

Southeast Asia from the Corner of 18th & K Streets

Volume III | Issue 14 | July 19, 2012

China Reveals Its Hand on ASEAN in Phnom Penh

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July 19, 2012

For the first time in its 45-year history, ASEAN's foreign ministers failed to issue a joint communiqué following their annual consultations last week in Phnom Penh. It is important to understand this high-profile failure. What happened? And what does it mean for ASEAN and for the strategies of the United States and other countries with strong interests in the Asia Pacific?

WHAT HAPPENED?

The ASEAN foreign ministers spent hours reviewing a substantive agenda that by all accounts represented the growing maturity of ASEAN and its relevance not only to its 10 member countries but to its dialogue partners from around the world. The depth and range of the discussions underlined the conclusion that ASEAN is making progress and maturing to a level where it can address the most pressing issues in the region. Its discussions last week touched on a broad array of concerns—from economic cooperation and integration to political and security alignment to social and cultural cooperation. Even politically sensitive issues such as North Korea, bilateral tensions between ASEAN countries, and the disputes in the South China Sea were fully discussed.

Problems arose when it was time to draft the joint communiqué. The Cambodian chair, Deputy Prime Minister and Foreign Minister Hor Nam Hong, had delegated the drafting to a committee of four

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colleagues: Marty Natalegawa of Indonesia, Anifah Aman of Malaysia, Albert Del Rosario of the Philippines, and Pham Binh Minh of Vietnam. The Philippines's view was that the communiqué should reflect that the ministers had discussed the confrontation between the Philippines and China at Scarborough Shoal and Vietnam's desire to address exclusive economic zones (EEZs). Language reflecting that fact was included in the draft submitted to the chair.

Repeatedly, however, after taking the draft under consideration, Hor Nam Hong consulted with advisers outside of the meeting room and came back rejecting language referring to Scarborough Shoal and the EEZ's, even after multiple attempts to find a compromise. He said Cambodia's view was that those were bilateral issues and therefore could not be mentioned in the joint statement.

Interestingly, reports—substantiated by those present—circulated that Cambodian officials shared drafts of the proposed joint statement with Chinese interlocutors. These leaks, some suggest, were from Chinese sources.

In the end, ASEAN announced there would be no joint communiqué at the end of the meetings. This was a spectacular failure for the regional grouping and an outcome that, on the surface, seemed not to be in any nation's interests. Media reports suggested that ASEAN disunity was on display and that the regional grouping was in organizational chaos.

A DEEPER LOOK

Superficial analyses have pointed to the weakness of ASEAN cohesion, the wide disparity between ASEAN countries, a possible political divide separating mainland and maritime Southeast Asia, and conflict between the chair, Cambodia, and the Philippines, the party seeking ASEAN's support for what it perceives to be the "creeping assertiveness" of China.

A deeper look reveals important trends beneath the surface. In fact, what happened in Phnom Penh is a critical piece to answering questions about what China wants and what China wants to be.



Secretary of State Hillary Clinton and leaders from around the Asia Pacific pose during the ASEAN Regional Forum (ARF) July 12. Tensions over the South China Sea ran high at the ARF and ASEAN Ministerial Meeting (AMM) this year, leading to a deadlock between the ASEAN countries. <http://www.flickr.com/photos/statephotos/7557302026/in/photostream/lightbox/>

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Fundamentally, the chaos at the ASEAN Ministerial Meeting (AMM) and the ASEAN Regional Forum (ARF) appears to be an outcome manipulated by a China that has decided that a weak and divided ASEAN is in its national interests. Understanding that fact, and the fact that ASEAN has the capacity and commitment to overcome China's shortsighted campaign to break its ranks, is a necessary condition for advising the policies of countries that want to advance regional structures that will promote peace, security, and prosperity in the Asia Pacific.

China apparently was surprised when Cambodian prime minister Hun Sen, in his remarks opening the ASEAN meetings last week, emphasized the need for the ministers to work together to resolve disputes in the South China Sea. Consequently, it seems clear that pressure on Cambodia increased. Leading up to the ASEAN meetings, China had pushed most of the ASEAN countries hard, particularly the Cambodians, to keep the South China Sea off the ARF agenda. It has repeatedly stated it wishes to deal bilaterally with issues related to the South China Sea and does not want them discussed in multilateral forums.

However, ASEAN recognizes that its members must work together on such issues as well as advance ASEAN's economic integration to effectively compete with regional giants such as China and India in the coming decades. ASEAN and almost all other members in the East Asia Summit recognized the importance of an increasingly unified and confident ASEAN as the foundation of new regional architecture advancing security, political, and economic dialogue, alignment, and peace and prosperity.

China has revealed its hand as an outlier on the question of ASEAN unity. It seemingly used its growing economic power to press Cambodia into the awkward position of standing up to its ASEAN neighbors on an issue that is one of the most important security concerns for the grouping and its members. China's overt role, underlined by leaks about Cambodia's complicity in sharing drafts, seems to suggest Beijing's hand in promoting ASEAN disunity. Thus the most important message coming from Phnom Penh is not the intramural ASEAN spat over the joint statement but, rather, that China has decided that a weak and splintered ASEAN is in its best interests.

THE WAY AHEAD

Looking ahead, ASEAN must take a clear-eyed view of the message that China sent in Phnom Penh and redouble its efforts to stay

China Reveals Its Hand on ASEAN in Phnom Penh *(continued)*

the course its leaders laid out in the ASEAN charter—namely to strive for political, economic, and social integration by 2015.

In next four years, ASEAN members Brunei Darussalam, Myanmar, Malaysia, and Laos will each assume responsibility for the yearlong chairmanship of the organization. China has clearly focused on these upcoming chairs: reports suggest that two of those countries were the only ones to voice support for the Cambodian chair's efforts to keep mention of Scarborough Shoal and exclusive economic zones out of the joint statement.

ASEAN, as well as countries interested in a strong and mature ASEAN, must invest early in supporting the upcoming chairs and the process of ensuring that ASEAN as a regional organization has the institutional confidence to resist efforts by other countries to advance their own sovereign and commercial interests by undermining regional cooperation.

For the United States, this means that policy leaders need to be clear about what happened in Phnom Penh and advise the policy community, business community, and media why the message from Cambodia is not that “ASEAN is in disarray and the United States should proceed carefully and reduce its engagement and investment.” Instead, the message is that “ASEAN unity is not supported by China and the United States needs to redouble its efforts to engage and support ASEAN’s goals for integration.” ■



Philippine secretary of foreign affairs Albert del Rosario, shown here with U.S. secretary of state Hillary Clinton, pushed his ASEAN counterparts to include mention of a recent dispute with China in the South China Sea in the group's communiqué following the ASEAN Ministerial Meeting, but Cambodia refused and the group failed to reach consensus. <http://www.flickr.com/photos/statephotos/5865057046/>

ASEAN

- **ASEAN meeting ends with sharp disagreements over South China Sea.** The foreign ministers of the 10 ASEAN countries attending the July 9-13 ASEAN Ministerial Meeting/Post Ministerial Conferences failed to issue a joint communiqué for the first time in the organization's 45-year history after they were unable to reach consensus about whether to include a reference to recent incidents in South China Sea. The meeting's host, Cambodia, resisted any moves that might embarrass China, while the Philippines, which has competing claims in the sea, pressed the grouping to take a harder stance.
- **First U.S.-ASEAN Business Forum concludes in Siem Reap.** A group of high-level government and business leaders from the United States and Southeast Asia met July 13 in Siem Reap, Cambodia, for the inaugural U.S.-ASEAN Business Forum organized by the U.S.-ASEAN Business Council and the U.S. Chamber of Commerce. The conference, entitled "Commitment to Connectivity," stressed recommendations for strengthening ASEAN's ambitious plan to boost transport, information technology, and institutional connections among members, as well as fostering ties between the U.S. and ASEAN business communities. It featured keynote speeches from U.S. secretary of state Hillary Clinton and Cambodian prime minister Hun Sen.
- **ASEAN postpones signing of nuclear weapon-free zone treaty amid major power concerns.** ASEAN postponed the signing of the Southeast Asia Nuclear Weapon-Free Zone Treaty by the five recognized nuclear states—China, France, Russia, the United Kingdom, and the United States—that was expected to take place on the sidelines of ASEAN meetings in Phnom Penh the week of July 9. All five expressed reservations over the language of the treaty. The three documents that were to be signed would have secured their agreement not to violate the treaty or threaten to use nuclear weapons within the zone. The signing will now be put off until the 21st ASEAN Summit in November.
- **ASEAN navies conduct first-ever exercises on maritime security information sharing.** The Singaporean and Indonesian navies cohosted the first-ever ASEAN Maritime Security Information-Sharing Exercise July 8-10 in Singapore. Approximately 60 personnel from ASEAN navies participated in the inaugural exercise, which aims to enhance regional maritime security and promote information sharing to tackle various challenges, including piracy and robbery at sea.

- **Japan plans to host maritime security summit with ASEAN next year.** Japan said July 10 that it will host a special summit with ASEAN in late 2013 to strengthen maritime security cooperation. All the parties are expected to issue a joint communiqué at the meeting that will serve as the blueprint for how to bolster ties in the area in the face of China's naval expansion and increasing assertiveness in Asian waters.

ASEAN REGIONAL FORUM

- **United States, China underscore partnership at ASEAN Regional Forum.** U.S. secretary of state Hillary Clinton joined her counterparts from 25 Asia-Pacific nations and the European Union July 12 in Phnom Penh for the 19th meeting of the ASEAN Regional Forum (ARF). Participants at the ARF discussed a range of topics, including disaster relief, maritime security, nonproliferation, transnational crime, and the South China Sea. Clinton and her Chinese counterpart, Yang Jiechi, reiterated their commitment to building a cooperative partnership between their countries through regular dialogue and consultation. The two pledged to increase cooperation in science and technology, disaster response, climate change, energy policy, and environmental protection.

MYANMAR

- **United States announces easing of Myanmar sanctions.** The Obama administration July 11 eased sanctions against Myanmar, issuing a general license allowing U.S. companies to invest in the country and lifting a ban on the export of financial services to Myanmar. U.S. companies investing in Myanmar will face strict reporting requirements to ensure they do not enrich nefarious actors or undermine the fragile and unfinished reform process in the country. The United States retained sanctions on individuals and businesses involved in human rights abuses and added to that list individuals involved in dealings with North Korea. The move comes nearly two months after the United States first said it would suspend sanctions. Exports from Myanmar to the United States are still blocked.

- **Myanmar to open telecommunications sector.** Myanmar announced July 11 that it was beginning the process of liberalizing its telecommunications sector, which could bring affordable mobile and Internet access to most of the country. Officials called for consultants to help organize a bidding process that would open up the market to foreign businesses to form joint ventures with state-owned telephone operator Myanma Posts and Telecommunications and Internet provider Yatanarpon Teleport. Current



U.S. secretary of state Hillary Clinton participates in the 19th ASEAN Regional Forum in Phnom Penh, Cambodia, July 12. <http://www.flickr.com/photos/statephotos/7557303322/>

mobile phone and Internet connectivity in the country is among the lowest in Asia.

- **Military nominates ex-general for vice president.** Myanmar's military July 10 nominated an ex-general and suspected hardliner, Myint Swe, to serve as one of the country's two vice presidents. Myint Swe was previously chief minister of the Yangon region and is believed to have been involved in the 2007 crackdown against protesting Buddhist monks. The nomination disappointed observers who were hoping for a more reform-friendly candidate after hardliner Tin Aung Myint Oo vacated the post earlier this month due to health problems.
- **Myanmar detains, then frees activists.** Myanmar July 6 detained more than 20 student activists ahead of a commemoration of the 50th anniversary of a military crackdown on student protests, before freeing them a day later. The incident raised concerns that the government had not shied away from using repression despite groundbreaking reforms launched over the past year. Other groups, including the opposition National League for Democracy, commemorated the anniversary July 7 despite the arrests.

INDONESIA

- **Jokowi takes plurality of votes in Jakarta governor's race.** Surakarta mayor Joko Widodo, better known as Jokowi, earned a plurality of about 42 percent of votes in the Jakarta gubernatorial election July 11. Incumbent governor Fauzi Bowo received the second-highest number of votes, at 33 percent. Jokowi, an outsider, is perceived as a clean, charismatic candidate, and his strong showing is an indication of growing frustration in Jakarta with the status quo. The Jakarta governorship is a key position for city management given Indonesia's highly decentralized system of government. A runoff election between Jokowi and Fauzi will take place September 20.
- **Asylum boats issue sinks Indonesia-Australia talks.** Indonesian president Susilo Bambang Yudhoyono met Australian prime minister Julia Gillard July 2 for two days of talks in Darwin, Australia. Both leaders pledged to increase cooperation on a number of fronts, but the issue of asylum seekers remained sticky. Two boats holding hundreds of asylum seekers headed from Indonesia to Australia have capsized in the past three weeks, resulting in nearly 90 deaths. Australia has criticized Indonesia's efforts to stop the flow of immigrants as insufficient. Yudhoyono meanwhile called on Australia to release 54 Indonesian teenagers who have been arrested while crewing asylum boats.

- **U.S. Export-Import Bank looks to fund Sunda Strait bridge project.** The Export-Import Bank of the United States is looking to finance a part of the Sunda Strait Bridge project, which would connect Java and Sumatra via an 18-mile-long suspension bridge. The project is one of the more ambitious parts of Indonesia's plan to improve connectivity, and several foreign investors have voiced interest in funding the project, including South Korean and Japanese firms. The project is in its initial stages, as funding for the feasibility study is still being worked out by the Finance Ministry.
- **Indonesia and Germany strengthen ties with Merkel visit.** German chancellor Angela Merkel traveled to Jakarta July 10 for her first official visit to Indonesia, accompanied by a 30-person business delegation. Merkel and Indonesian president Susilo Bambang Yudhoyono discussed ways to strengthen economic ties and agreed to continue cooperation in the areas of defense and disaster prevention. Germany will continue to develop the Indonesia Early Warning System for tsunamis, which it partially funds. Indonesia that day announced it would purchase 100 refurbished Leopard tanks from Germany, ending months of debate about whether to purchase German or Dutch equipment.

THAILAND

- **Constitutional Court dismisses petition against charter amendment bill.** The Thai Constitutional Court July 13 dismissed petitions filed against the government's bill to amend Thailand's constitution, thereby avoiding the massive protests expected from people loyal to the ruling Puea Thai party. The bill would pave the way for a redraft of the current charter, which was written following the 2006 coup by a nonelected government. The petitions, which were filed by five groups, said that the bill violated the constitution and amounted to an attempt to overthrow the government. A ruling in favor of the petitions could have resulted in the disbanding of the current government.
- **King pardons U.S. citizen imprisoned for 13 months over lèse-majesté.** King Bhumibol Adulyadej issued a royal pardon for U.S. citizen Joe Gordon, also known as Lerphong Wichaikammart, after he served 13 months of a two-and-one-half year sentence. Gordon was arrested and charged with criticizing the monarchy under Thailand's lèse-majesté law in May 2011 after he posted online translated versions of Paul Handley's *The King Never Smiles*, which is banned in Thailand. Gordon confessed to the crime in October, which reduced his original sentence of five years. He said he was unsure if he would leave the country, though he has been advised to do so.

- **49 Thais arrested in Myanmar over land encroachment.** Myanmar authorities July 4 arrested 49 Thais for encroachment in the Koh Song area of Myanmar where they reportedly cleared forest areas in order to plant rubber trees. Thai supreme commander Tanasak Pratimapakorn said negotiations for the release of the prisoners are under way, and that they are safe and unharmed. An initial investigation showed that the Thais arrested bought the land through brokers and were unaware that it was in Myanmar. Both countries expect the issue to be resolved peacefully and quickly.

- **Thailand to become home to regional IMF technical assistance office.** The Bank of Thailand and the International Monetary Fund (IMF) July 12 signed an agreement for the creation of an IMF technical assistance office in Thailand. The office will assist in monetary policy and financial institution oversight in Southeast Asia via technical assistance and capacity building. The office will primarily support Laos and Myanmar, as both countries are undergoing dramatic changes. Operations will begin in September.

VIETNAM

- **Clinton stops in Vietnam.** Secretary of State Hillary Clinton paid a visit to Hanoi July 10 and met with Vietnamese prime minister Nguyen Tan Dung and foreign minister Pham Binh Minh to highlight deepening U.S.-Vietnam economic and people-to-people ties. The two sides agreed to seek expanded two-way U.S.-Vietnam trade. Clinton witnessed the signing of two major contracts between U.S.-based General Electric and Vietnamese companies, celebrated the 20th anniversary of the Fulbright Program in Vietnam, and announced U.S. support for engineering education in Vietnam. Clinton also warned Vietnam that continued human rights abuses, including restrictions on freedom of expression and religion, continue to hamper the relationship.

- **New U.S. military attaché arrives in Hanoi.** Vietnamese deputy defense minister Nguyen Chi Vinh July 2 welcomed new U.S. military attaché Colonel Ernest Lee to Hanoi. Vinh spoke highly of the contributions of the outgoing attaché, Colonel Patrick Reardon, to U.S.-Vietnam defense ties, and said he hoped Lee would uphold recent achievements in defense cooperation. Lee previously served as a Korea desk officer at the U.S. Pacific Command.



A Thailand-to-Myanmar border crossing. Forty-nine Thais were arrested July 4 for encroaching on Myanmar land. <http://www.flickr.com/photos/12185911@N00/1751612514/>



A skyscraper construction site in Ho Chi Minh City, Vietnam. New developments in recent years have led to widespread land disputes in major cities and towns around Vietnam. <http://www.flickr.com/photos/cseward/7139181863/>

- **Vietnam takes steps to clean up state-owned enterprises, land law violations.** Vietnam's Ministry of Finance July 6 said it is seeking permission to set up a department to oversee the use of capital and assets in state-owned enterprises. Eighty ministry officials will staff the new department. In another cleanup move, the city of Hanoi July 7 announced the confiscation of 20 acres of business properties found to be in violation of land laws, while Ho Chi Minh City July 9 publicized the names of real estate firms that operate unlawfully.

LAOS

- **Clinton makes historic visit to Laos.** Secretary of State Hillary Clinton made a historic visit to Laos July 11, becoming the first U.S. secretary of state to do so since 1955. Clinton met with Lao prime minister Thongsing Thammavong and foreign minister Thongloun Sisoulith and discussed Laos's expected entry into the World Trade Organization later this year, cooperation in addressing Vietnam War legacy issues like unexploded ordnance and efforts to recover the remains of U.S. servicemen, and the progress of the U.S.-backed Lower Mekong Initiative. Clinton pressed Laos for further studies on the construction of the controversial Xayaburi hydropower dam on the Mekong River, and received assurances that Laos would proceed only with the approval of neighboring countries.
- **Private investment in Laos surges between October and March.** Laos's Ministry of Planning and Investment announced July 9 that the value of private investment projects between October 2011 and March 2012 was 30 percent higher than originally forecast. The Lao government attributed the rise to upgraded investor services. Laos launched a one-stop registration service in October that has made obtaining investment permissions easier for both domestic and foreign investors. Mining, hydropower, and agriculture remain the three industries of choice for investors.
- **Lao president receives Chinese state councilor.** Lao president Choummaly Sayasone and defense minister Douangchai Phichit July 9 hosted Chinese state councilor Meng Jianzu in Vientiane for talks that underscored close China-Laos bilateral relations and pushed for more joint cooperation on law enforcement and security on the Mekong River. Choummaly took the opportunity to thank China for providing assistance to Laos in preparation for its hosting of the ninth Asia-Europe Meeting this November.

- **Laos launches online trading portal.** The Lao Ministry of Industry and Commerce launched a trading portal June 22 with funding from Australia, Germany, and the European Union. The portal contains all laws, regulations, and procedures concerning the import and export of goods. The new trading portal will help Laos comply with technical standards of the World Trade Organization and the future ASEAN Trade Repository.

MALAYSIA

- **Malaysia to replace sedition law.** Prime Minister Najib Razak July 11 announced plans to repeal Malaysia's colonial-era Sedition Law and replace it with a "National Harmony Act." Critics have long accused the government of using the Sedition Law to thwart opposition activity and protect the special privileges of the ethnic Malay population. The planned repeal is being promoted as part of Najib's ongoing efforts to improve civil liberties. Human rights groups received the announcement with cautious optimism, saying they would await the details of the National Harmony Act.
- **Two Malaysians arrested for insulting Johor sultan on Facebook and Twitter.** Malaysian authorities July 4 arrested Syed Abdullah Syed Hussein Al-Attas under the country's lèse-majesté law for allegedly insulting the sultan of Johor state on his blog. Authorities arrested Ahmed Shukri Kamarudin several days later for doing the same. The arrests have elicited condemnation from international human rights groups, who fear they may mark a hardening of Malaysia's enforcement of lèse-majesté laws.



Two men were arrested in early July for insulting the sultan of Johor (pictured) on their blogs. <http://www.flickr.com/photos/durrah/7209443590/sizes/m/in/photostream/>

- **Malaysia seizes \$18 million worth of drugs in decade's largest narcotics bust.** Malaysian authorities announced July 9 that they had made their largest drug bust in a decade on June 30, confiscating 3 million illegal pills of the prescription drug nimetazepam. The pills were seized from an Indian cargo container at Malaysia's Port Klang. It was the 67th narcotics bust at Malaysian ports and airports this year. Malaysia imposes a mandatory death penalty for drug trafficking and has placed 51 drug traffickers on death row this year.

SINGAPORE

- **Singapore plans to relax death penalty laws.** Singapore July 10 announced a plan to amend its mandatory death penalty laws for drug traffickers following a one-year review of the laws. The proposed



Singapore's parliament building. Singapore's legislature recently tightened immigration laws and relaxed the country's mandatory death penalty law for drug trafficking. http://www.flickr.com/photos/zaza_bj/2778479766/sizes/m/in/photostream/

amendment will give judges more leeway to sentence convicts to life in prison rather than death. Such leniency will happen only if suspects cooperate with authorities, suffer from a mental illness, or prove to be drug couriers instead of distributors.

- **Singapore tightens immigration laws.** Singapore's parliament July 9 proposed a law making marriages of convenience by foreign nationals a criminal offense. The law, if passed, would be the latest sign of tightening immigration laws in the country. The parliament recently raised the minimum level of monthly income for foreign workers who wish to bring their families with them to the country from \$2,200 to \$3,150. The new policy will take effect September 1, 2012. The legislature has also cut health-care subsidy rates and increased the costs of attending public schools for foreigners.

SOUTH CHINA SEA

- **Philippines to open bids for three oil drilling blocks in disputed waters.** Philippine energy undersecretary James Layug July 11 said the government plans to invite bids for three oil exploration blocks in waters also claimed by China and Taiwan. The blocks lie within the 200-nautical-mile exclusive economic zone of the Philippines. Their location off the coast of Palawan is believed to be rich in oil and gas resources. The Philippines currently operates a natural gas field close to the area that provides nearly 40 percent of the electricity for Luzon, the largest of the Philippine islands.
- **ASEAN presents to China draft code of conduct in South China Sea.** The 10 ASEAN member states reached agreement during ASEAN meetings the week of July 9 on a draft code of conduct (COC) for parties in the South China Sea. The COC is meant to provide a legally binding framework to manage territorial and maritime disputes in the sea. The draft COC was presented to Chinese foreign minister Yang Jiechi, though it remains to be seen what changes China will seek to the draft.

PHILIPPINES

- **Head of U.S. Pacific Command visits Philippines.** U.S. Pacific Commander Admiral Samuel Locklear met with Philippine president Benigno Aquino in Manila July 16 to reaffirm the long-standing security partnership between the two countries. Locklear vowed that the United States would help the Philippines develop a minimum credible defense capability. Philippine army chief General Jessie Dellosa said Locklear's visit was a gesture of

sincerity in enhancing mutual trust and was not related to rising tensions between China and the Philippines in the South China Sea.

- **Aquino signs executive order on new mining policy.** Philippine president Benigno Aquino signed an executive order July 7 laying out a new policy on mining that he said moves the country a step closer to lifting a contentious moratorium on new mining projects in the Philippines. The moratorium has been in place since January 2011. Under the new policy, lawmakers are urged to pass a law allowing the state to gather more revenue from mining to counter the industry's negative environmental impacts. Once such a law is passed, the government will begin approving new mining contracts.

Philippines increases budget for 2013 to address poverty. The Philippine government July 10 announced a proposed budget for 2013 of \$47.8 billion, or approximately 10 percent more than the 2012 budget. The larger budget is meant to address the country's high poverty rate, which is estimated at more than 26 percent of the population. The proposed budget also seeks to improve social services such as education and public infrastructure. Budget Secretary Florencio Abad said this "empowerment budget" is meant to benefit the people, especially the poor.

CAMBODIA

- **Mysterious child deaths attributed to hand, foot, and mouth disease.** The World Health Organization and Cambodia's health ministry have linked the deaths of 64 children over the last three months to EV-71, a strain of hand, foot, and mouth disease. The spate of mysterious deaths had previously stumped Cambodian doctors. EV-71 mostly affects children under the age of three. Victims suffer respiratory problems and quickly develop neurological complications. There seems to be no danger of the disease escalating into an epidemic.
- **Cambodian officials say French citizen linked to Bo Xilai wants to go to China.** French citizen Patrick Devillers, arrested in Cambodia June 13 at Beijing's request, is considering returning to China, according to Cambodian authorities. Devillers is linked to ousted Chongqing party boss Bo Xilai and is suspected of involvement in the murder of British national Neil Heywood by Bo's wife. China has requested that Devillers be extradited to help with the investigation and has guaranteed he will not be



An open pit mine in central Cebu, Philippines. President Benigno Aquino has issued an executive order laying out the country's new mining policy. <http://www.flickr.com/photos/storm-crypt/1239861263/>



A Cambodian child is examined by a doctor. Cambodian and World Health Organization officials have linked dozens of child deaths in recent months to a strain of hand, foot, and mouth disease. <http://www.flickr.com/photos/capitanjen/4537593123/>

prosecuted. Cambodian deputy prime minister Hor Namhong announced July 10 that this will happen only if all parties involved, including the Chinese and French embassies, Cambodian authorities, and Devillers himself, reach consensus.

TIMOR-LESTE

- **Gusmão's CNRT takes nearly half the seats in parliamentary election.** Current prime minister Xanana Gusmão's National Congress for Timorese Reconstruction, or CNRT party, won a plurality of 30 seats in the parliamentary election July 7. The Timorese parliament has 65 seats, making CNRT just 3 seats short of an outright majority. Independence-era party FRETILIN won 25 seats, the Democratic Party won 8, and Frente-Mudanca won 2. The results put a fair amount of power in the hands of the Democratic Party, as its support could allow either CNRT or FRETILIN to form a coalition government. Gusmão invited the Democratic Party and Frente-Mudanca to form a coalition July 15, although it is unclear if either party will agree to the proposal.
- **Timor-Leste claims oil companies underpaid taxes by billions.** Secretary of State Agio Pereira said July 11 that legal action was being taken against oil companies operating in the Timor Sea following audits that indicated 28 instances of the companies underpaying taxes. The unpaid taxes could total billions of dollars. The companies include U.S.-based ConocoPhillips, which was specifically named by Pereira, and Australia's Santos, which confirmed it was working with the government on the issue. The companies operated in an area jointly administered by Timor-Leste and Australia.

TRANS-PACIFIC PARTNERSHIP

- **United States says "important progress" made in TPP negotiations in San Diego.** The 13th round of Trans-Pacific Partnership (TPP) talks concluded July 10 in San Diego with U.S. officials saying "substantial progress" had been made across multiple sectors, particularly customs, cross-border services, and telecommunications. The United States also tabled a new proposal on copyright limitations and exceptions to the intellectual property rights group. The next round of TPP talks will take place in Leesburg, Virginia, from September 6 to 15. Separately, the U.S. Treasury Department notified Congress July 9 and 10 of its desire to enter into negotiations with two new TPP members, Mexico and Canada.

MEKONG RIVER

- **Mekong countries agree on action plans with Japan and South Korea.** The Mekong-Japan and Mekong-South Korea Foreign Ministers' Meetings took place on the sidelines of the 45th ASEAN Foreign Minister's Meeting in Cambodia July 11. The Mekong countries—Thailand, Vietnam, Laos, Cambodia, and Myanmar—agreed on an action plan with Japan to realize the Tokyo Strategy 2012. The Mekong countries and South Korea decided to consider establishing a cooperation fund to implement mid- to long-term projects and hold a business forum in Thailand in 2013 to strengthen public-private partnerships.
- **United States announces new funding for the Lower Mekong Initiative.** U.S. secretary of state Hillary Clinton July 13 announced \$50 million in new funding for the Lower Mekong Initiative, a subregional program that aims to boost development in mainland Southeast Asian countries along the resource-rich Mekong River. The funding will be part of a new Asia Pacific Security Engagement Initiative dealing with pressing bilateral and transnational issues in the region. The funds will be devoted to projects such as malaria control, environmental programs, women's leadership, and boosting the capacity of the embattled Mekong River Commission.

BRUNEI DARUSSALAM

- **Brunei deploys peacekeepers to Lebanon.** The Royal Brunei Armed Forces July 5 sent 10 personnel to Lebanon for a joint peacekeeping mission with the United Nations Interim Force in Lebanon (UNIFIL). Contingent leader Major Mohd Roasri said his troops, which will operate in cooperation with a Malaysian contingent, will benefit from the experience. This deployment marks the eighth Brunei team to take part in UNIFIL operations since the country joined them in 2008.
- **Brunei opens defense attaché office in Washington.** Brunei's Ministry of Defense on July 11 set up a defense attaché office at the Brunei Embassy in Washington for the first time. Brunei's ambassador, Hj Yussof Hj Abd Hamid, said the establishment of the office would improve bilateral cooperation in defense relations. The two countries recently strengthened military ties by signing an arms sales contract for 12 Blackhawk helicopters and increasing the number of joint training courses in the United States.



Soldiers of the Royal Brunei Armed Forces. Brunei recently dispatched its eighth contingent to join the UN peacekeeping mission in Lebanon. <http://www.flickr.com/photos/limn/3621062757/>

- **Brunei signs communications agreement with Sabah.** Brunei and the Malaysian state of Sabah signed an agreement July 10 to cooperate on information and communications technology (ICT). The agreement aims to improve bilateral governance, cooperation, and development of ICT, and to promote greater multimedia collaborations in the region. Brunei hopes to use the agreement as a stepping-stone to become a communications gateway and transit hub for maritime Southeast Asia.

APEC

- **APEC business advisers discuss trade liberalization and regional economic integration.** Representatives from APEC's 21 member economies met July 16-19 in Ho Chi Minh City, Vietnam, for the third APEC Business Advisory Council meeting of 2012. The representatives pledged to support small- and medium-sized enterprises, encourage technology transfer, increase infrastructure investment, and stimulate innovation. Officials from Vietnam, the United States, Mexico, Chile, and Peru held a forum to introduce investment projects and reiterated their commitment to promote the Trans-Pacific Partnership free trade agreement. ■

Looking Ahead

- **Luncheon with Sen. Dianne Feinstein.** The World Affairs Council will host a luncheon July 23 with Senator Dianne Feinstein (D-California), chairman of the Senate Select Committee on Intelligence. Feinstein will discuss key issues of intelligence and national security facing the United States and the world. The luncheon will take place at the National Press Club Grand Ballroom, 529 14th Street, NW. Registration will start at 11:00 a.m., followed by lunch and a discussion from 12:00 p.m. to 1:45 p.m. Click [here](#) for information on registration fees and to RSVP.
- **Roundtable discussion with Lt. Gen. Wallace Gregson.** The U.S.-ASEAN Business Council will host Lieutenant General Wallace “Chip” Gregson and defense attachés from ASEAN countries on July 24 for a roundtable discussion on defense and security issues in Southeast Asia. For more information, please contact anelson@usasean.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.
- **14th negotiating round of the Trans-Pacific Partnership.** The 14th round of negotiations of the Trans-Pacific Partnership will take place between September 6 and 15 in Leesburg, Virginia, outside of Washington. Participants will remain in close contact to address outstanding issues. Negotiations are unlikely to conclude in December.
- **20th Asia-Pacific Economic Cooperation Leaders’ Meeting.** The 20th APEC Economic Leaders’ Meeting will take place September 8-9 in Vladivostok, Russia. The Economic Leaders’ Meeting will be preceded by other APEC-related events beginning on September 2. The 24th APEC Ministerial Meeting will be held on September 5-6, followed by the APEC CEO Summit on September 7-8. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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