

Southeast Asia from the Corner of 18th & K Streets

Volume III | Issue 20 | October 25, 2012

Cambodia's EAS Carrot: Incentives for a Successful Summit

GREGORY POLING AND ALEXANDRA SANDER

Gregory Poling is research associate with the Chair for Southeast Asia Studies at the Center for Strategic and International Studies in Washington, D.C. Alexandra Sander is a researcher with the Chair for Southeast Asia Studies.

October 25, 2012

Cambodia will fulfill its last major obligation as this year's ASEAN chair November 18-20 when it hosts the annual ASEAN Summit and seventh East Asia Summit (EAS). The EAS in particular will provide Cambodia with the opportunity to restore some of its credibility after the public embarrassment of the ASEAN Ministerial Meeting (AMM) in July. On that occasion, Cambodia used its prerogative as ASEAN chair to block the inclusion of any mention of the South China Sea maritime disputes in the joint communiqué at the end of the meeting, resulting in the organization's first-ever failure to release such a document.

That failure cast significant doubt on ASEAN's ability to evolve and tackle tough issues. It also caused troubling allegations, especially from Vietnam and the Philippines, that Cambodia had placed its close relationship with China above the interests of its fellow ASEAN members. All the damage wrought in July will not be fixed in three days in November. But if the EAS goes demonstrably better than the AMM did, Cambodia's image will have a chance to recover and some of the ASEAN skeptics will be quieted. A successful EAS, and by extension a stronger regional framework in the Asia Pacific, is in the interests of all EAS members, including the United States. The key will be supporting Cambodia as an effective chair.

Inside This Issue

THE WEEK THAT WAS

- U.S., Myanmar officials conduct first human rights dialogue
- Government, Moro rebels sign historic peace deal
- Vietnam Party Central Committee concludes sixth plenum, promises reforms

LOOKING AHEAD

- A conversation with Defense Secretary Leon Panetta October 29
- Conference on the Philippines under Aquino November 1
- U.S.-ASEAN human rights symposium November 9

Cambodia's EAS Carrot: Incentives for a Successful Summit *(continued)*

The EAS was only established in 2005, but its membership and mission are already of great significance for regional architecture. Encompassing all 10 ASEAN members plus Australia, New Zealand, India, China, South Korea, Japan, Russia, and the United States, the EAS boasts the most effective membership of any Asia-Pacific organization. It does not split ASEAN as APEC does, or exclude major powers as ASEAN+3 does, or contain too many disparate members to be effective, like the ASEAN Regional Forum.

Leaders at this year's EAS will likely find common ground on green growth, the adoption of a Declaration on Resistance to Antimalarial Medicines, and various means of boosting ASEAN connectivity. Cambodia

is eager to see its chairmanship accomplish these and other relatively easily achievable goals. However, its tenure as chair will be judged not on laudable but non-contentious deliverables. Instead, it will be judged on how willing and able it is to oversee an honest, balanced, and productive discussion on the tough issues that divide members.



Secretary of State Hillary Clinton in Phnom Penh in July for the ASEAN Ministerial Meeting (AMM) and related meetings. The AMM failed to release a joint communiqué for the first time in its history. Cambodia and ASEAN cannot afford a repeat at the ASEAN Summit in November. <http://www.flickr.com/photos/eapmediahub/7549715132/>

The 2012 EAS agenda will include a number of such topics. Foremost among these will be maritime security and the ongoing disputes in the South and East China Seas. Some members would rather avoid these topics, which have turned contentious at nearly every major ASEAN-led meeting in the last three years. But Vietnam, the Philippines, and Japan are almost certain to raise them, and others, the United States included, will not keep quiet once the issues are tabled.

The summit will also include side meetings on two different visions for economic integration—the Regional Comprehensive Economic Partnership favored by China and the U.S.-led Trans-Pacific Partnership. Even if demonstrable progress on these key issues proves elusive, fostering an honest and substantive dialogue will show Cambodia to be the responsible chair it claimed to be early in the year.

Strong Cambodian leadership and a flexible, effective response to any lack of consensus on key issues will alleviate doubts about ASEAN unity and efficacy. That will allow the organization to cement its place at the center of regional political, security, and economic structures. Cambodia occupies the chairmanship during an important juncture in ASEAN's evolution and is therefore saddled with the difficult task, but also the opportunity, of steering it through these thorny issues.

Cambodia's EAS Carrot: Incentives for a Successful Summit *(continued)*

Cambodia should seek to leverage the expected accomplishments of the EAS in order to mitigate the damage from any points of contention. The most important role of the chair is the prerogative to set the agenda at the summit. Cambodia cannot prevent the Philippines or Vietnam from raising the South China Sea issue, for instance, but it can take the initiative and place that discussion where it will be most effective. Where that is, whether at the end of discussions, after the low-hanging fruit have created an environment of mutual trust and understanding, or sandwiched between expected accomplishments to soften the blow, will be up to Cambodia. But what it cannot attempt is a repeat of its behavior at the AMM, where it refused to include any of the tough issues on the agenda and became upset when its counterparts refused to play along. The role of the chair must be to guide discussions, not to block or react to them.

Cambodia follows the groundbreaking chairmanships of Vietnam in 2010 and Indonesia in 2011. Those two countries made a successful ASEAN year a hallmark of their foreign policy and a coming-out party for their role on the regional and global stage. The unfortunate side-effect of such successes, which pushed the bounds of ASEAN norms and sought to bring the organization closer to its potential place as regional fulcrum, is that the bar seems a bit too high for those that follow. Brunei is set to take over the chairmanship in 2013, followed by Myanmar in 2014 and Laos in 2015.

Cambodia's performance at the AMM cemented the perceptions of those who said fecklessness and division were the inevitable outcomes of ASEAN's smaller and less developed members occupying the chair. This is certainly not inevitable—as Cambodia can prove with a successful chairmanship of the ASEAN Summit and EAS. It is crucial that Cambodia set a precedent for how the upcoming chairs can engage contentious issues and manage tensions between the region's larger players.

This is especially true of Cambodia's handling of China. Cambodia, like Myanmar and Laos, is heavily dependent on Chinese aid and investment. And, like them, it lacks a deep strategic relationship with the United States to help balance its dependence on Beijing. The result is that Cambodia is more prone to Chinese pressure than are most ASEAN members. One possible result was on display at the AMM, when China leveraged its relationship with Cambodia to crack ASEAN unity and protect its interests. A repeat at the upcoming summits could be devastating, supporting those in Beijing who argue that China's interests are better served by a divided ASEAN and sending a message to the organization's other susceptible members that sacrificing ASEAN unity to please China is acceptable.



A Japanese coast guard vessel patrols waters around Uotsurijima in the disputed Senkaku Islands. East and South China Sea disputes are sure to be raised at the ASEAN Summit and East Asia Summit. <http://www.flickr.com/photos/aljazeeraenglish/8049728422/>

Cambodia's EAS Carrot: Incentives for a Successful Summit *(continued)*



Cambodian prime minister Hun Sen will chair the ASEAN Summit and East Asia Summit in November. Ensuring transparent and productive meetings will rest on his shoulders. <http://www.flickr.com/photos/ricephotos/4008197834/>

Instead, Cambodia must communicate to China, by words and actions, that it cannot manipulate the ASEAN chair into overrepresenting Chinese interests. This will be a tall order, particularly as the EAS will take place amid a highly sensitive leadership transition in Beijing. Cambodia will have to allow its neighbors to discuss the contentious issues important to them, regardless of Chinese objections, in an honest and transparent manner. But it will also have to guide the discussion to avoid provoking China unnecessarily. Placing difficult issues like the South China Sea squarely on the agenda ahead of time will be critical; these issues will be raised regardless, and leaving China feeling ambushed serves no one's purposes.

Ensuring that all parties have a say in crafting the joint communiqué following the meetings—and there must be one—will also be important. Equally important will be clear messaging, in advance, that any attempts to unilaterally filibuster the statement or discussions are unacceptable. If successful, a strong Cambodian chairmanship will be a vital first step toward convincing China to work within existing regional structures like the EAS, and to do so transparently, rather than trying to exploit its bilateral relationships to undermine ASEAN unity.

The United States and its partners can play a supportive role in this effort. They must state their positions on issues of contention, especially the importance of international law and peaceful resolution to maritime disputes, but must at the same time not be seen as attempting to ostracize China at the summits. For instance, the United States must reiterate its neutrality on all territorial disputes, in both the South and East China Seas.

It is also important that the United States continue to argue for the value of the Trans-Pacific Partnership, but not in opposition to the Regional Comprehensive Economic Partnership. Such an effort would be futile and would only promote an unhelpful zero-sum mentality. The overall goals of the United States and all EAS members must be to voice their positions openly and honestly, support Cambodia as the chair, and not force it into a position of choosing between China and the rest.

A successful Cambodian leadership in November could have a significant impact on the effectiveness of ASEAN for years to come. If the summits were to face difficult issues honestly and yield measurable progress toward regional goals, the debacle at the AMM would become a footnote. Cambodia would help restore confidence in ASEAN's effectiveness and centrality to regional architecture.



Just as important, it would set the stage for Brunei, Myanmar, and Laos to oversee their own successful years as chair. The next few years could prove a watershed for ASEAN in its quest for centrality in regional architecture. It is the best chance for a multilateral vehicle to promote peace, stability, and continued economic development in the region. All members of the EAS, China and the United States most of all, should welcome this goal and support Cambodia in its efforts to bring it a step closer to reality. ■

MYANMAR

- **U.S., Myanmar officials conduct first human rights dialogue.** A U.S. delegation led by Assistant Secretary of State Michael Posner and Deputy Assistant Secretary of Defense Vikram Singh met their Myanmar counterparts October 16–18 in Naypyidaw for the first U.S.-Myanmar human rights dialogue. The dialogue, which is expected to become a regular event, aims to build a channel for the United States to engage Myanmar on human rights issues as bilateral ties progress. U.S. officials stressed that Myanmar needs to release all remaining political prisoners and expressed concern over ongoing fighting with ethnic minorities. U.S. military officials participating in the talks included Lt. Gen. Francis J. Wiercinski, commanding general of the U.S. Army, Pacific.
- **Thein Sein reelected head of ruling USDP.** Myanmar's ruling Union Solidarity and Development Party (USDP) surprised observers October 16 by reelecting President Thein Sein as party chairman at its first convention since 2011. Lower House speaker and USDP deputy chairman Shwe Mann is expected to take over the day-to-day operations of the party as it prepares for elections in 2015. Many observers had expected Shwe Mann to replace Thein Sein following the party's poor showing in by-elections earlier this year. The military-backed USDP has about 4 million members nationwide, according to party statistics. It won three quarters of the seats in parliament in the 2010 general election, but captured only 1 seat out of 45 seats in April by-elections.
- **U.S. invites Myanmar to observe military exercises.** Thailand's defense ministry on October 19 said Myanmar would be invited to observe the annual U.S.-Thai Cobra Gold joint military exercises in 2013, contingent upon the agreement of participating countries at a meeting in late October. The Pentagon confirmed an invitation could be forthcoming "as long as it is consistent with U.S. efforts to advance protection of human rights, civilian rule of the military, anti-corruption efforts, and other reform issues." Singapore, Japan, South Korea, Indonesia, and Malaysia are expected to participate in next year's exercise, along with 13 observer nations.
- **International partners speed up economic engagement with Myanmar.** International partners in October took steps to offer increased support to Myanmar as it continues to open its economy. South Korean president Lee Myung-bak and Myanmar president Thein Sein agreed October 9 to launch negotiations for an investment guarantee agreement that will accelerate

economic cooperation between their countries. Japan announced October 11 it will forgive more than half of Myanmar's bilateral debt and offer a loan to clear its arrears with the Asia Development Bank and the World Bank, allowing Myanmar to resume borrowing from those institutions by January. The United States weighed in October 13, restating its support for Myanmar to fully restore relations with global lenders.

- **Myanmar will not allow OIC liaison office.** President Thein Sein's office announced October 16 that it will not allow the Organization of Islamic Cooperation (OIC) to set up a liaison office in western Rakhine state. Myanmar last month agreed to the OIC's request to open an office to provide aid to Rohingya Muslims displaced by sectarian violence since June. The government withdrew its position after Buddhist monks and supporters staged protests across the country opposing the OIC presence.
- **Myanmar moves closer to passing foreign investment law.** A parliamentary joint committee October 22 submitted a new draft of Myanmar's long-delayed foreign investment law to the parliament for final approval. The parliament previously passed the law in early September, but that draft was sent back by President Thein Sein with suggestions to make it more investor-friendly. The committee followed some of the president's recommendations, including allowing foreign investment of up to 50 percent in companies in restricted sectors. But it rejected others, such as a proposal to grant skilled foreign workers higher wages and benefits than their Myanmar counterparts. Thein Sein said during his first-ever press conference October 21 that he expects the law to be passed "within days."

PHILIPPINES

- **Subic Bay to play pivotal role in U.S. military rebalancing.** U.S. and Philippine officials during joint military exercises October 8-18 announced that Subic Bay, a former U.S. military base 50 miles northeast of Manila, will reopen as a major hub for U.S. military operations in the Asia Pacific region. Subic Bay will house a range of U.S. Pacific Fleet naval assets on a semipermanent basis. The U.S. strategic rebalancing toward the Asia Pacific requires access to deepwater ports like Subic Bay to dock ships and submarines.
- **Government, Moro rebels sign historic peace deal.** Representatives of the Moro Islamic Liberation Front (MILF) traveled to Manila October 15 to ratify a groundbreaking framework peace agreement with the



U.S. Navy personnel install sensors during U.S. and Philippine bilateral military exercises in Subic Bay. Officials announced during the exercises that the Philippines will reopen Subic Bay as a semipermanent home to U.S. naval assets. <http://www.flickr.com/photos/usnavy/8079878209/>



government. The agreement establishes an autonomous political entity called Bangsamoro on the southern Philippine island of Mindanao in exchange for the MILF laying down its arms. Negotiations on details for a final peace pact, including power and revenue sharing agreements, will begin in November in Malaysia. The MILF, a splinter group of the older Moro National Liberation Front, has waged a guerilla war for independence since 1978.

- **House approves \$48.2 billion budget for 2013.** The Philippines' House of Representatives October 15 passed the 2013 government budget. The proposed budget includes increased funding for poverty-reduction programs and infrastructure development, moves that financial forecasters highlight as pivotal for attracting greater foreign investment. The proposed budget quickly drew criticism from opponents who claim the administration of President Benigno Aquino will exploit its control over the allocation of money to influence the country's 2013 legislative elections.
- **Philippines proposes strategic partnership with Australia.** President Benigno Aquino on October 15 said the Philippines is seeking to negotiate a strategic partnership with Australia. If Australia agrees to the offer, it would be the Philippines' third strategic partnership after similar ones with the United States and Japan. Aquino cited the shared values and interests between Australia and the Philippines and highlighted already functioning peer-to-peer military programs. Aquino is set to visit Australia October 24-26 for high-level meetings with business leaders, government officials, and policy experts.
- **Philippines, China vow to double trade and boost tourism.** A delegation of Chinese officials arrived in Manila October 19 for a series of meetings aimed at "normalizing" relations following months of tensions over disputes in the South China Sea. Chinese and Philippine officials set a goal of doubling bilateral trade to \$60 billion and increasing two-way tourism arrivals to 2 million by 2016.

VIETNAM

- **Party Central Committee concludes sixth plenum, promises reforms.** The central committee of the Vietnamese Communist Party on October 15 concluded its unusually long sixth plenum in Hanoi, surprising many Vietnamese and foreign observers by not disciplining Prime Minister Nguyen Tan Dung. Secretary General Nguyen Phu Trong said in a televised

speech that the party would undertake further economic reforms and promised to restructure state-owned enterprises (SOEs) and the banking system. Prime Minister Dung reportedly faced widespread criticism during the plenum for the country's poor economic performance and his failure to rein in corrupt interest groups. The majority of central committee members reportedly voted in support of Dung, but he is believed to have lost substantial personal power.

- **National Assembly meets amid growing economic difficulties; Dung apologizes.** Vietnam's National Assembly began a month-long session October 22 that will see its deputies tackle the country's political and economic troubles. Prime Minister Nguyen Tan Dung apologized during the opening session for what he called the government's weak management of the economy, especially in the supervision of state-owned enterprises. Lawmakers during this session will assess the implementation of the current year's socioeconomic plans, discuss goals for 2013, review draft revisions to the 1992 Constitution, and ratify a resolution on votes of confidence for government officials elected or approved by the assembly.
- **Central bank governor declares war on interest groups.** The governor of Vietnam's central bank, Nguyen Van Binh, vowed October 8 to crack down on small groups of powerful shareholders that have been exploiting Vietnamese lending institutions for their own benefit. He acknowledged that Vietnam's present institutions and regulations have not kept pace over the last two decades with the country's rapidly changing financial landscape. The central government has tasked Binh with taking measures to clean up bad debt in the banking system within the next year.
- **Vietnam allocates \$1.3 billion to assist areas of extreme poverty, ethnic minorities.** Vietnam's Ministry of Labor on October 17 announced the allocation of \$1.3 billion for poverty reduction efforts from 2012 to 2015 in ethnic minority areas and regions with extreme poverty. The program is part of the national plan to achieve the UN Millennium Development Goals (MDGs). UN officials say the country's progress in achieving MDGs in ethnic minority areas is much slower than the national average.

INDONESIA

- **Indonesia, India seek increased defense cooperation.** Indonesian defense minister Purnomo Yusgiantoro and his Indian counterpart, Shri Antony, October 16 concluded the first-ever ministerial-level defense dialogue between Indonesia and India. The meeting did not result in

any truly significant deliverables, but did signify a growing defense relationship between the two countries at a time when Indonesia is seeking to build a self-sufficient domestic defense industry and India's interest in engaging Southeast Asia is on the rise. Military cooperation between the two has steadily increased since the signing of a strategic partnership agreement in 2005.

- **Abbot, Yudhoyono avoid “tow-back” issue during meeting.** President Susilo Bambang Yudhoyono and Australian opposition leader Tony Abbot met October 15 to discuss cooperation on people smuggling, but avoided Australia's controversial “tow-back” policy regarding asylum seekers. Australia's official policy is to send asylum-seeker boats that originate in Indonesia back to the archipelago, which Indonesia opposes. Australian prime minister Julia Gillard heavily criticized Abbot on his return for failing to raise the issue.



A monument to Pancasila, Indonesia's state ideology. The government will reintroduce Pancasila classes in elementary schools during the 2013-14 school year. <http://www.flickr.com/photos/antonemus/4725784811/>

- **Indonesia to reintroduce Pancasila classes.** The Indonesian government will reinstate mandatory elementary school courses in Pancasila, the state ideology, in the 2013-14 academic year, according to a revised curriculum released September 27. The move comes in response to a series of ethnically and religiously motivated fatal brawls in high schools and universities. Pancasila teaches national unity and belief in an unspecified God. The new curriculum also removes English, science, and social studies from elementary schools, which critics have decried as a major setback for Indonesia's competitiveness.

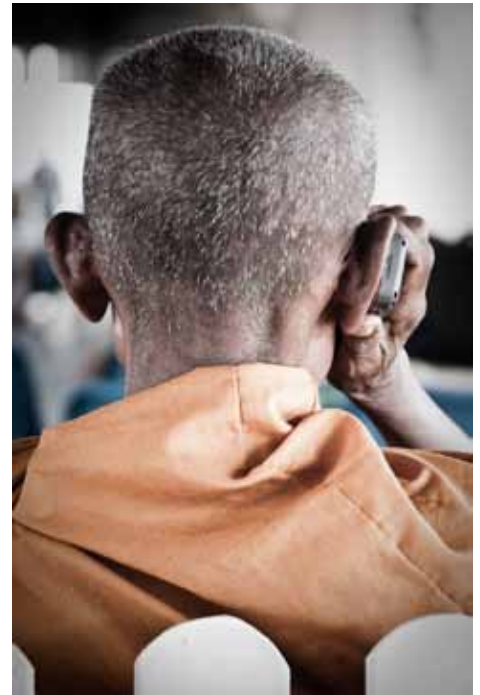
- **Indonesia calls for stable oil prices at Asian Cooperation Dialogue.** Indonesia's economic coordinating minister, Hatta Rajasa, spoke at the Asian Cooperation Dialogue (ACD) summit October 17 in Kuwait, emphasizing the importance of energy, the environment, and stable oil prices for eradicating poverty in Asia. Hatta also proposed an ACD Energy Action Plan to enhance regional energy connectivity and develop renewable energy technology. Kuwaiti officials in a separate meeting expressed interest in investing in Indonesia's East Natuna gas project. Thailand will host the next ACD in 2015.

- **Rothschild formally resigns from Bumi Plc.** British financier Nat Rothschild resigned October 15 from the board of mining giant Bumi Plc after it decided to consider a proposal from Indonesia's Bakrie Group to purchase Bumi's Indonesian assets in exchange for \$1.2 billion in cash and the cancellation of Bakrie's stake in Bumi. The Bakrie Group, along with

Rothschild, helped found Bumi Plc in 2011. It controls Indonesia-based Bumi Resources, which is being investigated for “financial irregularities.” Bumi Plc’s board announced after Rothschild’s resignation that it would not consider the Bakrie’s proposal until the investigation into Bumi Resources is complete.

THAILAND

- **Thai government announces 3G auction winners.** Thailand’s National Broadcasting and Telecommunications Commission (NBTC) October 19 announced the three winners of 15-year licenses to operate long-overdue 3G services in the country. The winners were Thailand’s top three telecommunications companies: Advanced Info Service’s Advanced Wireless Network, Total Access Communication’s DTAC Network, and True Corp’s Real Future. Media activists criticized the auction and are pursuing legal action against the NBTC for alleged collusion between officials and corporate leaders and failure to guarantee competitive prices for 3G services. An auction for 4G operation licenses is planned for 2013.
- **Bank of Thailand surprises market with rate cut.** The Bank of Thailand cut policy interest rates October 17 by a quarter of a percentage point, a move that surprised market watchers and raised suspicions of government pressure to cut rates in order to stimulate the economy. Thailand’s economy is suffering from slowing economic growth due to decreasing demand for exports from China and the European Union and a winding down of rebuilding projects following devastating floods in late 2011. The *Financial Times* reported that economists expect another quarter-point rate cut in the near future.
- **Thaksin embroiled in new legal disputes.** Thailand’s Supreme Court issued an arrest warrant October 10 for former prime minister Thaksin Shinawatra on charges related to malfeasance involving loans from state-owned Krung Thai Bank. All 26 defendants in the case except Thaksin, who remains abroad, appeared before the court to deny the charges. Separately, Thai media reported October 16 that the former prime minister will file a defamation lawsuit against key members of the opposition Democrat Party. Democrat leaders have accused Thaksin of instigating the 2010 political violence that wracked Bangkok and pulling the strings behind the infamous “black shirts,” irregular security forces blamed for some of the worst violence.
- **Thailand beefs up air surveillance capability with long-range radar system.** Lockheed Martin reported October 16 that the Royal Thai Air



A Thai monk speaks on a mobile phone. Thailand recently awarded contracts for the country’s first 3G services. <http://www.flickr.com/photos/21115345@N02/4353851195/>



Force activated its first TPS-77 radar system produced by the U.S.-based manufacturer. The TPS-77 is a ground-based air surveillance system that Lockheed describes as “specializing in early warning, situational awareness, and ballistic and tactical missile surveillance and defense.” Thailand expects to use the system to provide greater security and safety over the Gulf of Thailand. The equipment is the 34th long-range radar system in the Asia Pacific.

MALAYSIA

- **Malaysia, Philippines agree to scale up partnerships.** Prime Minister Najib Razak and his Philippine counterpart, Benigno Aquino, issued a joint statement October 15 calling for greater economic and tourism cooperation between the two countries. The leaders singled out the 2013 Philippines-Malaysia Joint Commission Meeting in Malaysia as an ideal venue to pursue increased cooperation. Relations between the two countries received a boost with the recent signing of a framework peace accord between the Philippine government and the Moro Islamic Liberation Front, which was facilitated by and brokered in Malaysia.



A palm oil plantation in Sabah, Malaysia. Malaysia and Indonesia are in talks to form a joint body aimed at boosting palm oil prices. <http://www.flickr.com/photos/angela7/1469185776/>

- **Malaysia, Indonesia eye joint body to prop up palm oil prices.** Indonesian trade minister Gita Wirjawan said on October 9 that Malaysia and Indonesia have entered discussions to form a joint body to drive up falling palm oil prices. Gita compared the body to the two countries’ existing cooperation in the rubber industry. No decisions on means of boosting prices have been made, but ideas include limiting plantation expansion and boosting the use of palm oil in industry and biofuels. Malaysia and Indonesia together account for about 90 percent of global palm oil supplies.

- **Malaysian Court rejects challenge to cross-dressing ban.** Four transsexual Malaysians October 11 lost a legal challenge to a law barring Muslim men from dressing as women. A Malaysian court ruled that the men must adhere to the current law because they are Muslim and were born male. The law does not apply to non-Muslims. The four challenged the law’s constitutionality after being repeatedly arrested for dressing as women. Theirs was the first challenge before a secular court of Malaysia’s ban on cross-dressing.

CAMBODIA

- **King Sihanouk’s remains returned to Phnom Penh.** Prime Minister Hun Sen and King Norodom Sihamoni on October 17 escorted the remains of

former king Norodom Sihanouk to Phnom Penh. Sihanouk, 89, died October 15 in Beijing after suffering a heart attack. He will be remembered as the father of Cambodia's independence and a key political leader for more than six decades. Sihanouk will be cremated according to Cambodian and Buddhist tradition and his ashes placed in a stupa at the Royal Palace. The official national mourning period ended October 22.

- **Cambodia loses bid for Asia-Pacific seat on UN Security Council.** Cambodia lost its bid October 18 for a two-year non-permanent seat on the UN Security Council. Members of the UN General Assembly instead elected South Korea to replace India in 2013 as a representative to the council from the Group of Asia and the Pacific Small Island Developing States. South Korea beat Cambodia in the second round of voting, 149 to 43, with many observers crediting worries over Cambodia's human rights record.
- **Legislature approves ruling party nominees to election commission.** Cambodia's National Assembly October 11 unanimously approved the appointment of two new leaders and seven new members of the National Election Commission. All nine are members of the ruling Cambodian People's Party (CPP). Twenty-six opposition lawmakers boycotted the vote, claiming political bias toward the CPP. Members of the opposition, rights monitors, and election watchdogs are calling for a reshuffle of the commission, saying that its current makeup will compromise the outcome of Cambodia's 2013 national elections.
- **Cambodian government threatens U.S.-funded radio stations with legal action.** Cambodian government officials October 10 threatened U.S.-funded radio stations Voice of America and Radio Free Asia with unspecified legal action during a closed-door meeting with journalists from the stations to discuss matters of cooperation. Officials accused the stations, which broadcast locally in Khmer, of being anti-Cambodian and favoring opposition parties, according to reports by Reuters. A statement from VOA said the stations value free speech and freedom of the press and will continue providing "objective and newsworthy material to the Cambodian public."
- **U.S., Cambodian navies begin joint exercise.** The U.S. and Cambodian navies October 22 kicked off their third annual joint military exercises, called Combat Afloat Readiness and Training (CARAT). Approximately 500 U.S. and 300 Cambodian personnel will engage in five days of operational



The meeting room of the UN Security Council. Cambodia recently lost its bid for a seat on the council to South Korea. <http://www.flickr.com/photos/riacale/1338980883/>

and tactical simulations in Sihanoukville, Cambodia, to enhance maritime security skills. The U.S. Pacific Fleet engages in annual bilateral CARAT exercises with eight countries in Southeast Asia to promote cooperation and trust between forces. U.S. personnel also engage in community service projects during the exercises.

SINGAPORE

- **Singapore combats tax haven image with tougher rules.** Singapore struck a deal October 14 with Germany to help Berlin detect potential tax evaders residing in the city-state. The move followed an announcement the previous week by the Monetary Authority of Singapore that tax crimes would be reclassified as money laundering offences. The deal suggests that Singapore is trying to comply with global standards on tax dodging. The city-state is increasingly concerned that foreign nationals are using its financial centers to hide wealth from authorities abroad.



Singapore's Sentosa resort island, the Port of Singapore, and the Central Business District. Singapore's exports unexpectedly fell in September, causing predictions of an economic contraction in the third quarter. <http://www.flickr.com/photos/roberto8080/4382250278/>

- **Singapore's exports drop sharply in September.** Singapore's exports unexpectedly fell in September for the second consecutive month due to weak Western markets and China's economic slowdown. Exports were down 3.4 percent compared to the same time last year. The drop suggests that Singapore's GDP in the third quarter will be lower than projected. The Monetary Authority of Singapore meanwhile has announced plans to slow the appreciation of the Singapore dollar, which hurts the competitiveness of exports.
- **Singapore passes personal data protection bill.** Singapore's parliament October 15 passed a personal data protection bill in an effort to prevent the misuse of personal data. The law seeks to give individuals more control over their personal data by requiring that they give consent and be informed of the purposes of any collection, use, or disclosure of their personal information. The law also provides for a national do-not-call registry to be created by early 2014. Singaporean companies and organizations will be banned from calling or sending messages to any Singapore number on the registry.

SOUTH CHINA SEA

- **U.S. carrier visits South China Sea.** The U.S. aircraft carrier USS *George Washington* arrived in the disputed waters of the South China Sea off the coast of Vietnam October 20, where it welcomed Vietnamese security and

government officials aboard and conducted live ammunition exercises. The carrier, based in Yokosuka, Japan, has been cruising through Southeast Asia during October, including for joint exercises October 7-11 with the Malaysian navy and air force.

- **China prepares to bring tourists to Paracel Islands.** China will start planned tourist trips to the disputed Paracel Islands by the end of October, according to a report in the *Guangzhou Daily*. The paper said that four-day tours to Woody Island, which houses China's recently established Sansha city, will likely cost around \$800. Illegal agents have already begun escorting tourists to the Paracels via fishing boats, charging nearly \$1,250 for a weeklong trip. Vietnam has protested these actions, maintaining that China is encroaching on Vietnamese territory in the Paracels.



Some of the disputed Paracel Islands. China is preparing to begin tourist trips to the islands despite Vietnam's objections. <http://www.flickr.com/photos/nlann/1534301049/>

TIMOR-LESTE

- **Timor-Leste considers nullifying oil agreement with Australia.** Radio Australia, citing Timorese reports, revealed October 15 that Timor-Leste may walk away from its agreement with Australian oil and gas company Woodside Petroleum. Timorese and Woodside officials entered into agreement roughly a decade ago to exploit natural gas in the Timor Sea, but disagree over how to extract and develop it. Woodside prefers to use a floating natural gas plant, while Timor-Leste has lobbied for a more expensive onshore plant, which it argues would produce more jobs and spur economic development.
- **Former president Ramos-Horta appeals to Australia for public health support.** Former president José Ramos-Horta called on Australia October 11 to provide more support to eliminate parasitic diseases in Timor-Leste. More than half of all Timorese children suffer from such diseases as intestinal worms and elephantiasis. The University of Sydney is involved in a joint program with Timorese health officials to eradicate the ailments, but Ramos-Horta claimed that increased aid could stamp out the epidemic within five years.



More than half of Timor-Leste's children suffer from parasitic diseases. Former president José Ramos-Horta has called on Australia to help eradicate the problem. <http://www.flickr.com/photos/greensmps/7998021175/>

ASEAN

- **Thailand joins ASEAN Exchange link.** Thailand October 15 became the third ASEAN member to join the ASEAN Exchange, which Malaysia and Singapore launched in September. The exchange joins the stock markets of Thailand, Malaysia, and Singapore, which account for nearly 70 per cent of the total market capitalization of ASEAN. Indonesia, Vietnam, and



the Philippines are expected to follow suit. The exchange seeks to create a single Southeast Asian trading platform and create more investment opportunities across the region.

LAOS

- **Former UK prime minister Tony Blair visits Vientiane; UK to open embassy in Laos** . Former UK prime minister Tony Blair met with Lao prime minister Thongsing Thammavong October 15 to discuss strengthening bilateral relations between the two countries. Lao officials briefed Blair on preparations for the Asia-Europe Meeting Summit, which will take place November 5-6 in Vientiane. The British Embassy to Laos, currently based in Bangkok, is expected to officially move to Vientiane during the summit. Laos also plans to open an embassy in London in the near future.
- **Laos assumes control after China withdraws from high-speed rail project**. The Lao National Assembly on October 18 approved the unilateral implementation of a high-speed rail project connecting Vientiane to China's Yunnan province after a Chinese construction company withdrew from the venture. The EXIM Bank of China will finance construction of the 261-mile, \$7 billion railway, which Lao government officials say is vital to the country's development. Local villagers have voiced concerns over just compensation for relocating to make way for the ambitious project.

MEKONG RIVER

- **Vietnam, Thailand boost infrastructure investment in Mekong region**. The governments of Vietnam and Thailand both recently announced their intentions to boost investment in the Mekong Delta. Vietnam's state-owned Cuu Long Transport Infrastructure Management, Investment, and Development Corporation submitted a proposal to the country's Transport Ministry for a \$938 million traffic infrastructure project, according to an October 16 *Tuoi Tre News* report. The project aims to boost development via subprojects in six of Vietnam's Mekong Delta provinces. Thailand announced October 5 that it too is preparing to boost investment via unspecified infrastructure and water management projects. ■



The Rach Mieu Bridge in Vietnam's Mekong Delta region. Both Vietnam and Thailand have announced plans to boost investment in the Mekong Delta. <http://www.flickr.com/photos/chuongluong/4371251130/>

Looking Ahead

- **A conversation with Defense Secretary Leon Panetta.** The Center for a New American Security will host Defense Secretary Leon Panetta October 29 for a conversation on U.S. defense policy. Former undersecretary of defense for policy Michèle Flournoy will provide introductory remarks. Registration will begin at 6:15 p.m., and the event will take place from 6:45 p.m. to 7:30 p.m. at the Willard InterContinental Hotel's Grand Ballroom, 1401 Pennsylvania Ave., N.W. Please click [here](#) to RSVP or call (202) 457-9427.
- **Conversation with former Timor-Leste president José Ramos-Horta.** The Asia Society will host former Timor-Leste president José Ramos-Horta October 29 for a discussion on the challenges of peace-making and peace-building in Asia. The event will take place from 6:30 p.m. to 8:00 p.m. at the Asia Society, 725 Park Avenue, 70th Street, New York. Tickets are available for purchase [here](#).
- **Conference on the Philippines under Aquino.** The U.S.-Philippines Society, the School of Advanced International Studies—Southeast Asia Studies, and the Asia Foundation will cohost a conference November 1 on governance, growth, and security in the Philippines under the administration of President Benigno Aquino. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell will give a luncheon speech. The event will take place from 8:00 a.m. to 6:30 p.m. at the Kenney Auditorium, School of Advanced International Studies, 1740 Massachusetts Ave., N.W. Please click [here](#) to register
- **Panel discussion on U.S.-Asia policy.** The Asian Studies Program at Georgetown University's School of Foreign Service will host a panel discussion November 1 on the Obama administration's record in Asia and the challenges for the future. Speakers will include Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell and his predecessors Christopher Hill, Winston Lord, and Richard Solomon. The event will take place from 4:00 p.m. to 5:30 p.m. at Georgetown University, Gaston Hall, 37th and O Streets, N.W. Please click [here](#) to register for the event.
- **Talk on Malaysia and South China Sea.** The Malaysia-America Society and the ASEAN Studies Center at American University will cosponsor an event November 1 examining Malaysia's role in the South China Sea disputes. Speakers will include Zakaria Ahmad of HELP University in Kuala Lumpur and former journalist Eddie Lachica. The event will be held from 6:30 p.m. to 8:00 p.m. at American University's School of International Service, 4400 Massachusetts Ave., N.W.



- **U.S.-ASEAN human rights symposium.** The U.S. Department of State and the ASEAN Studies Center at American University will host a daylong symposium November 9 on human rights in ASEAN and its member states. The conference will take place from 8:00 a.m. to 7:00 p.m. at American University's School of International Service, Hughes Formal Lounge, 4400 Massachusetts Ave., N.W. Please e-mail aseanstudiescenter@american.edu for more information.
- **Workshop on U.S.-ASEAN smart grid initiatives.** The U.S. Trade and Development Agency and the Heads of ASEAN Power Utilities Authorities will cosponsor a two-day workshop November 13-14 to discuss the region's smart grid initiatives. The event will take place at the Sheraton Hanoi Hotel, Hanoi, Vietnam. Please click [here](#) to register for the event.
- **Discussion on the business environment in Malaysia.** The Malaysia U.S. Chamber of Commerce, the ASEAN Studies Center at American University, the Asia Society, and the Malaysia-America Society will cohost host a symposium November 16 on the business environment in Malaysia. Speakers will include a representative from the Malaysian Investment Development Authority and several Washington-based experts. The event will take place from 6:30 p.m. to 8:00 p.m. at the American University's School of International Service, Room 120, 4400 Massachusetts Ave., N.W. Please call (202) 885-1688 for more details. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

CSIS Chair for Southeast Asia Studies contributors:

Ernest Bower, Senior Adviser and Chair
Murray Hiebert, Senior Fellow and Deputy Director
Gregory Poling, Research Associate
Kathleen Rustici, Research Associate
Phuong Nguyen, Researcher
Jeremiah Magpile, Researcher
Alexandra Sander, Researcher
Liam Hanlon, Researcher
Jennifer Frentasia, Researcher

For more details on our programs and to follow CSIS with real-time updates, follow the CSIS Chair for Southeast Asia Studies:



On Facebook at <http://www.facebook.com/CSISSoutheastAsia>



On Twitter at [@SoutheastAsiaDC](https://twitter.com/SoutheastAsiaDC).



On our blog, [cogitASIA](http://cogitASIA.com) at <http://cogitASIA.com>

Thank you for your interest in U.S. policy in Southeast Asia and the CSIS Chair for Southeast Asia Studies. Join the conversation!

This newsletter is published by the Chair for Southeast Asia Studies at the Center for Strategic and International Studies (CSIS) in Washington, D.C., a private, tax-exempt institution focusing on international public policy issues. CSIS's research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2012 by the Center for Strategic and International Studies. All rights reserved.