

Southeast Asia from the Corner of 18th & K Streets

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Time to End Strategic Ambiguity in the South China Sea

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The CSIS Southeast Asia Program hosted its second annual conference on the South China Sea June 27–28. As expected, the event, titled “The South China Sea and Asia Pacific in Transition: Exploring Options for Managing Disputes,” saw its fair share of sparks between the panelists. This was especially true between the Chinese and Philippine and Chinese and Vietnamese speakers. But after a day and a half of heated discussion, one clear message had developed: ambiguity over the territorial and maritime claims in the South China Sea does not serve anyone’s interests.

While participants tended to revisit the issues of sovereignty and table ideas for just managing rather than resolving disputes, this year’s conference felt markedly different from the one on broadly the same theme last year. There was palpable tension in the room as each of three Chinese experts sought to defend Beijing’s positions. It is important to note the plural “positions,” because there was scant agreement as to what precisely the Chinese position is. Fellow panelists and several sharp questioners from the audience demonstrated that there was little appetite for vague pronouncements of Chinese policy and justifications.

What the audience was expressing was precisely the exasperation that has spread through policy communities both in Washington and in Asia. It is exasperation not with the South China Sea dispute itself, or even with perceived recent aggressiveness from Beijing, both of which have become part of the regional landscape. Rather, it is frustration

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China's "9 dash lines" claim to the waters of the South China Sea is not based on international law and keeps Beijing's stance on maritime boundaries purposely ambiguous

with the perpetual uncertainty created by a Chinese policy that amounts to avoiding taking a position at all costs. Without a defined Chinese position, resolving claims and reconciling positions is not possible.

China's policy of strategic ambiguity, as it has been euphemistically called, serves its purposes well. It allows China the flexibility to interpret its position to serve the audience at hand. This is why the Ministry of Foreign Affairs was able to issue its well-publicized statement in February 2012 stating that no nation claims sovereignty over the entire South China Sea and that the dispute is only about the "islands and adjacent

waters." This raised hopes in the United States and among the other Asian claimants that China was backing away from the 9-dash lines claim and moving to bring its claims in line with international law.

That, however, has clearly not been the case. This year's tensions in the sea started with a two-month standoff between Chinese and Philippine ships at Scarborough Shoal. That confrontation, despite pronouncements to the contrary from Beijing, served as an example of a creeping evolution in Beijing's claims. For years the Chinese territorial claims in the South China Sea extended only to the Spratlys (*Nansha*, or "South Banks") and Paracels (*Xisha*, or "West Banks"). Any claim to other features, like Scarborough Shoal, was only implied in so far as they fell within the ambiguous 9-dash lines. Then China extended its claim to the entirely submerged Macclesfield Bank via the imaginary *Zhongsha*, or "Middle Banks," despite there being no way under international law to claim title over a submerged feature as if it were an island. Further, in recent years, as Beijing has tried to move beyond an overreliance on the indefensible 9-dash lines, Scarborough Shoal has been incorporated as part of *Zhongsha*. The fact that it lies hundreds of miles from Macclesfield Bank or that it appears on none of the historical documents China puts forth to prove its title to the Spratlys and Paracels seemingly does not matter.

Beijing showed similar disregard for the policy put forth in its February Ministry of Foreign Affairs statement when in early May it reinstated its annual unilateral fishing ban for all of the South China Sea above the 12th parallel. Such a ban would be possible only if China were claiming

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all the waters within the 9-dash lines, not only its “islands and adjacent waters.” Then in late June, the China National Offshore Oil Corporation (CNOOC) fired a shot across Vietnam’s bow by announcing the company would open nine oil and gas blocks in the South China Sea to foreign bids. The catch was that all nine blocks lie within the 200-nautical-mile exclusive economic zone (EEZ) of Vietnam, and many in fact overlap with existing blocks already leased by Vietnam, including those committed to Exxon-Mobil. More importantly, CNOOC’s blocks are not defensible under a claim to the “islands and adjacent waters” of the South China Sea because there is no island within 200 nautical miles (the maximum allowable EEZ) of all the blocks.

These developments highlight the need for the ASEAN claimants—Vietnam, the Philippines, Malaysia, and Brunei—to take a stand on what is genuinely in dispute in the South China Sea and what is not. As long as that fundamental fact remains unclear, China will continue to employ ambiguous and contradictory claims to pursue its interests in the South China Sea at the expense of its smaller neighbors.

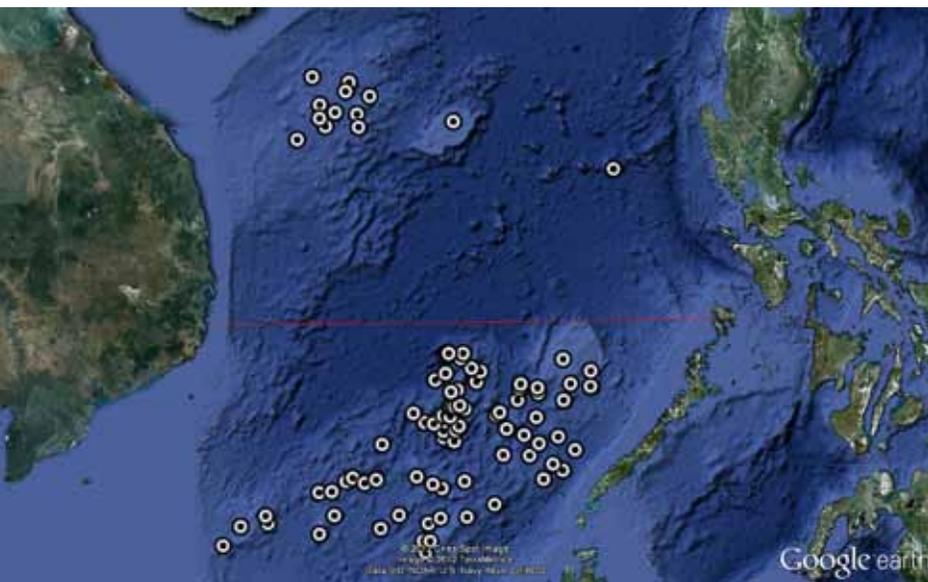
Some steps have been taken in this direction. Vietnam and Malaysia’s 2009 joint submission of their southern extended continental shelves to the UN Commission on the Limits of the Continental Shelf was an important first step in this effort. The Philippines baseline law, passed the same year, establishing its coastal baselines in accordance with the UN Convention on the Law of the Seas (UNCLOS), was another.

Despite these steps, too much remains ambiguous in the South China Sea. Vietnam’s National Assembly recently passed a Law of the Sea reiterating its claim to the Paracels and Spratlys, but it remains unclear just what Vietnam is claiming in the maritime domain. Beyond its southern boundaries with Malaysia, where are its claimed baselines and its extended continental shelf? Does it consider the islands of the Spratlys and Paracels capable of generating an EEZ or not? The same questions must be asked and answered by the other three ASEAN claimants, Brunei, Malaysia and the Philippines.



China National Offshore Oil Corporation’s recent invitation for foreign bids on nine oil and gas blocks in the South China Sea has raised anew concerns about the nature of China’s claims. All of the blocks overlap with Vietnam’s exclusive economic zone.

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In May 2012 China reinstated its annual unilateral fishing ban for much of the South China Sea. The vast area covered by the ban suggest that Beijing is still claiming all the waters within the 9-dash lines.

The ASEAN parties have seen their positions on many of these questions slowly converge. For instance, all four appear to operate under the assumption that the Spratlys and Paracels are not legally islands, but merely rocks and therefore entitled only to a 12-nautical-mile territorial sea.

An honest effort to resolve the disputes in the South China Sea requires that this and other assumptions be codified in law. This does not mean any of the claimants have to give up anything regarding their claims to the features in the South China Sea. Instead, it would allow them to strengthen the legal basis of their maritime claims and separate the far

more intractable, but geographically much smaller, territorial disputes. Most importantly, it would allow them to present a united front to China in arguing one crucial point: The only acceptable basis for maritime claims in the South China Sea must be international law, especially UNCLOS.

Were the ASEAN claimants to present an agreed-upon framework for establishing what is and is not disputed, the burden would rest with Beijing to clarify the basis for its own claims. At that point, Beijing would have limited options. Such pressure might give more moderate voices, like those in the Ministry of Foreign Affairs, more credibility, allowing China to clarify its claims by retaining those to the Spratlys and Paracels but giving up its egregious claims to the waters in between. This would mark an important step toward resolving the South China Sea disputes.

Alternately, Beijing could reject entirely the primacy of accepted international law in the dispute, but that would be extremely damaging to China's larger interests. Beijing would more likely refuse to engage in any dialogue at all. While possible in the short-term, such a course of action would identify China as the undeniable remaining belligerent in the dispute and rally regional and international opinion around the ASEAN claimants' position. Eventually, China would likely find it less damaging to its reputation and interests to clarify its claims than to cling to its traditional ambiguity.

Most of the time in the CSIS conference was spent discussing the bases of the disputes and exploring ways to manage inevitable

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incidents rather than suggesting means for actually solving the disputes. Given the complexity and longevity of the South China Sea issue, such difficulties are to be expected.

But the most important reason that there seemed little light at the end of the tunnel was that so much of the dispute remains ambiguous. It is time for the ASEAN claimants to fully codify, both in domestic legislation and in a multilateral framework, what is and is not in dispute under international law. That would be a position that the international community, including the United States, could legitimately support because it would mean not defending the claims of any individual party to the dispute, but rather supporting international law itself. ■

The Week That Was

INDONESIA

- **Umar Patek given 20 years for 2002 Bali bombings.** The West Jakarta District Court sentenced Hisyam bin Ali Zein, widely known as Umar Patek, to a 20-year sentence June 22 for his role in the 2002 bombing of a Bali nightclub that killed 202 people. The trial lasted three months. He avoided a life sentence because the court found he was not a mastermind of the bombings. Patek's lawyer, Asludin Hanjuni, said June 28 that Patek would not seek to appeal.
- **Pertamina purchases Venezuelan oil assets for \$725 million.** Pertamina, Indonesia's state-owned oil company, agreed to pay Harvest Natural Resources \$725 million for its stake in a joint venture with Venezuela's state-owned oil company. The deal is subject to the Venezuelan government's approval. This marks a growing trend of Asian oil companies developing assets and agreements abroad. China, Japan, South Korea, and Vietnam all have recently signed oil deals with Caracas. Pertamina said it hopes to "aggressively develop" its overseas business as Indonesian oil reserves begin to taper off.
- **Indonesia pledges up to one billion dollars to IMF.** Indonesia announced June 28 it will provide up to one billion dollars to boost the resources of the International Monetary Fund (IMF), following similar moves by other emerging economies. Deputy Foreign Minister Mahendra Siregar initially said June 20 that Indonesia would not commit any funds as leaders of Brazil, Russia, India, China, and South Africa increased their contributions in exchange for a greater voice in the institution. The IMF is seeking contributions in light of the continuing financial crisis in Europe.
- **Smog from Sumatra clouds skies over Malaysia, Singapore.** Smog engulfed the skylines of Kuala Lumpur and Singapore in the past two weeks, largely due to fires from land clearing on Sumatra and Indonesian Borneo. Indonesia's National Meteorological, Climatology, and Geophysics Agency June 17 reported 163 hot spots on Sumatra, more than double the number the day before. Indonesian authorities are attempting to regulate the burning, but enforcement is difficult given the size of the affected area and limited policing capabilities. Singapore's National Environment Agency said June 17 that hazy conditions would likely continue for the next two weeks.
- **Voter rolls for Jakarta gubernatorial race called into question as campaign begins.** Campaigning for Jakarta's governor race officially



A forest fire in Indonesian Borneo. "Hot spots" due to slash-and-burn land clearing in Sumatra and Borneo have clouded the skies of Southeast Asia, including Kuala Lumpur and Singapore. <http://www.flickr.com/photos/cifor/6347177914/in/photostream>

began June 24, with elections to be held July 11, but five of the six candidates refused to endorse the voter rolls. One candidate, Joko Widodo, filed a class action suit against the Jakarta election commission, while others have called for delaying the election until the problems can be fixed. Joko's lawyer said June 25 that there are hundreds of thousands of irregular and duplicate names on the rolls. The winner of the election will control the Indonesian capital and its \$4.9 billion budget, and will likely be highly influential in the 2014 presidential race.

- **Golkar nominates Bakrie as 2014 presidential candidate.** Indonesia's second-largest political party, Golkar, announced June 29 that Aburizal Bakrie will be party chairman and its candidate for the 2014 presidential election. Golkar, the party of ousted dictator Suharto, is the most popular party in Indonesia in recent polling. Bakrie, a controversial and extremely wealthy figure, lags behind other potential candidates, including former president Megawati Sukarnoputri, in recent polls. Golkar deputy chairman Agung Laksono said the party will not decide on a vice presidential candidate until 2013, when it will have a better sense about whether a coalition will need to be formed.

THAILAND

- **Google's transparency report reveals frequent removal of content due to lèse-majesté.** Google's annual transparency report released June 18 revealed the Thai Ministry of Information, Communication, and Technology requested 374 YouTube videos be taken down in 2011, a sharp increase from only 43 in 2010. The videos allegedly committed lèse-majesté, or insulting the monarchy. Google complied with 100 percent of the requests, while its global average for compliance was 63 percent. None of the requests in Thailand included a court order. The report marks a continuing trend of Thailand's more stringent enforcement of lèse-majesté in the past year.
- **Flood prevention measures could result in worse flooding in central provinces.** Consulting company Team Group warned June 21 that newly constructed dikes and embankments could result in greater flooding in northern Bangkok and Ayutthaya province, potentially leaving its main town, Muang Phra Nakhon Si Ayutthaya, under more than 9 feet of water. The group presented its findings, based on models from the devastating 2011 floods, at the Knowing and Fighting against Flooding Conference. Thailand has been trying to fortify its flood prevention measures throughout the past year to avoid a repeat of 2011.



A man makes his way through Bangkok's floodwaters in October 2011. This week, a private company revealed that some flood prevention measures could increase flooding in other areas. <http://www.flickr.com/photos/philiproeland/6300371085/>

- **U-Tapao decision delayed, NASA cancels climate study.** A U.S. embassy spokesperson announced June 28 that NASA had cancelled a planned climate study due to the delay and controversy over its request to use Thailand's U-Tapao airbase. Thailand's army commander, Gen. Prayuth Chan-ocha, said he regretted the outcome and hoped that it could be revisited next year. NASA previously said it would need approval by June 26 to go forward with the study, scheduled to take place in August. The same day the Thai cabinet announced it would send the issue to the parliament for review. Several opposition legislators opposed NASA's use of the base, saying it could impact Thailand's sovereignty.
- **"Red shirt" leader's bail revoked.** Thailand's Constitutional Court filed a petition June 21 to revoke "red shirt" co-leader Jatuporn Prompan's bail, claiming that he violated the terms of his parole when he criticized the court at a rally. When asked for clarification, the court announced it would hold a press conference on the issue June 25, but the press conference was subsequently canceled. Jatuporn said the court overstepped its bounds, as it is not a witness or plaintiff in the case. He is charged with terrorism for his actions during the 2010 political violence that swept Bangkok leaving more than 90 people dead.

MYANMAR

- **Aung San Suu Kyi delays parliamentary debut.** Nyan Win, a spokesperson for Myanmar's opposition National League for Democracy, said July 1 that opposition leader Aung San Suu Kyi would not attend the parliamentary session beginning this week. She was initially scheduled to make her debut as an elected member of parliament July 4, but will not do so until July 9. Nyan Win cited Suu Kyi's fatigue after a hectic five-nation European tour as the reason for the delay and said Suu Kyi's overall health is fine.
- **Derek Mitchell confirmed as U.S. ambassador to Myanmar.** The U.S. Senate June 29 confirmed Derek Mitchell as the first U.S. ambassador to Myanmar in more than two decades. Mitchell most recently served as the first special representative and policy coordinator for Myanmar, a position created by U.S. president Barack Obama in 2011. Myanmar is expected to send an ambassador to the United States as well.
- **Myanmar delays foreign investment laws.** Myanmar indicated on June 23 that fresh economic legislation critical for investment could be pushed back another few months. Officials said a new version of the foreign

investment law could be delayed by another five weeks, while a law on special economic zones could take up to four months to be finalized. Only around \$133 million of the \$4.7 billion in foreign investment to Myanmar approved last year has actually materialized.

- **Myanmar prepares to offer 18 oil and gas blocks for tender.** Myanmar will offer up to 18 oil and gas blocks in a new global tender to be launched in the next two to three months, an energy official said June 20. Myanmar has already inked nine deals with foreign companies since March, which will allow the companies to scour for oil and natural gas. Parliamentary opposition leader Aung San Suu Kyi meanwhile warned June 13 that the state-owned Myanma Oil and Gas Enterprise, with which all foreign investors must engage in joint ventures, lacks transparency and accountability. At least for now, U.S. companies are prohibited from bidding on these blocks. The U.S. government announced in mid-May that it would suspend U.S. sanctions against investment in and financial transactions with Myanmar, but officials have not yet issued a general license outlining what, if any, restrictions will remain on U.S. companies.
- **Myanmar and Bangladesh in dilemma over Rohingya refugees.** Bangladeshi security forces continue to detain and deport Rohingya Muslims fleeing violence in western Myanmar despite growing international calls to Bangladesh to open its borders to refugees. Myanmar president Thein Sein and Bangladesh prime minister Sheikh Hasina will discuss the issue when the former travels to Bangladesh July 15-17. The death toll from clashes between Rohingyas and Buddhist Rakhines rose to 62 on June 21. Rohingyas are denied citizenship in Myanmar and refused entry to Bangladesh, which says it is already overburdened with some 400,000 from previous inflows.
- **Myanmar president promises “second wave of reforms.”** Myanmar president Thein Sein announced in a June 19 state of the union address that the country will embark on a “second wave of reforms” beginning this year. The reforms will include a minimum wage law and privatization initiatives in such fields as energy, electricity, education, health, and finance. Thein Sein also vowed to triple Myanmar’s gross domestic product per capita by 2016. The government appeared to kick off the “second wave” July 3 by granting amnesty to 46 prisoners, including several well-known political prisoners.

PHILIPPINES

- **Government says there are 5.5 million Filipino child workers.** The Philippine Department of Labor and Employment reported June 27 that the number of Filipino child laborers has increased to 5.5 million, or approximately one-fifth of the country's population aged 5 to 17 years. The National Statistics Office, which conducted the survey, found that child laborers are mostly employed in the agricultural and industrial sectors. Labor Secretary Rosalinda Baldoz responded to the findings by pledging to reduce child labor by 75 percent in four years.
- **Candidates to submit campaign expenditures in 2013 midterm elections.** The Philippine Commission on Elections announced June 27 an anticorruption resolution that will require candidates in the 2013 midterm elections to file their statements of election contributors and expenditures before assuming office. Elected officials who fail to file their statements will initially face fines of \$25 to \$1,400. A second offense will result in being permanently disqualified from holding public office. The resolution is part of President Benigno Aquino's larger anticorruption movement.
- **Asian Development Bank approves \$350 million loan to enhance Philippine competitiveness.** The Asian Development Bank (ADB) June 26 approved a loan of \$350 million to fund a Philippine program designed to improve the country's business environment. The program focuses on the development of youth labor skills, including a project called "My First Job." The project aims to provide 1,600 youth with career counseling services and internship opportunities. The Philippines was one of the ADB's top 10 loan recipients in 2011.
- **U.S. submarine visits Subic Bay.** A U.S. nuclear-powered attack submarine, the USS *Louisville*, docked June 26 at the Philippines' Subic Bay. The visit was a routine port call to replenish supplies and allow rest for the crew. The U.S. embassy in the Philippines said the mission highlights the strong historic and military connections between the two countries. The USS *Louisville* is the second U.S. attack submarine to visit the Philippines since the United States announced plans last year to rebalance toward the Asia-Pacific region.

SOUTH CHINA SEA

- **CSIS hosts South China Sea conference.** The CSIS Southeast Asia Program hosted a conference June 27-28 titled “The South China Sea and Asia Pacific in Transition: Exploring Options for Managing Disputes.” Experts from the United States and the region discussed recent developments in the South China Sea and options for managing and resolving disputes. Assistant Secretary of State for East Asia and the Pacific Kurt Campbell and Senator Joseph Lieberman presented keynote speeches during the conference. More information, including transcripts, audio, and video of the event, is available [here](#).
- **Philippines to lift Scarborough Shoal fishing ban.** The Philippine government has announced that as of July 15 it will lift the finishing ban it imposed last month in disputed waters near Scarborough Shoal. The Armed Forces of the Philippines (AFP) said July 1 it plans to coordinate with the Philippine coast guard to ensure the safety of fishermen returning to the area. An AFP spokesperson said the military will pursue all necessary means to secure the safety of Philippine citizens exercising their maritime rights, but did not say whether the government plans to send navy or coast guard ships back to the disputed shoal.
- **Vietnam passes maritime law reiterating claim to Paracel and Spratly Islands.** Vietnam’s National Assembly June 21 passed a new Law on the Sea, reiterating its sovereignty over the Paracel and Spratly Islands. The law immediately drew criticism from Beijing, which summoned Vietnam’s ambassador to China, Nguyen Van Tho, and called the law a serious violation of China’s territorial sovereignty. China’s State Council responded by approving the establishment of a new prefecture-level city, *Sansha* (“Three Banks”), to administer the islands of the Spratlys (*Nansha* or “South Banks”), the Paracels (*Xisha*, or “West Banks”), and Macclesfield Bank and Scarborough Shoal (*Zhongsha*, or “Middle Banks”).
- **China’s state-owned oil firm opens nine blocks in disputed waters to foreign bids.** China National Offshore Oil Corporation (CNOOC) June 23 invited international bids for nine oil-exploration blocks within the 200-nautical-mile exclusive economic zone claimed by Vietnam under the United Nations Convention on the Law of the Sea. The announcement drew strong protests from Vietnam, which asked China to stop the “erroneous” bid. Chinese Foreign Ministry spokesperson Hong Lei said June 27 the bidding is a “normal business activity” in line with Chinese laws and international practices. About 200 Vietnamese demonstrators marched



Assistant Secretary of State for Asia and the Pacific Kurt Campbell delivered the lunch keynote speech June 27 at the CSIS conference on the South China Sea. (Photo: CSIS Southeast Asia Program)

through downtown Hanoi July 1 shouting “Down with China!” The nine blocks overlap with several blocks already leased to foreign oil companies by Vietnam.

VIETNAM

- **Vietnam, Japan launch rare earths facility.** Vietnam and Japan June 16 inaugurated a rare earths research and technology transfer center in Hanoi. Vietnam constructed the center with equipment provided by Japan. Operations are set to begin in the second half of 2013. The two countries signed an agreement on joint development last October. Japan’s determination to reduce its dependence on China for rare earths has prompted cooperation with Vietnam, which has one of the world’s largest reserves of rare earths. Rare earths are used in the manufacture of electronics including light bulbs, cellular phones, and computers.
- **Prime minister approves urban development project in Greater Mekong Subregion.** Vietnamese prime minister Nguyen Tan Dung June 18 approved a \$147 million development project in the Greater Mekong Subregion. The Asian Development Bank will supply close to 90 percent of the required funds. The project is set to begin in 2013 and is due for completion in 2018. It focuses on expanding roads, improving water supply and treatment systems, and urbanization. Vietnam aims to transform the region from a transport corridor into a vibrant economic zone.
- **Vietnam, United States hold fifth Political, Security, and Defense Dialogue.** U.S. assistant secretary of state for political-military affairs Andrew Shapiro attended the fifth U.S.-Vietnam Political, Security, and Defense Dialogue (PSDD) June 20 in Hanoi. The two sides discussed cooperation in nonproliferation, counterterrorism, maritime security, humanitarian assistance and disaster relief, law enforcement and information sharing, and legacy issues such as the remaining effects of the tactical herbicide Agent Orange used by the U.S. military during the Vietnam War. The two countries agreed to strengthen their bilateral partnership and emphasized the importance of cooperation in regional organizations. The sixth PSDD will take place in Washington next year.
- **Vietnam to tighten control on foreign direct investment loans.** Vietnam’s central bank June 23 asked lending institutions to exercise stricter control of foreign direct investment (FDI) loans. This includes, among other measures, reporting regularly to the central bank on the status of FDI loans. Many businesses set up as part of FDI projects, especially those

in remote provinces, have operated inefficiently in recent years and have negatively affected the country's investment environment. Banks have said supervision of FDI loans is difficult because the capital is often used to purchase imported raw materials.

MALAYSIA



A June 2011 demonstration against Lynas's planned rare earths processing plant in Kuantan province, Malaysia. The government has rejected an appeal by local residents to revoke Lynas's operating permit. <http://www.flickr.com/photos/avlxyz/6346169920/>

- **Violent protests against Malaysian embassy, student hall in Jakarta.** Crowds gathered June 22 at the Malaysian embassy and a hall for Malaysian students in Jakarta to protest Kuala Lumpur's move to declare two traditional dances part of Malaysia's cultural heritage. The protesters, allegedly organized by the nationalistic group Pemuda Pancasila, turned violent and beat several Malaysians. Malaysia's foreign minister, Anifah Aman, said Malaysia wants only to preserve the *tor-tor* and *gordang sambilan* dances, which Indonesians claim as their own, not to assert that they originated in Malaysia.
- **Government rejects appeal to halt Lynas rare earths refinery project.** The Malaysian government has rejected an appeal to revoke the operating permit of Australian-owned Lynas, which is building the world's largest rare earths processing plant in Kuantan province. The rejection sparked fresh protests June 25 by local residents and activists concerned about the environmental and health effects of the plant. Prime Minister Najib Razak has said the plant will attract other large projects and help Malaysia realize its goal of attaining industrialized status by 2020. Opposition leader Anwar Ibrahim has made closing the plant a key part of his political platform for the upcoming general election.
- **Malaysians protest presence of Singaporean diplomats at Bersih rally.** Three hundred Malaysians participated in a half-hour demonstration June 26 outside the Singapore High Commission in Kuala Lumpur. The protestors demanded an official apology and the recall of three Singaporean diplomats who attended the April 28 Bersih 3.0 rally for electoral reform in Kuala Lumpur. Singapore's Foreign Affairs Ministry said the officials came to the rally as observers and had no intention of interfering in Malaysian politics.

LAOS

- **Laos, United States hold fourth Comprehensive Bilateral Dialogue.** Lao vice foreign minister Bounkeut Sangsomsak and U.S. assistant secretary of state Kurt Campbell cochaired the fourth U.S.-Laos Comprehensive

Bilateral Dialogue June 27 in Washington. The two sides discussed Laos's expected entry into the World Trade Organization later this year, the Lower Mekong Initiative (LMI), landmine removal and search efforts for missing U.S. servicemen in Laos, and bilateral cooperation in health, education, and security. Campbell reaffirmed U.S. support for ASEAN centrality in East Asian regional architecture and welcomed Myanmar's induction into the LMI.

- **Laos, Vietnam exchange high-level visits.** Lao People's Revolutionary Party secretary Chansy Phosikham visited Hanoi June 14 and stressed the special relationship between his party and the Vietnamese Communist Party. The two parties agreed to cooperate closely in personnel training and party building. Lao vice president Bounnhang Vorachit June 18 hosted his Vietnamese counterpart Nguyen Thi Doan in Vientiane. Vorachit reaffirmed Laos's support for Vietnam's foreign policy and pledged to strengthen bilateral and party ties despite internal challenges facing both countries.
- **Laos may not reach Millennium Development Goals.** Laos's Ministry of Planning and Investment said June 21 that Laos may not achieve its Millennium Development Goals by 2015 as planned. Laos has made little progress in eradicating extreme poverty and hunger and in improving maternal health. More than 20 percent of the population still live below the poverty line despite 8 percent annual economic growth. Laos estimates it will need \$990 million in development assistance and \$27 million in private investment to achieve its target goals.
- **Laos halts new investment, land concessions until 2015.** Laos announced June 26 it will freeze mining licenses and land concessions until 2015 at the earliest in response to complaints about land encroachment and environmental problems. The government is scheduled to conduct land surveys, review existing investment policies, and inspect all approved development projects. Most projects approved since 1998 are foreign-funded and concentrated in the mining, hydropower, and agricultural sectors.
- **World Bank launches new aid strategy for Laos.** The World Bank June 26 launched a new aid program for Laos to help it achieve three development objectives by the end of 2016. The objectives are greater competitiveness and connectivity, sound management of natural resources, and inclusive development. The World Bank expects to mobilize \$60 million in development assistance to Laos per year, contingent on the performance

of the program. The program's larger goal is to help Laos position itself as a transit hub and investment destination in the planned ASEAN Economic Community, which seeks to boost economic integration in the region by 2015.

SINGAPORE

- **Singapore, Thailand central banks sign cooperation pact.** The Monetary Authority of Singapore and the Bank of Thailand signed an agreement June 25 allowing financial institutions in each country to increase their liquidity by pledging currency or securities issued by the other's central bank. The agreement aims to fortify financial stability and facilitate the increasing trade and investment between the two countries.
- **Singapore and Malaysia sign agreement on antinarcotics cooperation.** Singapore's minister for home affairs, Teo Chee Hean, and his Malaysian counterpart, Hishammuddin Hussein, signed an agreement June 26 to combat cross-border drug crimes. The agreement pledges the two countries' enforcement agencies to cooperate in joint training and investigations.
- **United States exempts Singapore from sanctions for Iran oil imports.** The United States June 28 exempted Singapore and China from Washington's unilateral sanctions on countries that purchase Iranian oil, citing their efforts to significantly reduce their imports. U.S. secretary of state Hillary Clinton said 20 countries have qualified for an exemption to the sanctions. All 20 have decreased their oil imports from Iran enough to help pressure Iran to stop enriching uranium and open its nuclear program for inspection.

CAMBODIA

- **Cambodia refuses to extradite French architect linked to Bo Xilai scandal.** Cambodian authorities June 13 arrested Patrick Devillers, a French architect linked to ousted Chongqing party boss Bo Xilai. Devillers is suspected of involvement in the murder of Neil Heywood, a British national, allegedly by Bo's wife. Cambodia's deputy prime minister and foreign minister, Hor Namhong, announced June 21 that Cambodia will not extradite Devillers to China or France unless there is clear evidence of his crime. Cambodia is scrutinizing its national laws as well as international laws regarding extradition in cases involving three parties.



Singaporean dollars (left), Malaysian ringgit (middle), and Thai baht (right). Singapore and Thailand have signed an agreement allowing their banks to pledge currency or securities issued by one another's central bank. <http://www.flickr.com/photos/stevec77/4444437097/>



Boeung Kak Lake in Phnom Penh. A Cambodian court has released 13 women who spent more than a month in prison for protesting their community's forced eviction from the lake. <http://www.flickr.com/photos/morethanfootprints/4162690480/>

- **Cambodia releases Boeung Kak protesters.** A Cambodian court June 27 released 13 women who were arrested in May for demonstrating against the forced eviction of their community from the area surrounding Phnom Penh's Boeung Kak Lake. The women have vowed to continue their protests. Their case made international headlines and elicited condemnation from human rights groups and foreign officials, including U.S. secretary of state Hillary Clinton. Amnesty International and Human Rights Watch, among others, welcomed the women's release.

TIMOR-LESTE

- **Minister of justice sentenced to five years for corruption.** The Dili District Court June 20 sentenced Minister of Justice Lucia Lobato to five years in prison for corruption and fined her \$4,000. Lobato was absolved of several charges but was found guilty of corruption in a case involving the purchase of uniforms for prison guards. Lobato said she would not appeal and would abide by the decision, although her lawyer said he may appeal despite the wishes of his client.
- **Campaign season for parliamentary elections begins.** Twenty parties are competing for 65 seats in Timor-Leste's parliamentary elections, set to take place July 7. The two most viable parties are the revolutionary FRETILIN, which has seen declining support since Timor-Leste gained independence in 2002, and the Congresso Nacional de Reconstrução de Timor-Leste, or CNRT Party, which is headed by current prime minister Xanana Gusmão and leads the majority coalition. There has been relatively little violence in the campaigning so far, further indicating Timor-Leste's transition to a stable democracy.
- **Mass grave found on grounds of prime minister's office.** Workers June 20 found a mass grave containing more than 50 bodies on the grounds of the prime minister's office. The workers were digging to lay pipes for a water fountain when the bodies were discovered. The grave is believed to be from the era of Indonesia's occupation of Timor-Leste, possibly from the initial invasion in 1975 or the violence stemming from Indonesia's withdrawal in 1999. Timorese investigators said the bodies do not appear to be Timorese. An Australian forensics expert will assist with the identification of the bodies.

ASEAN

- **EU ambassador to Malaysia says European-style integration may work for ASEAN.** Head of the European Union delegation to Malaysia Vincent Piket said June 22 that despite its faults, aspects of European integration could work for ASEAN. He urged the organization to look at the European experience critically and “take from Europe only what fits here and do away with what is inappropriate.” Piket was responding to growing worries in ASEAN that the eurozone crisis has demonstrated the folly of being overzealous about pursuing integration.
- **ASEAN and United States host joint cooperation committee meeting.** The ASEAN Secretariat hosted the fourth meeting of the U.S.-ASEAN Joint Cooperation Committee June 20 in Jakarta. Participants reviewed progress on a plan of action to enhance the U.S.-ASEAN partnership, discussed outcomes from the Eminent Persons Group meeting held in Manila last month, and talked about preparations for the fourth U.S.-ASEAN Leaders Meeting to be held in Phnom Penh in November. The meeting was held in conjunction with the 35th anniversary of U.S.-ASEAN dialogue relations.
- **ASEAN countries improve human trafficking rankings.** The U.S. State Department released its annual **Trafficking in Persons (TIP) report** June 19. Among ASEAN countries, Brunei, Myanmar, Indonesia, and Vietnam all improved by one notch, with Indonesia reaching the first tier, signifying a government “fully complying” with the Trafficking Victims Protection Act’s minimum standards. Countries that fall to the third tier on the TIP report face automatic sanctions by the United States. With Myanmar moving to the tier-two watch list, ASEAN for the first time has no members with a tier-three ranking.

TRANS-PACIFIC PARTNERSHIP

- **President Ma says Taiwan cannot improve its competitiveness without Trans-Pacific Partnership membership.** Taiwanese president Ma Ying-jeou said June 25 that Taiwan cannot improve its competitiveness if it does not join the Trans-Pacific Partnership (TPP). Ma told a forum in Taipei on Taiwan’s economic challenges that the country risks being “the only one left out” as other countries push for increased regional economic integration. He also noted that it will be very difficult for Taiwan to join the TPP without resolving trade disputes with the United States involving



Brunei, Myanmar, Indonesia, and Vietnam all improved in this year’s Trafficking in Persons Report, with Indonesia becoming the only ASEAN country with a tier-one ranking. <http://www.flickr.com/photos/csisseap/7487864462/in/photostream>



A meeting of Trans-Pacific Partnership (TPP) leaders in November 2010. With Mexico and Canada recently joining the TPP negotiations, Taiwanese president Ma Ying-jeou has warned that his country risks being left behind if it does not join. <http://www.flickr.com/photos/gobiernodechile/5178312541/>

the exclusion of U.S. beef. Another round of TPP talks between the nine existing members of the TPP began July 2 in San Diego. Canada and Mexico recently received authorization from the existing members to join the talks later this year, increasing the number of participating countries to 11.

- **Peterson Institute releases Trans-Pacific Partnership report.** The Peterson Institute of International Economics released a new policy brief June 16 arguing that the importance of Asia-Pacific integration calls for an “early conclusion of the TPP negotiations” without jeopardizing other future regional or global trade agreements. The report called for a new dialogue connecting the Trans-Pacific and Asian trade agreement tracks to reduce political tension between them. It also called on the United States and China to cooperate directly on trade and investment through forums such as their bilateral Strategic and Economic Dialogue.

MEKONG RIVER

- **Official says Xayaburi dam construction to resume this year.** Xaypaseuth Phomsoupha, the director-general of Laos’s Energy and Mines Industry, said June 20 he is confident construction on the controversial Xayaburi dam will begin at the end of the rainy season this year. Vientiane last December postponed plans for the \$3.8 billion dollar project pending further environmental assessments after strong opposition by neighboring Vietnam, Thailand, and Cambodia.
- **HSBC bank launches program to tackle water risks in river basins.** The HSBC banking group launched an initiative June 11 to analyze and tackle water risks in key river basins including the Mekong River. The five-year, \$100 million dollar project is being pursued in partnership with the World Wildlife Fund, WaterAid, and Earthwatch. It follows a report by HSBC that by the world’s 10 largest river basins will produce a quarter of total global GDP by 2050, making them a key center of economic activity.

BRUNEI DARUSSALAM

- **U.S. assistant secretary of state visits Brunei.** Assistant Secretary of State for Political-Military Affairs Andrew J. Shapiro arrived in Brunei June 21 as part of a trip through Southeast Asia. During the one-day visit in Bandar Seri Begawan, Shapiro exchanged views with senior civilian and military officials on bilateral relations, defense trade, and political-military topics. U.S. ambassador to Brunei Daniel Shields said this high-level visit offered a platform for deepening U.S.-Brunei relations.

- **Brunei signs oil and gas agreement with Russia.** Brunei's state-owned Petroleum Brunei and Russian state-owned company Zarubezhneft JSC signed an agreement June 24 to cooperate on oil and gas projects. The agreement seeks to expand existing joint ventures in the energy sector, including development of new power plants and renewable energy sources. Brunei's energy minister, Mohammad Yasmin, and his Russian counterpart, Alexander Novak, attended the signing ceremony. They discussed inviting Russian experts to be part of the International Advisory Board at the Brunei National Energy Research Institute.

APEC

- **APEC ministers discuss energy security and efficiency.** Energy ministers from APEC's 21 member economies issued a wide-ranging declaration June 25 acknowledging their countries' surging energy demands and emphasizing the need to develop green technologies. The ministers also pledged to ensure the safe use of nuclear energy through knowledge sharing and cooperation. The declaration was released at the end of a two-day meeting in St. Petersburg, Russia. ■



New Zealand's Te Apiti wind farm. Energy ministers from the 21 APEC economies emphasized the need for more green technologies at a recent meeting in St. Petersburg, Russia. <http://www.flickr.com/photos/91508656@N00/4959206433/>

Looking Ahead

- **U.S. Chamber of Commerce meetings in Jakarta.** The U.S. Chamber of Commerce will host Myron Brilliant, the chamber's senior vice president, international, July 9-11 in Jakarta. Brilliant will meet with high-level Indonesian government and U.S. embassy officials and will address issues raised by the Indonesian and U.S. business communities.
- **Lower Mekong Initiative meeting.** The fifth Lower Mekong Initiative (LMI) Ministerial Meeting will take place July 12 in Phnom Penh. It will follow the Mekong-Japan and Mekong-Republic of Korea Ministerial Meetings that will be held July 10. The LMI is a U.S.-sponsored grouping of the United States, Thailand, Laos, Cambodia, and Vietnam that promotes sustainable development and conservation in the Mekong Delta. Myanmar was recently invited to join the organization. More information is available at www.lowermekong.org.
- **ASEAN Regional Forum and ASEAN Ministerial Meeting/Post Ministerial Conferences.** The 19th ASEAN Regional Forum (ARF) and 45th ASEAN Ministerial Meeting/Post Ministerial Conferences will take place July 9-13 in Phnom Penh. The ARF Defense Officials Dialogue will also take place July 11-12 in Phnom Penh. The ARF features 27 member countries and is the largest regional security meeting of its kind. U.S. secretary of state Hillary Clinton will join fellow foreign ministers at this year's meetings. Secretary Clinton will then join an ASEAN-U.S. business-to-business summit in Siem Reap on July 13.
- **U.S.-Indonesia TIFA talks with Craig Allen and Barbara Weisel.** Deputy Assistant Secretary of Commerce for Asia Craig Allen and Assistant U.S. Trade Representative for Southeast Asia and the Pacific Barbara Weisel will address the Private Sector Consultations at the U.S.-Indonesia Trade and Investment Framework Agreement (TIFA) talks July 16 in Bali, Indonesia. U.S. commercial attaché David Gossack and Director General of Foreign Trade Deddy Saleh will also be on the panel. For more information, contact dfumagalli@usasean.org.
- **Talk on the Australia-U.S. alliance in the Asia Pacific.** The Heritage Foundation will host Tony Abbott, a member of Australia's House of Representatives and leader of the opposition Liberal Party, July 17. Abbott will discuss the United States' global role, the Australia-U.S. relationship, and the role of the Australia-U.S. security alliance in the Asia-Pacific region. The event will take place at the Heritage Foundation's Lehrman Auditorium, 214 Massachusetts Ave, NE, from 2:00 p.m. to 3:00 p.m. Please RSVP [here](#) or call (202) 675-1752.

- **Discussion of U.S. naval and air power in the Asia Pacific.** The CSIS Military Strategy Forum will host a discussion July 25 titled “Air-Sea Battle and the Asia-Pacific Re-Balance” with Norton A. Schwartz, chief of staff of the U.S. Air Force, and Admiral Jonathan W. Greenert, chief of naval operations. The event will take place from 9:00 a.m. to 10:30 a.m. in CSIS’s B1 Conference Room. For more information, contact MilitaryStrategyForum@csis.org.
- **Talk at CSIS on Hillary Clinton’s economic legacy.** The CSIS Simon Chair in Political Economy will host an Economic Statecraft Series event July 25 on Secretary of State Hillary Clinton’s economic legacy. The event will feature Jake Sullivan, director of policy planning at the State Department. CSIS Simon Chair Matthew Goodman will moderate. The event will take place from 2:00 p.m. to 3:00 p.m. in CSIS’s B1 Conference Room. E-mail simon.chair@csis.org to RSVP. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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