

Southeast Asia from the Corner of 18th & K Streets

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Watershed Elections Could Mark a Political Transition in Malaysia

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Almost two years of speculation about pending elections in Malaysia ended on April 3 when Prime Minister Najib Razak dissolved the parliament, paving the way for what promises to be the tightest elections since the country achieved independence in 1957. Malaysia's Election Commission is expected to set a date in late April for the balloting. Most observers believe the ruling coalition will eke out a victory, but it is possible that the opposition could win a narrow majority for the first time.

The elections could determine the speed of political and economic reform in Southeast Asia's second-wealthiest nation per capita. Even if the opposition loses the election but increases its representation in the parliament, Najib's efforts to liberalize the economy and political system could be slowed, and he will almost certainly face a leadership challenge from within his party.

Najib's dissolution of the parliament had been expected for months, and its delay created uncertainty within the business community and a widespread perception that the ruling coalition was uncertain how it would fare against the opposition led by former finance minister Anwar Ibrahim. Malaysia's stock market, one of the weakest performers in the region this year at least in part because of uncertainty about the elections, responded to the dissolution of the parliament with jitters. It fell 1.2 percent in the hours after Najib made his announcement before rebounding to close near its starting point.

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In the last elections in 2008, the opposition snared 82 of the 222 parliamentary seats—for the first time denying the ruling coalition the two-thirds majority it needs to change the constitution—and took control of five of the country’s state assemblies. The loss of support among the country’s majority ethnic Malays prompted the United Malays National Organization (UMNO), which dominates the coalition, to oust former prime minister Abdullah Badawi and appoint Najib.

Najib launched a series of political and economic reforms, including moves to repeal the draconian Internal Security Act that allowed detention without trial. He announced economic reforms intended to pull Malaysia out of the middle-income trap, improve government transparency and services, and reduce costly subsidies on fuel and food. The prime minister worked hard to improve relations with the United States and joined the Trans-Pacific Partnership trade negotiations with the United States and nine other countries to help stimulate domestic economic reform.

Many of Najib’s reform efforts have been opposed by a conservative faction within UMNO that is determined to block any rollback of the pro-Malay affirmative action policies introduced in 1971.

When announcing the dissolution of the parliament, Najib warned that the reform agenda will be affected by the outcome of the elections. “If we do not keep up the pace of reform, we risk losing out,” he said. Najib called on voters to return his coalition to power so that it can complete his more than \$400 billion Economic Transformation Program, which he says will turn Malaysia into a developed economy by 2020.

The opposition coalition—made up of Anwar’s People’s Justice Party, the conservative Pan-Malaysian Islamic Party (PAS), and the largely Chinese-supported Democratic Action Party (DAP)—garners much of its support in urban areas, from minorities, and among young people. The opposition has promised to boost government transparency and replace the race-based affirmative action policy with a needs-based safety net. Many Malaysians appreciate the opposition’s exposure of government corruption scandals and its calls to ease limits on civil liberties.

There do not seem to be large economic or foreign policy differences between Najib and Anwar, a former deputy prime minister. Anwar was seen as pro-West, friendly with the United States, and a proponent of free-market principles and foreign investment when he was in government.



Anwar Ibrahim during a 2008 rally. Anwar leads the opposition coalition that hopes to take power for the first time in Malaysia’s upcoming elections. <http://www.flickr.com/photos/adzliyana/2286829013/>

Watershed Elections Could Mark a Political Transition in Malaysia *(continued)*

The opposition has implemented pro-business policies in the country's two most economically vibrant states, Selangor and Penang, which it took over in 2008. But the coalition's strong opposition to an Australian-owned rare-earths plant in Kuantan has raised some questions about its views on foreign investment.

One of the concerns among foreign investors is whether the opposition's three component parties, especially the conservative Islamic PAS and the secular Chinese-dominated DAP, will be able to develop unified economic policies and govern effectively if they gain power. These fears are likely overblown, as the parties have done reasonably well running the states they have controlled since 2008.

A poll in February by the Merdeka Center found Najib's personal approval rating at 61 percent, down 4 percent from November 2012. However, the ruling coalition's approval was only 45 percent, while support for the coalition among ethnic Chinese, who make up a quarter of the population, stood at 34 percent. Tackling corruption is the first or second priority for 51 percent of voters, according to polling by the Merdeka Center. The next priority is the rising cost of living.

One of the key uncertainties about the elections is how young people will vote. Voters under 30 make up a quarter of Malaysia's 13 million voters. Some 3 million young people, roughly one-tenth of the country's population, have registered to vote for the first time.

Over the past year, Najib launched a series of handout schemes to boost support among lower-income workers, people in rural areas, and government employees. Just days before dissolving the parliament, he announced a \$300 bonus to the 40,000 employees of the state-owned oil and gas company.

Some opposition members and analysts speculate that the ruling coalition will be reluctant to hand over power if it loses the elections. Najib addressed this directly in his television address, saying, "If there is any transition in power...it will be done in an orderly and peaceful manner." For the first time since independence, that transition is a possibility. ■



The Kuala Lumpur Stock Exchange Building. Malaysia's exchange, already one of the worst-performing in Asia this year, has reacted with jitters to the pending elections. <http://www.flickr.com/photos/kiffer/118716624/>

The Week That Was

MYANMAR

- **Anti-Muslim violence spreads across central Myanmar.** Sectarian violence erupted in the central Myanmar town of Meikhtila on March 20, leaving at least 40 dead and 11,000 homeless in makeshift camps. Anti-Muslim rioters often led by Buddhist monks burned mosques, homes, and businesses. **Satellite photos** released by Human Rights Watch made clear the scale of the destruction. The central government declared a state of emergency on March 22 and the military moved in to restore order. Violence has since spread to neighboring districts. President Thein Sein made a national speech on March 28 condemning religious extremism and said he would not hesitate to use military force if needed to quell the violence.

- **Myanmar issues media licenses for daily private newspapers.** Myanmar's Central Supervisory Committee for Printers and Publishers issued licenses to eight media outlets on March 26 to operate daily newspapers. Along with eight licenses previously awarded on March 1, these 16 papers are the first privately owned dailies to operate in the country in more than 50 years. The opposition National League for Democracy was among those that received a license, and it plans to publish its party newsletter, D-Wave, daily. The licenses follow the parliament's suspension of a controversial press regulation bill earlier this month amid pressure from domestic and international press groups.

- **Parliament approves investment regulations, reducing restrictions on foreign business ownership.** The Myanmar parliament approved regulations on March 18 permitting foreigners to own 100 percent of local ventures in most sectors and up to 80 percent in sectors deemed sensitive. The decision overrides a November 2012 proposal that would have limited foreign ownership to 49 percent in restricted sectors, which include agriculture, natural resources, and manufacturing. Myanmar's central bank, meanwhile, will reportedly approve a new policy in April or May that will open the door for foreign banks to apply for joint ventures.

- **Google CEO visits Myanmar.** Google CEO Eric Schmidt traveled to Myanmar on March 22 to promote an open Internet and explore opportunities for Google's entry into the country. Schmidt visited a technology park in Yangon and spoke to students about the role of the Internet in political and economic development. The visit coincided with Google's launch of a new Myanmar-language search homepage. Google plans to launch further applications and services in the country, with a specific focus on mobile phone-based services.



Google CEO Eric Schmidt visited Myanmar on March 22 to promote an open Internet and explore opportunities for the search giant to enter the country's market. [http://upload.wikimedia.org/wikipedia/commons/thumb/6/64/Eric_E_Schmidt,_2005_\(looking_left\).jpg/512px-Eric_E_Schmidt,_2005_\(looking_left\).jpg](http://upload.wikimedia.org/wikipedia/commons/thumb/6/64/Eric_E_Schmidt,_2005_(looking_left).jpg/512px-Eric_E_Schmidt,_2005_(looking_left).jpg)

- **Aung San Suu Kyi adviser lauds economic reforms to date.** Sean Turnell, an associate professor at Macquarie University in Sydney and economic adviser to opposition leader Aung San Suu Kyi, said in a March 27 [East Asia Forum](#) article that Myanmar's economic reforms have been promising and that further positive changes are imminent. Turnell said the decision to float the kyat in April 2012 and the passage of the Foreign Investment Law in November 2012 are the most significant changes to date. Reforms still needed include granting independence to the central bank and developing financial sector laws and dispute mechanisms.

INDONESIA

- **House confirms Finance Minister Agus Martowardojo as central bank governor.** Lawmakers on March 27 elected Finance Minister [Agus Martowardojo](#) to replace Darmin Nasution as central bank governor. Nasution's term ends on May 23. Martowardojo's confirmation allows President Susilo Bambang Yudhoyono to reshuffle his economic team as Indonesia faces a weakening currency, a current-account deficit, and increased inflation. The move drew criticism from investors disappointed by the prospect of Martowardojo, a capable technocrat and former banker, being removed from the finance portfolio. Yudhoyono has not announced who will replace him.
- **House deadlocked on 2014 presidential election thresholds.** Indonesian lawmakers remain deadlocked over whether to abolish the threshold for parties to nominate a presidential candidate in 2014. Currently, only those that hold at least 20 percent of the seats in the House of Representatives or win 25 percent of the popular vote in the 2014 legislative elections would be able to nominate a candidate. That would effectively limit the race to three or four candidates. The House legislative committee will reconvene on April 4 to resume debate on the threshold.
- **Church demolitions, harassment of religious minorities on the rise.** Indonesia witnessed 264 violent incidents against religious minorities in 2012, with the most visible being the uptick in church demolitions, according to a February 28 Human Rights Watch [report](#). In the latest incident, the local administration in Bekasi, West Java, banned members of the Batak Protestant Church from conducting services on March 27 after demolishing their church a week earlier. Christian, Ahmadiyya, Shia, and other religious minorities are facing increasing harassment, including from the government, which has made it increasingly difficult to obtain building permits for places of worship.



A ballot box during Indonesia's 2009 legislative elections. Indonesian lawmakers face an impasse regarding a contentious election threshold for political parties that could help determine the outcome of the 2014 presidential elections.
<http://commons.wikimedia.org/wiki/File:IndonesianBallotBox.jpg>

- **Constitutional court rules that Senate can join legislative process.** Indonesia's Constitutional Court on March 28 granted the Regional Representative Council, frequently referred to in English as the Senate, the right to propose bills as part of the legislative process for the first time. The authority is limited to legislation involving relations between central and local governments, including questions of regional autonomy, fiscal relations, the creation of new administrations, and the management of natural resources. Previously, only the House of Representatives and the president could propose legislation. Senate leaders welcomed the ruling, saying it will create better regional policies.

THE PHILIPPINES

- **Fitch upgrades Philippines to investment grade for first time.** Fitch Ratings announced on March 27 that it had upgraded the Philippines to an investment-grade credit rating for the first time, bumping it up from BB+ to BBB-. Fitch cited the country's improved fiscal management and more resilient economy. The new rating is expected to attract more investment to the Philippines. Asian Development Bank economist Norio Usui says that the new rating could potentially carry the country to its next phase of development.



A member of the Moro Islamic Liberation Front (MILF) stands in front of a peace sign. The Philippine government has delayed peace negotiations with the MILF until later in April. <http://www.flickr.com/photos/14455532@N06/2287793824/>

- **Peace talks with Moro insurgents postponed.** Presidential adviser Teresita Deles announced on March 25 that the next round of formal exploratory talks between the Philippine government and the Moro Islamic Liberation Front (MILF), scheduled for late March, would be postponed to later in April. President Benigno Aquino requested that peace negotiations be rescheduled because both parties need more time to review the framework peace agreement's annexes on power sharing, revenue sharing, and normalization of relations. The MILF warned that further postponement may jeopardize the peace process.
- **SEC releases draft guidelines on foreign ownership.** The Philippine Securities and Exchange Commission (SEC) released on March 25 a draft of new guidelines for determining foreign ownership limits in select industries. The SEC is seeking public feedback on the draft guidelines, which would overturn the current constitutional cap of 40 percent on foreign ownership by relaxing rules previously imposed by the Supreme Court. The public has 30 days to comment on the draft, which is posted on the SEC's website.

- **Philippines borrows \$573 million from Japan to fund rail and airport.** The Philippines announced on March 26 that Japan will lend the state \$573 million to fund a light rail system and a new airport. More than three-quarters of the funding will go to the expansion of the Manila Light Rail System to two neighboring provinces, according to the Japanese foreign ministry. The remaining funds will finance other public transportation systems in the Metro Manila area and an airport project in Bohol. The terms and official date for the distribution of the loan have yet to be disclosed.

THAILAND

- **Government holds peace talks with separatist groups.** The Thai government met for peace talks with a number of southern separatist groups, including the Barisan Revolusi Nasional (BRN) and the Patani United Liberation Organization (PULO), in Kuala Lumpur, Malaysia, on March 28. Critics question whether the peace talks will change the separatists' behavior, especially because the groups are extremely fragmented and decentralized. These challenges were underscored by a bombing the same day that killed three paramilitary troops in southern Thailand. National Security Council chief Paradorn Pattanatabut said the day before the talks that the government would ask the rebel groups' negotiators to halt attacks on civilians as proof that they can control the insurgents.
- **Fire breaks out at Karen refugee camp.** A fire broke out on March 22 at the Ban Mae Surin camp for Karen refugees in Thailand's northern Mae Hong Son Province, leaving 37 dead and over 2,000 homeless. The Thai government officially said the fire was an accident, but several refugees reported seeing a burning object dropped from a helicopter onto the roof of a house within the camp. Ban Mae Surin, one of nine refugee camps along the Thai-Myanmar border, will be rebuilt in the same location.
- **Man sentenced for lèse-majesté for distributing Australian news broadcast.** A Thai court sentenced Akachai Hongkawan on March 28 to three years and four months in prison for lèse-majesté for selling video CDs of Australian news segments deemed offensive to Thailand's royal family. Akachai was also fined nearly \$3,000. The segments came from a 2010 broadcast discussing the future of the Thai monarchy. Discussions about Thailand's harsh lèse-majesté laws have increased following the controversial airing of a debate on the topic in mid-March by the Thai Public Broadcasting Service.

- **Thailand rescues trafficked Myanmar fishermen.** Thai authorities on March 22-23 rescued 14 Myanmar nationals who were trafficked into Thailand's fishing industry in Trang Province. Thousands of Myanmar citizens enter Thailand every year to work illegally, and abuses against them are rife. The Thai and Myanmar governments have begun setting up anti-human trafficking centers in high-risk border towns to help decrease the likelihood of exploitation.

MALAYSIA



Negeri Sembilan's state capital, Seremban. The state assembly automatically dissolved on March 28 as Prime Minister Najib Razak had not yet called for the general elections. <http://commons.wikimedia.org/wiki/File:Seremban.JPG>

- **State assembly allowed to dissolve automatically.** The state legislative assembly of Negeri Sembilan, one of Malaysia's 13 states, automatically dissolved on March 28 as its term expired without Prime Minister Najib Razak having called national elections. It was the first time a Malaysian state legislature has ever done so. Najib is facing criticism for not yet calling general elections, even as more state assemblies will automatically dissolve soon, including those in Pahang on April 6 and in Johor and Malacca on April 21.
- **Malaysia to relocate residents affected by Sabah conflict.** In a speech recognizing Sabah state's deep-rooted security problems, Prime Minister Najib Razak announced on March 25 that authorities will relocate residents in areas vulnerable to foreign infiltration. The problems were exposed in February when 200 armed followers of the Sultan of Sulu landed in Sabah and sparked a series of violent clashes with Malaysian security forces, leaving at least 70 people dead. Najib said that the invasion was aided by settlements of illegal immigrants and stateless persons in the area—a reference to Filipino migrants.
- **Pro-opposition radio station blames cyber attack for disruption.** A new radio station, Radio Free Malaysia, is blaming supporters of the ruling Barisan Nasional coalition for a cyber attack that disrupted its March 25 debut. The station's broadcast streamed over the Internet was disrupted by distributed denial-of-service attacks, similar to those that founder Clare Brown says have affected her blog, the Sarawak Report. The program's broadcast over radio airwaves was not affected. Brown, who was born to British parents in the Malaysian state of Sarawak and is now married to the brother of former British prime minister Gordon Brown, founded Radio Free Malaysia to provide an outlet for the views of opposition parties.
- **Malaysia seeks to have private corporations run Islamic endowments.** Malaysia is conducting two studies to review the operations of Islamic endowments, or *awqaf*, as the government seeks to have them run by

private corporations instead of religious bodies, according to a March 26 Reuters report. The government hopes to boost Malaysia's Islamic finance industry by raising its returns and efficiency. Malaysian *awqaf* hold \$384 million in value and operate hospitals, mosques, and schools using donations from Muslims, according to the government department that oversees such endowments.

SINGAPORE

- **Prime Minister Lee visits Washington.** Singapore's prime minister, Lee Hsien Loong, met with U.S. president Barack Obama at the White House on April 2 to discuss strategic and economic issues in the Asia Pacific region. The two discussed plans for Obama's expected participation in the Asia Pacific Economic Cooperation summit in Bali and the East Asia Summit in Brunei in October 2013. Lee also met with Defense Secretary Chuck Hagel a day earlier, during which the two discussed the South China Sea disputes, counterterrorism and counter-proliferation cooperation, the rotational basing of U.S. littoral combat ships in the city-state, and Hagel's attendance at the Shangri-La Dialogue in Singapore in May.
- **UBS requests Singapore High Court seal cases involving traders in rate manipulation investigation.** Swiss bank UBS has asked the Singapore High Court to seal two cases involving fired rate traders, arguing that a premature disclosure would affect the bank's ongoing global rate-fixing investigation, according to a March 26 Reuters report. The two former UBS traders, Mukesh Chhaganlal and Prashant Mirpuri, are suing UBS for wrongful dismissal. They were fired on February 7 in the wake of revelations that Singaporean traders were involved in currency manipulation.
- **Inquiry into U.S. engineer's death to begin May 13.** Singapore has set a coroner's inquiry into the death of U.S. engineer Shane Todd for May 13. A state coroner will review the evidence and determine the cause and circumstances of Todd's death. Todd was found hanged in his Singapore apartment in June 2012 in what was originally suspected of being suicide. Todd's parents, however, believe that he was murdered because he feared that a project for his employer, Singapore's Institute of Microelectronics, involved espionage against the United States by China's Huawei Technologies.
- **Singapore, Thailand conclude joint exercises.** Singaporean and Thai armed forces concluded their 15th bilateral army exercise, Exercise Kocha



Prime Minister Lee Hsien Loong at the World Economic Forum on East Asia in 2011. Lee met with President Barack Obama on April 2 in Washington. <http://www.flickr.com/photos/worldeconomicforum/5823334707/>

Singa, in Singapore on March 26. The exercise included professional interactions, live firing, and urban operations training. Singapore and Thailand held their first bilateral army exercise in 1997.

VIETNAM

- **World Bank lends Vietnam \$250 million to promote economic reform.** The World Bank approved a \$250 million loan on March 19 to promote better economic management in Vietnam. Victoria Kwakwa, World Bank country director for Vietnam, said that the loan is expected to improve dialogue and coordination between the Vietnamese government and development partners, which will help monitor macroeconomic policies and focus on reforms in the state-owned and banking sectors. The loan is to be disbursed over the next three years.
- **Samsung to open its largest mobile phone factory in Vietnam.** Samsung held a ceremony in Vietnam on March 25 to celebrate the start of construction on its largest mobile phone factory to date. The factory, located in Thai Nguyen Province outside Hanoi, is expected to produce 100 million mobile phones and one million digital cameras as well as generate tens of thousands of jobs for locals. Handset production will begin in April and construction of the building will be completed by October.
- **Government to create online social network to engage youth.** Prime Minister Nguyen Tan Dung said that the Vietnam government plans to build an online social network for the country's youth, according to a report released by *Tuoi Tre News* on March 25. The plan, which was revealed during the prime minister's meeting with the central committee of the Ho Chi Minh Communist Youth Union in Hanoi, seeks to improve the image of the Vietnamese Communist Party among Vietnam's younger generation. More than 30 percent of Vietnam's population use the Internet, and most of the users are young people, according to Dung.



A Samsung billboard in Vietnam. Samsung has opened its largest factory to date in Vietnam's Thai Nguyen Province. <http://www.flickr.com/photos/superciliousness/17228267/>

SOUTH CHINA SEA

- **ITLOS appoints second judge for arbitration panel.** The Philippine Department of Foreign Affairs confirmed on March 25 that Shunji Yanai, president of the International Tribunal for the Law of the Sea, has appointed a second judge to the arbitration panel that will hear Manila's case against the validity of Beijing's nine-dash-line claim in the South China Sea. Yanai appointed Polish judge Stanislaw Pawlak as China's arbiter after Beijing refused to participate in the panel. The Philippines

has until April 6 to request that Yanai appoint the tribunal's remaining three judges, after which he will have 30 days to make his selections.

- **Vietnam accuses China of firing at fishing boat.** Vietnam's foreign ministry announced on March 25 that an unidentified Chinese vessel chased away and shot a flare at a Vietnamese trawler near the Paracel Islands on March 20, causing a fire aboard the Vietnamese vessel. Hanoi described the clash as "very serious" but did not specify if there were any injuries. The Vietnamese government also lodged a formal complaint with the Chinese Embassy in Hanoi, demanding that Beijing pay reparations and appropriately punish those responsible.



A Vietnamese fishing boat in the South China Sea. Vietnam has accused China of firing at one of its boats near the Paracel Islands. <http://www.flickr.com/photos/gorgeoux/2741421857/>

- **China conducts landing exercises on shoal near Malaysia.** A Chinese flotilla of four ships, led by the amphibious ship *Jinggangshan*, began conducting military drills on March 24 at James Shoal, located near the coast of Malaysia in the southernmost part of the South China Sea. The shoal lies in the outer reaches of China's nine-dash line, the "dotted line" Beijing places on its maps to demonstrate its commitment to maintaining its claim over the entire South China Sea. In response to questions about the fleet's presence, Foreign Ministry spokesman Hong Lei said that the Chinese navy has a right to patrol the South China Sea. China had planted a monument declaring its sovereignty over the shoal in 2010.

- **Indonesia voices objection to nine-dash line in Chinese passports.** Indonesian foreign minister Marty Natalegawa told the *Financial Times* on March 29 that Jakarta has protested Beijing's inclusion of its controversial nine-dash line on the map in Chinese passports. The Indonesian government sent a diplomatic note voicing its disapproval of the new passports to the Chinese embassy in Jakarta "several weeks" after they were unveiled, according to Natalegawa. The nine-dash line in China's passport includes part of Indonesia's exclusive economic zone off the Natuna Islands, where companies like ExxonMobil and Total are drilling for oil.

LAOS

- **Activists intensify efforts to halt deportation of Hmong rebel to Laos.** Rights groups and at least one Western embassy are increasing pressure on Thai authorities to halt the deportation of former Hmong rebel leader Moua Toua Ter to Laos, according to a March 27 *Bangkok Post* report. Thailand is holding Moua Toua Ter, who led CIA-backed Hmong guerrillas in Laos during that country's war in the 1970s, as an illegal



A Hmong woman at a market in Laos. Outside groups have increased pressure on Thailand to halt the deportation of former Hmong rebel leader Moua Toua Ter to Laos, where they expect he will face persecution. <http://www.flickr.com/photos/exotissimo/4926126750/>

alien after he served a sentence for manslaughter charges. The calls to halt his deportation gained greater urgency after U.S. secretary of state John Kerry on March 26 raised concerns over deteriorating human rights conditions in Laos and the continued disappearance of agronomist Sombath Somphone.

- **Nikon to open camera factory in Laos.** Japanese camera manufacturer Nikon announced March 21 that it was opening a plant in Laos to manufacture digital single-lens reflex cameras. Nikon expects the \$6.3 million plant to employ 800 workers and to open in October 2013. The company operates factories in Thailand, but major floods in that country in 2011 set back its operations significantly. Laos's low wages are attracting some foreign manufacturers to the country.
- **Laos explores joining Thailand-Cambodia single visa regime.** A Lao government delegation will visit Cambodia in the coming weeks to explore joining the Cambodia-Thailand single visa regime, according to a *Vientiane Times* report on March 18. Thailand and Cambodia implemented an agreement in December 2012 to enable tourists to visit both countries on a single visa. The Lao delegation follows sideline talks between foreign officials at the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy Summit in Vientiane earlier this month to promote increased connectivity in the Mekong region.
- **Chinese, Lao investors consider training center to address country's shortage of skilled labor.** Chinese and Lao investors are launching a \$50 million center to train 6,000 Lao workers each year, according to a March 21 *Vientiane Times* report. Investors will launch the project to expand the number of skilled workers in the country, which the Lao government has said is falling significantly short of demand. The government estimates Laos will need 500,000 skilled workers by 2015, but the country adds only 55,000 to its skilled labor pool each year. Foreign companies are driving the labor demand as they seek to establish operations in Laos amid rising wages in neighboring countries.

CAMBODIA

- **Government announces minimum wage hike for garment workers.** The Cambodian government announced on March 21 that it had reached a deal with unions and garment manufacturers to raise the minimum wage for garment workers by 20 percent. The decision, which will boost minimum monthly salaries from \$61 to \$75, will take effect May 1. The announcement

ended labor strikes at several factories, though many workers vowed to continue protests until further demands were met. Textiles account for around 70 percent of Cambodia's total exports, but strikes over pay and working conditions have hounded the industry in recent years.

- **Police shut down Australian orphanage accused of child trafficking.**

Authorities shut down an unregistered orphanage in Phnom Penh in late March amid accusations of its involvement in child abuse and trafficking. Police and rights advocates raided the orphanage after two groups of children escaped from the facility during the previous month and reported to authorities that they had been abused. Cambodian government officials and anti-trafficking advocacy groups are investigating the allegations. The Australian woman who ran the orphanage admitted she had never registered it, but she has not been arrested.

- **Donor report finds Khmer Rouge tribunal unlikely to complete its work.**

The Open Society Justice Initiative (OSJI) said in a briefing paper released in March that the UN-backed tribunal tasked with bringing former Khmer Rouge leaders to justice is unlikely to successfully complete its current caseload. OSJI, which has provided ongoing monetary and technical support to the tribunal, cited continued political interference by the Cambodian government and the deteriorating health of the two remaining elderly defendants as the most significant obstacles facing the court. OSJI urged donors and the United Nations to promote transparency and the autonomy of the proceedings and urged the court to expedite the remaining cases.

TIMOR-LESTE

- **Indonesia reiterates support for Timor-Leste's ASEAN membership; vows to resolve border dispute.** Timor-Leste prime minister Xanana Gusmao and Indonesian president Susilo Bambang Yudhoyono met in Jakarta on March 20, during which Yudhoyono renewed his commitment to support Timor-Leste's bid to join ASEAN. Indonesian foreign minister Marty Natalegawa echoed the pledge, promising to push the issue during a March 28 meeting with his Singaporean counterpart, K. Shanmugam. Yudhoyono also promised Gusmao that border disputes between Indonesia and Timor-Leste will be resolved by 2014.

- **Last Australian troops leave Timor-Leste.** The last group of Australian troops stationed in Timor-Leste has returned to Australia, marking the



Garment workers on their way home from the factory. The Cambodian government announced a minimum wage hike for garment workers, from \$61 to \$75 a month. <http://www.flickr.com/photos/kygeologist/49556289/>



The Australian Defense Force's Medical Civic Action Program in Timor-Leste. Australia's Operation Astute formally ended in March as the last group of personnel returned to Australia. <http://www.flickr.com/photos/civmilcoe/7134725185/>

conclusion of Operation Astute, according to a March 27 *Australian* report. Operation Astute was launched in 2006 to restore public order and stability at the request of Timor-Leste's government's following an army mutiny that sparked widespread violence. The troops' withdrawal also officially ended the Australia-led International Stabilization Force's 14-year involvement in Timor-Leste.

ASEAN

- **Economist Intelligence Unit: No “full democracies” in Southeast Asia.** Southeast Asia showed mixed results in the Economist Intelligence Unit's Democracy Index 2012, released in late March. No Southeast Asian country qualified as a “full democracy” according to the index of 165 countries. Timor-Leste, the Philippines, Indonesia, Thailand, and Malaysia were listed as “flawed democracies.” Singapore and Cambodia were classified as “hybrid regimes,” while Vietnam, Myanmar, and Laos were classified as “authoritarian regimes.” Timor-Leste received the highest score in the region, and Laos the lowest.
- **Malaysia, Singapore, Thailand to implement ASEAN Disclosure Standards Scheme.** Malaysia, Singapore, and Thailand announced during the April 1 ASEAN Capital Markets Forum (ACMF) that they will become the first ASEAN members to implement the ASEAN Disclosure Standards Scheme. The new scheme is meant to enhance investment opportunities and facilitate fund raising in ASEAN capital markets by requiring issuers of securities across the region to meet a single set of disclosure standards. The ACMF hopes that the scheme will encourage more companies to offer equity and plain debt securities across ASEAN.

MEKONG RIVER

- **China, Laos, Myanmar, Thailand launch joint campaign against Mekong drug trafficking.** Security representatives from China, Laos, Myanmar, and Thailand announced on March 28 that their countries will launch a two-month joint campaign to combat drug trade along the Mekong River. The initiative, which will start April 20, aims to crack down on large-scale trafficking and reduce drug production. The officials said they hope the initiative will create safer shipping routes along the river. The agreement follows the March 1 execution of a notorious Myanmar drug dealer, who was convicted of killing 13 Chinese sailors on the Mekong in 2011.



A boat on the Mekong. The river is one of the main arteries for illegal drug trade between China and Southeast Asia. <http://www.flickr.com/photos/crdt/5799056041/>

- **Thai navy intercepts wildlife traffickers smuggling endangered pangolins to China.** Thai authorities arrested two men on March 26 for attempting to smuggle 104 endangered pangolins, often called “spiny anteaters,” along the Mekong River to China. The seized pangolins, prized for their scales and meat, were worth nearly \$70,000. Trafficking of endangered animals between Southeast Asia and China is a major challenge for the Thai government, which pledged greater attention to address wildlife smuggling during the Convention on International Trade in Endangered Species (CITES) in Bangkok in mid-March.

BRUNEI

- **Sultan completes four-day visit to New Zealand.** Sultan Hassanal Bolkiah and New Zealand prime minister John Key reiterated their commitment to strong bilateral education, trade, and defense ties during a March 25–29 visit by the sultan to New Zealand. The two also discussed Brunei’s current role as chair of ASEAN. Additionally, the sultan met with opposition leader David Shearer, laid a wreath at the National War Memorial in Wellington, and attended a session of Brunei’s parliament.

TRANS-PACIFIC PARTNERSHIP

- **Members of Congress, Senate express concern over Japan’s TPP bid.** Thirty-five members of the House of Representatives and eight senators wrote to President Barack Obama on March 18 to express their opposition to Japan joining the Trans-Pacific Partnership (TPP) negotiations. The lawmakers, all members the president’s Democratic Party, expressed concern that Japan’s protected auto industry will harm U.S. companies. Japan announced on March 15 its intention to become the 12th country to join the talks. ■



The U.S. Capitol building. Japanese participation in the Trans-Pacific Partnership negotiations requires the approval of Congress, but some members remain concerned about Japan’s protected automobile industry. http://upload.wikimedia.org/wikipedia/commons/thumb/a/a3/Capitol_hill.jpg/640px-Capitol_hill.jpg

Looking Ahead

- **Panel discussion on the role of U.S. military training in Asia.** The CSIS Sumitro Chair for Southeast Asia Studies will host a panel discussion April 8 with Lt. Gen. Wallace “Chip” Gregson (USMC, Ret.) and Human Rights Watch’s John Sifton to discuss the United States’ International Military Education and Training (IMET) program in Asia. The panel will explore the successes and shortcomings of the program and examine the future of U.S. military engagement in the region. The event will take place from 10:00 a.m. to 11:00 a.m. in CSIS’s B1C Conference Facility, 1800 K St., NW. Please RSVP to the [Sumitro Chair for Southeast Asia Studies](#) by noon on April 5.
- **Event on political reform in Malaysia and Singapore.** CSIS’s Sumitro Chair for Southeast Asia Studies and Hills Program on Governance will cohost a discussion April 10 on the sociopolitical revolutions taking place in Malaysia and Singapore. The Economist Intelligence Unit’s Sudhir Thomas Vadaketh, who is based in Singapore, will explore the reasons behind political changes in the two countries, the reactions of the ruling parties, and their implications. The event will take place from 1:30 pm to 3:00 p.m. in CSIS’s B1 Conference Facility, 1800 K St., NW. Please RSVP to the [Hills Program on Governance](#).
- **Discussion on sustainable energy in Southeast Asia.** The CSIS Sumitro Chair for Southeast Asia Studies will host a panel discussion April 11 on sustainable energy in Southeast Asia. Karen Agustawan, CEO of Indonesia’s state-owned energy company Pertamina, will speak, with introductory remarks by CSIS president and Pritzker chair John Hamre. The event will take place from 11:30 a.m. to 12:30 p.m. in the CSIS B1C Conference Facility, 1800 K St., NW. Please RSVP to the [Sumitro Chair for Southeast Asia Studies](#) by noon on April 10.
- **Discussion on U.S. and Chinese engagement with Myanmar and ASEAN.** The School for Conflict Analysis and Resolution at George Mason University will host a discussion on Myanmar’s foreign relations on April 18 featuring the Brookings Institution’s Lex Rieffel and the National University of Singapore’s Alistair Cook. The discussion will focus on U.S. relations with Myanmar and China’s relations with Myanmar and ASEAN as a whole. The event will begin at 11:00 a.m. in the Seventh Floor West Wing of the Truland Building, 3330 Washington Blvd., Arlington, VA. Please RSVP to [Nhina Le](#) with your name and affiliation.
- ***Asian Perspectives* seminar series on Asian approaches to development.** The U.S. Agency for International Development and the UN Development

Program will collaborate with the Asia Foundation to cohost a discussion April 23 on Asian approaches to development cooperation and global development challenges. The event will feature government officials and policy experts from China, India, Indonesia, and South Korea, as well as specialists and officials from the United States. Please check [here](#) for updates regarding the time and location of the event.

- **National speakers tour for UXO victims in Laos.** Legacies of War's "Voices from Laos: Clearing Bombs, Protecting Lives" speakers tour will visit 12 cities from April 3 to April 30, including stops in Washington and northern Virginia. Bomb clearance team leader Manixia Thor and bomb accident survivor Thoumy Silamphan will discuss the ongoing toll that Vietnam War-era unexploded ordnance takes on Laos and how groups like Legacies hope to address the problem. The final tour stop, in Washington, will take place April 30 at 6:00 p.m. at the Stewart R. Mott House, 122 Maryland Ave., NE. Please [RSVP here](#). There is a suggested donation of \$50 for general admission and \$25 for students.
- **The Indonesia Conference @ CSIS.** The Sumitro Chair for Southeast Asia Studies at CSIS will host an all-day conference May 15 on the security, political, economic, and sociocultural opportunities and challenges of the U.S.-Indonesia relationship. Indonesian foreign minister Marty Natalegawa will provide keynote remarks, followed by speeches and panels by Indonesian and U.S. officials, thought leaders, business executives, and media. The event will be held at the Willard Intercontinental Hotel, 1401 Pennsylvania Ave., NW. Registration is not yet open, but more information is available [here](#). ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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

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