat to the dollar. Central Bank deputy governor Maung Maung Win said that the government plans to open a new stock market, introduce debit cards in the next few months, and introduce greater central bank independence, according to a *Wall Street Journal* report April 4. The government is also considering letting foreign banks move into the country's largely closed economy, though officials have said that could take years.
- **Myanmar's government and Karen rebels agree to cease-fire.** Myanmar president Thein Sein met April 7 with Karen National Union (KNU) officials in Naypyidaw in another signal that the government is trying to end one of the country's long standing wars with ethnic insurgencies. The meeting followed an agreement a day earlier in which government officials and KNU representatives agreed to strengthen a cease-fire agreement reached in January while they continue to negotiate a more comprehensive

peace plan. The negotiators reached a 13-point plan that sets up a code of conduct to monitor the cease-fire. Some KNU leaders had rejected the initial agreement, saying the KNU representatives sent to negotiate with the government were not authorized to make a deal.

- **Myanmar's commander-in-chief defends army's political role.** Army chief General Min Aung Hlaing March 27 told troops at the country's annual Armed Forces Day parade that the army "has to respect and obey as well as preserve the state constitution." He said unelected military representatives sitting in parliament were acting "in the national interest" and "just performing a national political duty." Some observers interpreted the commander's comments as a warning to incoming opposition parliamentarians not to attempt to modify the constitution. Others noted that the parade was low-key compared to years past and pointed out Min Aung Hlaing's call to "respect and obey."

ASEAN

- **Twentieth ASEAN Summit held in Phnom Penh.** Leaders from the ASEAN member states met April 3-4 in Phnom Penh for the 20th ASEAN Summit. The ASEAN leaders passed a declaration to create a drug-free ASEAN by 2015, the Phnom Penh Declaration "One Community, One Destiny," and an agenda on ASEAN community building. The latter two declarations are aimed at furthering ASEAN integration and implementing the 2015 master plan on connectivity. Chairman Hun Sen said during his closing statement that only 68 percent of the ASEAN economic community plans for 2008-2011 had been implemented.
- **U.S. Pacific Command sends representative to ASEAN's first regional environment security forum.** The U.S. Pacific Command (PACOM) sent a representative to ASEAN's first regional environment security conference held April 2-5 in Jakarta. The meeting was organized to tackle the connection between climate change, environmental security, and the role of the military. Representatives from the United States, Australia, China, Timor-Leste, and all ASEAN states except Brunei attended the conference. Joshua Curtin, the deputy U.S. representative to ASEAN, said PACOM could play a unique role in sharing best practices and expertise in dealing with environmental issues and disaster relief.
- **Second ASEAN- EU Business Summit held in Phnom Penh.** The European Union and ASEAN held their second business summit April 1 in Phnom Penh. EU trade commissioner Karel De Gucht urged the two regional



Cambodian prime minister Hun Sen chaired the 20th ASEAN Summit April 3-4 in Phnom Penh. <http://www.flickr.com/photos/worldeconomicforum/4674308266/>



blocs to make concrete progress toward negotiating a far-reaching free trade agreement, saying the EU had already begun bilateral negotiations with Singapore and Malaysia, with Vietnam soon to follow. ASEAN is the EU's third-largest trading partner, while the EU is ASEAN's second-largest trading partner.

- **ASEAN discusses South China Sea and North Korea during summit.** Regional security issues took center stage during the 20th ASEAN Summit April 3-4, with ASEAN leaders divided over the South China Sea and expressing concern about a planned North Korean rocket launch. Philippine president Benigno Aquino said ASEAN should forge a common position on a proposed code of conduct on the South China Sea prior to negotiating with China. Philippine foreign secretary Albert del Rosario said that the proposal sparked disagreement. Analysts were surprised that Chinese president Hu Jintao visited Phnom Penh days before the leaders gathered for talks that were expected to include discussion on territorial disputes in the South China Sea.

THAILAND

- **Bombings leave 14 dead and hundreds injured in Thai south.** Coordinated bombings March 31 in the cities of Yala and Hat Yai resulted in 14 people killed and more than 300 hospitalized. Two truck bombs exploded near a popular lunch spot in Yala, followed by a third truck bomb nearby that exploded after responders arrived on the scene. A suspected car bomb exploded within an hour at the Lee Gardens Plaza Hotel in Hat Yai. Separatist groups in Thailand's tumultuous south have not historically targeted tourist areas. As of April 5 police had arrested seven individuals in connection with the bombings.



The Cambodia-Thailand Joint Working Group of the General Border Commission have failed to reach an agreement about troop withdrawal in the disputed Preah Vihear temple area. <http://www.flickr.com/photos/garndt/2941402405/>

- **Thai-Cambodia border group fails to produce agreement.** The Cambodia-Thailand Joint Working Group of the General Border Commission announced April 5 that it had failed to reach agreement on the implementation of an International Court of Justice ruling calling for the withdrawal of troops from the disputed area around the Preah Vihear temple. The Cambodian delegation said that progress was made during two days of talks and another meeting will be planned in the near future. Indonesia's foreign minister Marty Natalegawa is facilitating the discussions between the two countries. Fighting has erupted around the temple from time to time since a 1962 World Court ruling awarded the temple to Cambodia, a decision many Thais consider unfair.

- **Parliament agrees to adopt charter amendments.** A joint House-Senate committee set up to vet proposals for changing Thailand's constitution agreed April 5 to adopt the Thai cabinet's charter amendment plan. The plan seeks to change section 291 of the country's charter to allow for the creation of a constitutional drafting assembly. Opposition members of parliament said they opposed some aspects of the proposal, but would discuss them during the proposal's second reading. The House also passed a controversial national reconciliation plan based on a report by the King Prajadhipok Institute. The plan seeks to resolve remaining political tensions from Thailand's 2006 coup, including granting amnesty to ousted former prime minister Thaksin Shinawatra. It is now awaiting consideration by the cabinet.
- **Film board bans film based on *Macbeth*, citing concerns over national unity.** The movie "Shakespeare Must Die" April 4 became the second film to be banned for public release by Thailand's Film Board. The board said the movie, which is directed by Ing Kat and based on Shakespeare's play *Macbeth*, could undermine the unity of the country, although it did not cite specific reasons. The film was partly funded by the Thai Ministry of Culture.

INDONESIA

- **Parliamentarians defeat fuel subsidy cut amid protests.** Lawmakers March 31 rejected a government plan to cut fuel subsidies, which make up 15 percent of the federal budget, after a week of protests. The Golkar party and Prosperous Justice Party (PKS), both members of the ruling coalition led by President Susilo Bambang Yudhoyono's Democratic Party, reversed their earlier support for the cut. Lawmakers instead hammered out a compromise that will allow the government to cut subsidies only if fuel prices rise above a projected rate. The episode has cast doubt on whether the PKS will be allowed to remain in the governing coalition, with Yudhoyono saying April 5 that he was engaged in discussions to form a new coalition. Analysts say the deadlock raises questions about the government's ability to tackle tough issues affecting ASEAN's largest economy ahead of the 2014 presidential elections.
- **Aceh holds elections, incumbent governor appears to lose.** Five candidates, including incumbent governor Irwandi Yusuf and former Free Aceh Movement leader Zaini Abdullah, squared off in elections April 9 in Aceh. Sampling of ballots showed Abdullah receiving 55 percent of the vote to Yusuf's 29 percent, but final results will not be available until



The planned purchase of Indonesia's Bank Danamon could be delayed as Bank Indonesia governor Darmin Nasution asks Singapore for reciprocity in the banking sector. <http://www.flickr.com/photos/uwebkk/3492391121/>

April 15. The election proceeded peacefully, although observers worry that violence could flare if losing candidates challenge the results or if supporters allege election violations.

- **Prosecutors ask for seven years in Nazaruddin corruption trial.**

Corruption Eradication Commission (KPK) prosecutors April 3 asked a court to sentence former Democratic Party treasurer Muhammad Nazaruddin to 7 years in prison instead of the maximum 20 years. Nazaruddin is charged with taking \$514,000 in bribes in connection with the construction of the athletes' village for the 2011 Southeast Asia Games. Nazaruddin claims he is taking the fall for corruption directed by Democratic Party chairman Anas Urbaningrum and says he will soon reveal other cases of corruption.

- **DBS Bank of Singapore seeking to buy out Bank Danamon.** DBS Bank of Singapore has placed a \$7.3 billion takeover bid for Indonesia's Bank Danamon, the sixth-largest lender in the country. The bid constitutes a 52 percent premium on the value of Danamon's publicly traded shares. Bank Indonesia governor Darmin Nasution said on April 4 that the deal might be delayed until Singapore offers Indonesia reciprocal banking privileges. Both DBS and Danamon are majority controlled by Singapore's sovereign wealth fund. Some legislators said that the deal lacked transparency and could affect Danamon's ability to serve its "domestic priority customers."

- **World Bank says Indonesia should increase social spending.** The World Bank's quarterly report issued April 4 says Indonesia's economic fundamentals are strong but notes that 40 percent of the country's fuel subsidies go to the wealthiest 10 percent of households. The report urges the government to invest instead in improving the country's education system and shoring up the social safety net to reduce poverty and distribute the benefits of economic growth more uniformly.

- **Gunfire kills one, injures four aboard plane in Papua province.** A Twin Otter commercial plane carrying five people to Puncak Jaya, Papua province, came under gunfire from the ground April 8 as it approached the Mulia Airport. The pilot and copilot were both wounded but managed to put the plane down in a hard landing before crashing into a building. The one fatality was a journalist with the *Papapos Nabire* newspaper. Authorities have blamed an "armed gang" that fled into the brush after the attack.

MALAYSIA

- **Najib introduces new Security Offenses Bill.** Prime Minister Najib Razak April 10 introduced a new Security Offenses Bill to the Malaysian parliament. The bill is meant to replace Malaysia's colonial-era Internal Security Act (ISA), which Najib in September 2011 promised to repeal. Under the ISA, the government has blanket discretion on whom it can detain and for how long. The new legislation would limit government detention without charges to 28 days during an active investigation and would no longer allow detention for political beliefs and activities. The new legislation is being met with mixed reviews from opposition figures and civil society groups.
- **Recommendations to improve elections result in shouting match, Bersih to hold rally April 28.** A parliamentary committee established to improve Malaysia's election process April 4 presented its recommendations to the parliament, resulting in a shouting match. The committee's recommendations were passed without debate despite protests by opposition legislators that their suggestions had not been taken into consideration. The coalition for free and fair elections, Bersih, announced in response to the recommendations' passage that it would hold another protest April 28.
- **Private investment in Malaysia rises above government predictions.** Prime Minister Najib Razak announced April 1 that private investment in Malaysia in 2011 had exceeded the government's target by 13 percent, reaching \$31 billion. Najib credited his government's economic transformation programs for the increased investment. Performance Management and Delivery Unit Minister Idris Jala said that private investment in Malaysia is at the highest level in five years.
- **Seminar on the threat of Christianity creates controversy in Malaysia.** Johor state's Education and Mufti Departments sparked controversy by cohosting a seminar March 31-April 1 on the threat of Christianity, liberalism, and pluralism to Islam. Teachers at government schools were required to attend the seminar. Christian cabinet minister Maximus Ongkili said he would seek an explanation for why the seminar was held and why teachers were required to attend. Christians make up 9.8 percent of Malaysia's population.
- **Malaysia and Indonesia sign agreement on legal cooperation.** Malaysian attorney general Abdul Gani Patail and his Indonesia counterpart, Basrief



A parliamentary committee to improve Malaysian elections was established following massive rallies by Bersih in July 2011. <http://www.flickr.com/photos/shenghan/5925606468/>



Prime Minister Najib Razak (center) has credited his government's economic transformation programs for boosting private investment. <http://www.flickr.com/photos/comsec/3632256228/>

Arief, April 2 signed a memorandum of understanding (MOU) in Jakarta on legal cooperation. The agreement seeks to enhance cooperation on issues of common interest, including dealing with transnational crime. It is the fourth MOU on legal cooperation the Malaysian attorney general has signed in recent years. The previous three were concluded with Egypt, Oman, and Uzbekistan.

VIETNAM



Vietnam's Government Inspectorate claims mismanagement by national oil and gas group PetroVietnam has cost the government \$874 million. <http://www.flickr.com/photos/startracker/3915397451/>

- **Vietnam's anticorruption body reveals losses of \$1.5 billion in state-owned companies.** Vietnam's Government Inspectorate announced April 5 that it had uncovered \$1.5 billion in losses due to mismanaged assets and poor investments at several major state-owned companies, including oil and gas monopoly PetroVietnam. Wasteful spending and corruption in Vietnam's state-owned companies are blamed for destabilizing the economy and damaging the country's reputation, but analysts say it is unclear whether the crackdown on state companies will extend beyond rhetoric.
- **Former Vinashin executive sentenced to 20 years.** Former chairman of state-owned shipbuilder Vinashin, Pham Thanh Binh, was sentenced March 30 to 20 years in prison, and eight other top officials received sentences of between 3 and 19 years for mismanagement at the company that collapsed in 2010 under almost \$4.5 billion of debt. Vinashin defaulted on a \$600 million syndicated loan from foreign lenders in December 2010, which led to a downgrading of Vietnam's credit agency ratings. That debacle prompted Vietnam's government to promise reforms in the state sector.
- **First quarter GDP growth hits three-year low.** First quarter GDP growth in Vietnam hit a three-year low of 4 percent, down from 6.1 percent a year ago, according to government figures released in early April. Monetary tightening measures instituted last year helped bring inflation down to 14 percent in February from a high of 23 percent in August 2011, but these moves have deeply affected the construction and manufacturing sectors, which face difficulties in getting credit. The steep slowdown in growth prompted Citibank to cut Vietnam's GDP forecast for 2012 from 6 percent to 5 percent.

PHILIPPINES

- **Insurgent clashes kill two, force 270 families to flee.** Rival insurgent groups clashed March 25 in Magpet, in north Cotabato province in

Mindanao, killing two people and displacing 270 families. The Moro Islamic Liberation Front (MILF) attacked members of the Moro National Liberation Front (MNLF) over a personal feud between MILF commander Karim and MNLF commander Teo. Karim has accused Teo of masterminding the killing of his wife. The Philippines sent military officers to quell hostilities between the two warring parties.



Rebels with the Moro Islamic Liberation Front (MILF). Fighting erupted recently between members of the MILF and the Moro National Liberation Front. <http://www.flickr.com/photos/kitoy/2142556567/>

- **Philippines, Indonesia sign security pact to combat transborder crime.**

The Philippine and Indonesian militaries March 26 agreed to terms for a security pact to tackle transborder issues. Armed Forces of the Philippines chief of staff Lieutenant General Jessie Dellosa and Admiral Agus Suhartono of the Indonesian military finalized the terms of reference for establishing a joint working group to combat terrorism, drugs, and other criminal activities. The agreement is expected to be signed in Mindanao in April, according to the Philippine military.

- **Powerful Philippine clan leader pleads not guilty to electoral sabotage.**

The powerful southern Philippine clan leader Andal Ampatuan pled not guilty in his March 25 hearing in Manila on charges of election sabotage. He is charged with rigging, on orders from former president Gloria Macapagal-Arroyo, the 2007 Maguindanao senatorial elections in which 12 candidates from Arroyo's Lakas Kampi CMD party swept the polls. Arroyo has been charged as a coconspirator and pled not guilty in February. Ampatuan is also on trial for the massacre of 57 people in 2009.

- **Philippines ICT industry projected to be worth \$50 billion by 2016.**

The Philippine government has projected that the information and communications technology (ICT) industry will contribute as much as \$50 billion in direct revenue to the Philippine economy by 2016. The business-process outsourcing sector has thrived in recent years as Western corporations look for cost-saving facilities abroad. The Philippine Department of Science and Technology said March 24 that the government will look to invest significantly in the ICT industry, telecommunications, computer manufacturing, and other technology-related sectors to spur continued economic growth.

- **President Aquino prioritizes dismantling private militias ahead of 2013 polls.**

Philippine president Benigno Aquino March 28 announced his intentions to begin dismantling private militias ahead of the 2013 midterm congressional elections. Instructions were given to the Philippine National Police to prioritize tackling private armies throughout the country, some backed by powerful local politicians. The effort will focus on the southern



province of Mindanao, where many private militias still operate. Although 28 private militias were dismantled in 2011, resulting in 106 arrests, upwards of 86 groups with 1,781 members remain active nationwide.

SOUTH CHINA SEA

- **China protests Philippine plan to build pier on disputed Spratly island.** China is protesting the Philippines' March 30 announcement that it will build a new pier to develop tourism on a disputed Spratly island. The Philippine government plans to build a 330-foot concrete wharf with a beaching ramp on Thitu Island, called Pag-Asa by the Philippines. The 91-acre island has a small population of roughly 67 families as well as soldiers. Thitu is the second-largest island in the Spratly chain and the largest occupied by the Philippines.
- **China warns India to refrain from involvement in South China Sea dispute.** Chinese Foreign Ministry deputy director general of Asian affairs Sun Weidong March 26 warned India against getting involved in "disputes" in the South China Sea. Sun said India's state-owned oil firm Videsh, which has leased oil and gas blocks from Vietnam in the South China Sea, should seek to "ensure peace and security in the region" by ceasing involvement until disputes are resolved. Beijing has urged foreign companies to refrain from exploring in disputed Vietnamese oil blocks.
- **Philippines and Vietnam propose joint "war games" in South China Sea.** A proposal for joint maritime exercises by the Philippines and Vietnam in the South China Sea was publicized March 27 after a Philippine delegation visited Vietnam March 11-14 to explore opportunities for military cooperation. Philippine-Vietnamese navy commanders proposed a communication hotline and joint military patrols while agreeing to standard operating procedures for interaction between their two navies in the vicinity of Southeast Cay Island and Northeast Cay Island in the Spratlys. China has protested the proposed military exercises as violating its sovereignty.

CAMBODIA

- **Hu Jintao pledges to double aid and trade with Cambodia by 2017.** Chinese president Hu Jintao traveled to Phnom Penh March 30 for a three-day visit just prior to the start of the ASEAN Summit. He announced plans for China, which invested an estimated \$1.2 billion in Cambodia in 2011, to double its aid and investment in Cambodia over the next five

years. Cambodian president Hun Sen has repeatedly said that the funds come with no strings attached, but analysts and opposition leaders within Cambodia say China is influencing the country to support China at ASEAN forums on issues like the South China Sea.

- **Search begins for new judge in Khmer Rouge tribunal.** The United Nations announced March 30 that it would begin its search for two new international co-investigating judges for the Extraordinary Chambers in the Courts of Cambodia, the joint tribunal established to prosecute former Khmer Rouge officials for war crimes. Two previous investigating judges resigned in the past six months, citing interference by the Cambodian government in court proceedings. The United Nations called the events “worrying” and has asked for the Cambodian government’s full cooperation.



The search is on for two new judges for the Extraordinary Chambers in the Courts of Cambodia after the resignation of two investigating judges in the past six months. <http://www.flickr.com/photos/krtribunal/3738705666/>

- **Exports to the European Union rose 40 percent in 2011.** European trade commissioner Karel De Gucht announced at the April 2 ASEAN- EU Business Summit that Cambodian exports to the European Union rose 40 percent to \$1.3 billion in 2011. The EU simplified its generalized system of preferences in January 2011, allowing for the increases in trade with Cambodia. The current economic crisis in Europe has cast a shadow over the prospects for EU-ASEAN trade, and both regional bodies are working to ensure that trade relations remain strong.

- **Hun Sen lashes out at critics during ASEAN Summit press conference.** Prime Minister Hun Sen lambasted his domestic critics at what was expected to be a mundane press conference April 4. Speaking at the concluding press conference for the 20th ASEAN Summit, Hun Sen referred to one unnamed critic as a “bald-headed doctor” who was “silly” and “wrong thinking.” The 30-minute rant was sparked by a question regarding speculation about China pressuring Cambodia on South China Sea issues ahead of the summit.

SINGAPORE

- **More U.S. Navy ships will be deployed to Singapore.** The United States made a formal request to Singapore to deploy more of its littoral combat ships (LCS) to the city-state during the April 4 meeting in Washington between Singapore’s defense minister, Ng Eng Hen, and U.S. defense secretary Leon Panetta. Singapore is evaluating the new proposal, which could see up to four LCS vessels deployed to Singapore by 2016. The United States had earlier asked to deploy only one to two such ships to Singapore by 2013.



Professors at Yale University have raised concerns about a planned Yale-National University of Singapore joint liberal arts college. <http://www.flickr.com/photos/terhorstj/4747174023/>

- **Singapore home prices fall for first time in three years.** Singapore has experienced the first drop in home prices since June 2009 following government measures aimed at bringing down prices, according to estimates released April 2 by the Urban Redevelopment Authority. Singapore's private residential property price index declined 0.1 percent from the previous three months to 206 points in the quarter that ended March 31. Singapore has been trying to bring down home prices since 2009 through measures such as barring interest-only loans for some housing projects.
 - **Singapore makes changes to rules for Indonesian domestic helpers.** Singaporean employers will no longer need to fork out an up-front payment of \$2,400 in placement fees for maids from Indonesia. Employers will instead have to pay a substantially higher one-time agency fee of between \$1,000 and \$1,300, up from \$320 to \$475. Under the new rules that go into effect May 1, Indonesian domestic helpers without experience must undergo 400 hours of training before leaving for Singapore.
 - **Yale faculty raise concerns about Yale-National University of Singapore joint campus.** Professors at Yale University passed a resolution April 6 calling for a planned Yale-National University of Singapore joint campus to protect human rights and political freedom. The resolution raised concerns about Singapore's "history of lacking respect for civil and political rights." Yale faculty had earlier expressed outrage at not being able to vote on the establishment of the liberal arts college set to open in Singapore next year. Yale president Richard Levin opposed the resolution, saying it does not capture the "mutual respect" of the collaboration.
- TIMOR-LESTE**
- **Justice minister stripped of immunity to be tried in corruption case.** Timor-Leste's parliament voted March 20 to remove Justice Minister Lucia Lobato's ministerial immunity and suspended her duties so that she can stand trial on charges of corruption and abuse of power. Lobato is accused of colluding with a construction company that won a contract to build eight Civil Registry offices in 2009. A staff member from her office is also accused of falsifying documents. Lobato's trial is scheduled to begin May 23.
 - **Ramos-Horta says new government should make Greater Sunrise oil and gas field a priority.** Lame-duck president José Ramos-Horta said April 4 that Timor-Leste's next government should make it a priority to get the Greater Sunrise oil and gas field up and running. Voters will go to the

polls April 16 for a runoff vote to elect a new president, and again in June to vote for members of the parliament. The Greater Sunrise field is shared between Australia and Timor-Leste, and the current working agreement will expire in 2013. Ramos-Horta has previously criticized the government for its lack of progress in bringing the field on line.

- **Politicians and political parties line up to support presidential candidates.** José Luis Guterres, deputy prime minister and leader of the minority Frente Mudanca Party, pledged to support Tuar Matan Ruak for president in Timor-Leste's April 21 runoff vote. Ruak, the former head of the military, is running as an independent against FRETILIN party leader Lu-Olo. Current prime minister Xanana Gusmao also pledged support for Ruak. Angela Freitas, a presidential candidate in the first round of elections, has pledged her support to Lu-Olo. Several major political players, including current president José Ramos-Horta, have yet to announce support for either candidate.

MEKONG DELTA

- **Lao expert blames Chinese dams for low water levels on Mekong River.** A water resources expert with the Lao Ministry of Natural Resources told Radio Free Asia March 31 that dams in China are to blame for recent drops in Mekong River water levels. Lower water levels are adversely affecting navigation, fish stocks, and agriculture in downstream areas in central Laos, including areas around Vientiane. The Lao official requested anonymity to make the rare criticism. Local authorities have warned that vessels weighing more than 100 tons cannot navigate the Mekong River between southern China, Laos, and Thailand.
- **U.S. official expresses greater interest in lower Mekong region.** Under Secretary of State for Economic Growth, Energy, and the Environment Robert Hormats said March 22 during a two-day visit to Thailand in late March that the United States is keen to participate in the development of the Lower Mekong subregion, particularly in the areas of education, environment, power grids, smart power, and connectivity. Hormats added that U.S. officials will participate in a meeting on Lower Mekong development in Hanoi in July, accompanied by representatives of U.S. companies to familiarize them with the region.

BRUNEI DARUSSALAM

- **Sultan of Brunei calls for greater ASEAN connectivity.** Sultan Hassanal Bolkiah called April 4 for a greater commitment by all ASEAN countries



Vote counting at a poll in Dili during the first round of voting for Timor-Leste's president. The top vote-getters, Tuar Matan Ruak and Lu-Olo, will face each other in a runoff April 21. <http://www.flickr.com/photos/ationsdevelopmentprogramme/6995142511/>



“Red tides” like the one currently affecting Brunei result in dead and inedible fish and shellfish. <http://www.flickr.com/photos/48722974@N07/4523952244/>

to realize the ASEAN Community 2015 by seeking greater buy-in from the private sector and other stakeholders. The sultan made his remarks at the 20th ASEAN Summit in Phnom Penh. He called for an acceleration of infrastructure projects in the Brunei-Indonesia-Malaysia-Philippines East Asia Growth Area, a grouping organized to tackle connectivity problems in maritime Southeast Asia.

- **“Red tide” puts fishing on hold.** Waters off Brunei and the western coast of Malaysia’s Sabah province are experiencing a “red tide,” or algal bloom, which results in elevated toxins in shellfish and fish, rendering them unsuitable for human consumption. “Red tides” have occurred off Brunei’s coast with some frequency since 1976, causing economic hardship for the area’s fishermen. Levels of harmful toxins are monitored by agencies in Sabah and Brunei.

LAOS

- **Laos and Cambodia among top countries for child victims of human trafficking.** Laos and Cambodia are among the top 10 origin countries for child victims of human trafficking, while Thailand and Indonesia rank among the top 10 destination countries, according to data released April 4 by the International Organization of Migration (IOM). The number of child trafficking victims increased 27 percent to 2,040 in 2011, up from 1,565 in 2008, based on information from IOM’s missions in 91 countries.

APEC

- **APEC officials meet in Singapore to push 2012 priorities.** Officials from APEC’s 21 member economies met in Singapore March 28–29 to discuss policies to enhance innovation and trade in the Asia Pacific. Trade and investment roundtables and workshops hosted experts from the private sector, multilateral organizations, and other institutions. Russia, as APEC chair in 2012, is prioritizing practical strategies and solutions to achieve trade and investment liberalization and regional economic integration, establish reliable supply chains, strengthen food security, and intensify cooperation to foster innovative growth. ■

Looking Ahead

- **Talk on West Papua and globalization.** The Institute for Global and International Studies will sponsor a talk April 12 titled “Freedom in Entangled Worlds: West Papua and the Architecture of Global Power” with Eben Kirksey, Mellon Fellow and visiting assistant professor, City University of New York Graduate Center. Kirksey will share his work on Papuan resistance to Indonesian control and globalization. The event will be held from 5:30 p.m. to 6:30 p.m. at the Elliott School of International Affairs, 5th Floor Seminar Room, Suite 501, 1957 E St., NW. Please RSVP at <http://bit.ly/GEmtqb>.
- **Talk on Malaysia and the Trans-Pacific Partnership (TPP).** The Malaysia-America Society and American University’s ASEAN Studies Center will host a panel April 13 on the challenges and opportunities of the Trans-Pacific Partnership for Malaysia. Murray Hiebert, CSIS Southeast Asia Program deputy director, will chair a forum with Daniel Watson, deputy assistant secretary for Southeast Asia in the Office of the U.S. Trade Representative; Hairil Yahri Yaacob, minister counselor with the Embassy of Malaysia; and Marc Mealy, vice president of the US-ASEAN Business Council. The forum will be held from 6:30 p.m. to 8:00 p.m. at American University’s School of International Service, Founders Room, 4400 Massachusetts Ave., NW. Please RSVP to Nadia Bulkin at aseanstudiescenter@american.edu.
- **Conference on power and identity in Asia.** The George Washington University’s Rising Powers Initiative will host a conference April 16 from 9:00 a.m. to 5:45 p.m. titled “Power, Identity, and Security in Asia: Views on Regional Cooperation and the U.S. Role.” The event will feature panels on India, Japan, Korea, ASEAN, China, and the implications for U.S. foreign policy. The ASEAN panel from 2:00 p.m. to 3:00 p.m. will feature the East West Center’s Satu Limaye, American University’s Amitav Acharya, the University of the Philippines’ Allan Layug, and the University of Delaware’s Alice Ba. The conference will be held at the Elliott School of International Affairs’ City View Room, 7th Floor, 1957 E St., NW. Please RSVP [here](#) by April 12.
- **Conference on U.S. strategy in Asia.** The National Bureau of Asian Research will host a conference April 18 titled “Engaging Asia 2012: Strategies for a Shift toward the Asia-Pacific.” Congressman Charles Boustany Jr. and Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell will speak on the United States’ strategic rebalancing toward the Asia Pacific. Assistant U.S. Trade Representative for Southeast Asia and the Pacific Barbara Weisel will speak on the Trans-Pacific Partnership and U.S. trade policy in the region. The event will be held at the 20 F St., NW, Conference Center from 8:30 a.m. to 12:30 p.m. Please RSVP to Sonia Luthra at NBRdc@nbr.org.



- **Talk on economic inequality in Asia.** The Asian Development Bank (ADB), the Center for a New American Security, and the Asia Society will host a discussion April 23 titled, “Asia’s Economic Outlook: Weathering the global crisis while confronting rising inequality.” Speakers will include ADB chief economist Changyong Rhee and the Center for a New American Security’s Patrick M. Cronin. The event will be held from 9:30 to 11:00 a.m. at the National Press Club’s Holeman Lounge, 529 14th Street, NW. Please direct questions to Laurel Gutenberg of the Asian Development Bank at naro@adb.org or 202-728-1500. Please RSVP [here](#).
- **Lecture on strategic transformation on Asia’s rim.** The Johns Hopkins University’s School of Advanced International Studies (SAIS) will host a lecture May 2 titled “Strategic Transformation on Asia’s Rim” by Marvin Ott, professorial lecturer for Southeast Asia studies. The event will be held at the SAIS Rome Building, Room 812, 1619 Massachusetts Ave., NW, from 8:00 a.m. to 9:30 a.m. Please RSVP to saisevents@jhu.edu or call (202) 663-5636. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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