

## Southeast Asia from the Corner of 18th &amp; K Streets

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## Getting Asia Right: Forget the “Pivot”

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Forget the “pivot.”

The term was coined to divert attention away from a set of unflattering facts and ensure they were not misread to mean that the United States could not maintain its decades-long role as guarantor of regional security in the Indo-Pacific, purveyor of genuine soft power, top investor, and market of choice for Asia. The plan was to reiterate the obvious: that the United States was going to focus on the Indo-Pacific region for the first half of the twenty-first century. This was not news to anyone in the hierarchy of the United States’ military, foreign service, or business communities.

The truth is that the pivot’s message was not news to Asia either. U.S. allies and partners around the Indian and Pacific Oceans know that the United States has a strong foundational presence and that it is going to continue to invest in the region. It is useful for them to remind the United States to remain focused, but China is the main creator of demand for greater US engagement in the region.

China abruptly decapitated its own “charm offensive” in 2009 by submitting its nine-dash line claim in the South China Sea to the United Nations, forcing its neighbors to ask two questions: how is China going

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## Getting Asia Right: Forget the “Pivot” *(continued)*



*President Barack Obama at the U.S.-ASEAN Leaders' Meeting in Cambodia in November 2012. The administration recognizes that the importance of the Indo-Pacific to U.S. economic and national security interests is not restricted to China; now it must sell that message to the U.S. public. <http://www.flickr.com/photos/eapmediahub/8200612324/>*

to use its rapidly growing economic power to assert its claims, and what role does it want to play in Asia? That was the turning point.

To date, Chinese political risk assessment in Southeast Asia has been very poor. Experts in China's Foreign Ministry surely see that its actions, like bullying the weaker ASEAN countries to break consensus on an approach to a code of conduct in the South China Sea, are hurting China's profile. But such voices of reason have not been heeded. Instead, China has pursued tactics

that could actually result in a stronger, more unified ASEAN that resents China's cynical manipulation.

Beijing has deftly tried to perpetuate discussion of the pivot in Asia. It has put diplomatic and public relations muscle behind an effort to promote the narrative that the United States cannot sustain the pivot. And this effort has been working. Any U.S. official or expert traveling in Asia has had to answer that question about ten times a day.

Sustaining this discussion is not in U.S. interests. It ironically puts the United States in a defensive posture just when it is starting to get it right in Asia. Playing offense in Asia does not mean chest-pounding proclamations or reasserting the pivot. It means building a political foundation in the United States for engagement with Asia. It means a calm, determined, and nuanced strategic commitment to building deeper and more granular relationships with allies and partners. It means investing in and developing nascent regional frameworks for security and economic cooperation. And it means moving away from the Sino-centric interpretation of Asia policy that is creeping into Washington.

## Getting Asia Right: Forget the “Pivot” *(continued)*

Understanding that the countries in the Indo-Pacific are core to U.S. economic and security interests for this century and beyond is a key to an effective U.S. strategy and sustained engagement in Asia. So is understanding that countries and organizations like India, Japan, Australia, and ASEAN are as intrinsically important to the United States as China is, if not more so.

The signals suggest that President Barack Obama is moving in the right direction. The White House appears to be moving into position to start spending domestic political capital on telling Americans why engaging Asia is important to their future economic well-being and security. This move has been made possible because the political advisers whose sole roles were to protect the president and plan for his reelection are moving on to develop candidates for 2016. This has changed the chemical balance in the White House and allowed professionals like Deputy National Security Advisor Michael Froman to utter the word “trade” without admonishment.

While deep and serious budget cuts amid sequestration are bedeviling Pentagon planners, there are good signs that Indo-Pacific-focused budgets are not being cut. In fact, joint training exercises once on the budget cutting board, like the Cooperation Afloat Readiness and Training programs in Southeast Asia, have been funded. So have key assistance vehicles like the International Military and Education Training program.

There are even signs that trade, which was downplayed by a White House dominated by domestic political advisers in the first term, is coming back with purpose. The key signpost being watched by savvy Asia hands is whether Froman will walk across 17th Street to become United States Trade Representative (USTR). That looks likely, and it will indicate that the administration plans to really push for Trade Promotion Authority, step up efforts to complete a Trans-Pacific Partnership agreement this year, and take it to Capitol Hill early in 2014.

National Security Advisor Tom Donilon has been testing the theme of Asia’s importance to the United States in his recent speeches. In an April 15 op-ed in the *Wall Street Journal*, Donilon asserts, “Nearly half of all growth outside the [United States] over the next five years is expected to come from Asia, and the choices that nations across the region make now will shape the character of the entire global system for years to come.”

The missing piece now is getting the line managers in place to execute an Asia-Pacific strategy that leaves the pivot in the past. That strategy will drive a healthier discussion in Washington focused on the value of our relations with key Indo-Pacific partners, including but not limited to China, and put the pedal to the metal on economic engagement and trade. The deputy-level jobs needed for this strategy are all disappointingly vacant. These include assistant secretary of state for East Asia and the Pacific, assistant secretary of defense for East Asia (Mark Lippert has been promoted to chief of staff at the Pentagon), and deputy USTR for Asia (Demetrios Marantis is currently acting USTR). These positions have usually been filled in April or May, but all remain vacant. This needs to be addressed immediately.

When that happens, the Obama administration will really be prepared to talk about the future of the United States and Asia's central role in that vision. Talk that suggests episodic, here-and-gone engagement, like "pivot," is no longer useful or necessary. The United States is part of the Indo-Pacific and the region is core to U.S. national security and economic priorities. ■



*Former assistant secretary of state for East Asia and the Pacific Kurt Campbell speaks at CSIS in June 2012. Campbell's replacement is one of several Asia-focused vacancies in the administration that must be urgently addressed. <http://www.flickr.com/photos/csisseap/7545000886/in/photostream>*

# The Week That Was



*Myanmar president Thein Sein and Norwegian foreign minister Espen Eide during the president's February trip to Europe. The European Union on April 22 lifted all remaining sanctions against Myanmar except for an arms embargo. <http://www.flickr.com/photos/utenriksdept/8510570736/>*

## MYANMAR

- **European Union removes sanctions.** EU foreign ministers voted unanimously to permanently lift sanctions against Myanmar during an April 22 meeting in Luxembourg. The decision removes all remaining trade, political, and economic sanctions except for an arms embargo, which the European Union will maintain for one more year. The decision will enable European firms to invest in Myanmar and will facilitate the delivery of aid assistance to the country. Several human rights groups, including Human Rights Watch, called the decision premature, citing widespread rights violations in Myanmar.
- **Human Rights Watch warns of ethnic cleansing against Rohingya.** Human Rights Watch released a report April 22 accusing Myanmar officials and local authorities of crimes against humanity and ethnic cleansing against Rohingya in Myanmar's western Rakhine State. The report says that Buddhist monks and community leaders orchestrated attacks on Muslim villages in October 2012 and that government officials have forcibly displaced 125,000 Rohingya since July 2012. The report's release coincided with the International Crisis Group's awarding of a pursuit of peace award to President Thein Sein in New York. Several civil society groups in Myanmar, including the 88 Generation Students Group, rejected the report's findings.
- **Government-appointed commission issues findings on Rakhine violence.** The government-appointed Rakhine Commission on April 29 submitted to the government the findings of its report on addressing violence against the country's Rohingya population. International groups welcomed some of the recommendations, including facilitating applications for citizenship by those Rohingya with the documentation to prove it. Other recommendations, such as promoting family planning policies among Rohingya and segregating them from Buddhist Rakhine communities, drew sharp criticism. Many officials and citizens in Myanmar view Rohingya as illegal immigrants from Bangladesh. Violence in Rakhine State has displaced 125,000 Rohingya and killed over 100 since June 2012.
- **Government releases 59 political prisoners.** President Thein Sein on April 23 granted amnesty to 93 prisoners, including at least 59 political prisoners. The amnesty was announced the day after the European Union lifted remaining sanctions on Myanmar. The government formed a committee of both government leaders and activists in February to review remaining political prisoners. Thein Sein's civilian government freed

over 800 political prisoners between March 2011 and November 2012. An estimated 300 political prisoners remain locked up.

- **United States considers import duty waivers for Laos, Myanmar.** Acting United States Trade Representative Demetrios Marantis said in a meeting with Myanmar officials on April 26 that the United States is considering including Laos and Myanmar in the Generalized System of Preferences, a program providing poor countries preferential access to U.S. markets. Inclusion in the program could waive import duties for both countries on most manufactured goods and some agricultural products. Marantis said that Myanmar and Laos could be included in the program by the end of 2013. Some in Congress may oppose Laos's inclusion because it does not have an independent labor union, one of Congress's conditions for program benefits. A public hearing on the issue is scheduled for June 4.
- **Villagers and security forces clash at controversial mine.** Police in northern Myanmar injured several dozen villagers and arrested three during an April 25 protest against the construction of the controversial Letpadaung copper mine. Similar protests in November 2012 against the Chinese-backed copper mine, which has displaced thousands, were crushed by security forces. Meanwhile, a clash erupted between villagers and police on April 18 in Rakhine State over the Shwe natural gas pipeline, a joint enterprise between Chinese and Myanmar state-owned ventures that has displaced thousands and poses significant environmental concerns.

#### INDONESIA

- **Yudhoyono appoints Hatta Rajasa as acting finance minister.** President Susilo Bambang Yudhoyono appointed Coordinating Minister for Economic Affairs Hatta Rajasa as acting finance minister on April 19, replacing soon-to-be central bank governor Agus Martowardojo. It is unclear if Rajasa's appointment, which surprised investors expecting the position to be filled by a technocrat, will end before Yudhoyono completes his term in 2014. Rajasa is the alleged architect of Indonesia's recent bout of protectionist policies and his appointment adds uncertainty to macroeconomic policy. Rajasa is head of the moderate Islamic National Mandate Party and his daughter is married to Yudhoyono's youngest son.
- **Government plans to extend forest clearing moratorium, lift log export ban.** The Forestry Ministry announced on April 23 that it is considering a plan to lift a 2001 ban on log exports as a way of boosting the development of productive forests dampened by low prices. Environmental groups argue the move could render moot a separate plan to extend the moratorium on forest clearance, which expires on May 20 and prohibits the issuance of



*Coordinating Minister for Economic Affairs Hatta Rajasa meeting with U.S. Senator Jim Webb in Jakarta in August 2011. Rajasa's appointment as acting finance minister adds uncertainty to Indonesia's fiscal policy. <http://www.flickr.com/photos/usembassyjakarta/6071711889/>*

new licenses for the conversion of primary forests and peatlands in both protected and productive forests.

- **Pertamina considers purchase of U.S. shale gas.** Hari Karyuliantom, gas director at Indonesia's state-owned energy company Pertamina, met with the State Department's coordinator for international energy affairs, Carlos Pascual, on April 19 to discuss the possibility of purchasing U.S. shale gas. The United States has yet to finalize a shale gas export policy. U.S. gas is currently priced at \$10-\$12 per cubic foot compared to roughly \$16 per cubic foot for gas from other sources. Indonesia's demand for liquefied natural gas imports will reach roughly 10,000 million cubic feet by 2025, and access to cheaper sources of energy is needed to meet rising consumer demand.
- **Foreign investment hits record high in first quarter.** Investment Coordinating Board chairman Chatib Basri announced on April 22 that new foreign direct investment in Indonesia totaled a record \$6.7 billion between January and March, up 27.2 percent from a year earlier. This followed a 22.9 percent expansion in the final quarter of 2012. The uptick highlights Indonesia's growing appeal to foreign investors, its strong consumer demand, and its steady 6 percent growth despite regulatory and infrastructure uncertainty. Basri also said he was optimistic that total investment for 2013 will meet the government's target \$40 billion.
- **Indonesia rolls back agricultural import restrictions following U.S. WTO case.** The Ministry of Trade on April 24 eased restrictions and simplified procedures for importing U.S. agricultural and horticultural goods in response to a case brought by the United States on March 14 before the World Trade Organization. Indonesia's revised import rules regulate 39 horticultural products, down from 57, but do not address imports of beef and other animal products that the United States claims Indonesia began heavily regulating in December.

#### MALAYSIA

- **Poll shows Anwar, Najib neck and neck going into elections.** Prime Minister Najib Razak and opposition leader Anwar Ibrahim are locked in a dead heat, according to a poll released on April 25 by the University of Malaya's Center for Democracy and Elections. The poll showed that 43 percent of the public consider Anwar the most qualified candidate for prime minister, while 39 percent say the same of Najib. The poll also showed that 42 percent of respondents support Anwar's opposition coalition, while 36 percent support the government and 22 percent remain undecided. Both responses were within the poll's margin of error, indicating a statistical tie heading into the May 5 elections.

- **Violence mars Malaysian election campaign.** A homemade bomb exploded and a second was found at a campaign office of Malaysia's ruling Barisan Nasional (BN) coalition in Penang on April 23. The explosion injured a security officer and marked the most serious incidence of violence to mar the campaign period ahead of Malaysia's May 5 elections. Authorities are holding three people in connection with the bombs and have increased security at campaign rallies. Authorities said 387 "incidents" were reported in just three days of the campaign period, though it is unclear how many were violent.



*Supporters of the Pan-Malaysian Islamic Party on nomination day. Recent incidents of violence have marred the campaign period for Malaysia's upcoming elections. <http://www.flickr.com/photos/xshamx/8670834428/in/set-72157633300868572>*

- **Obama plans first visit to Malaysia.** Acting Assistant Secretary of State Joseph Yun told Congress on April 25 that President Barack Obama will make his first visit to Malaysia on October 11 to attend the Global Entrepreneurship Summit (GES) in Kuala Lumpur. The Obama administration launched the GES in 2010 to promote entrepreneurship in Muslim-majority countries by bringing together policymakers, entrepreneurs, professionals, and nongovernment organizations to network and exchange experiences. Obama's visit will be the first by a U.S. president to Malaysia since President Lyndon Johnson's visit in 1966.
- **DAP to be allowed to contest elections.** The director-general of Malaysia's Registrar of Societies said on April 18 that the Democratic Action Party (DAP), a member of the opposition coalition Pakatan Rakyat, has not been deregistered and can use its symbol for the election. The Registrar of Societies previously informed the DAP in an April 17 letter that it does not recognize the party's Central Executive Committee due to a dispute over the election of one of its members and that the DAP could face deregistration as a result.
- **Opposition vows to let Petronas keep more profits.** Malaysia's opposition coalition, Pakatan Rakyat, has vowed that if elected, it would allow state-owned energy company Petronas to keep more of its profits, according to an April 24 *Wall Street Journal* article. The director of strategy of the People's Justice Party, a member of the opposition coalition, said that the plan would allow Petronas to keep more funds for investment and thereby encourage economic growth. The Malaysian government relies heavily on Petronas, whose \$10 billion paid in taxes in 2012 accounted for 45 percent of the federal budget.

## THE PHILIPPINES

- **Philippines deploys troops to protect election candidates.** Presidential spokesperson Edwin Lacierda announced on April 24 that the Philippine government will be sending an additional 500 marines to the southern province of Mindanao to protect politicians during the campaign for May 13 midterm elections. The announcement came in response to threats by the National People's Army (NPA) Maoist insurgency group, which has forced candidates to pay for "permits" to be allowed to campaign without guerilla interference. The NPA ambushed 78-year-old mayor Ruth Guingona on April 20, killing two of her aides and leaving her and two policemen wounded.
- **Radio broadcaster gunned down in southern Philippines.** Two unnamed men on a motorcycle gunned down 33-year-old radio broadcaster Mario Baylosis Vendiola on April 22 in Kabasalan, Mindanao. Vendiola was killed immediately after he had finished his show on DXLM radio and had left the station, according to senior police inspector Rico Pondol. Pondol says that Vendiola had previously reported receiving a death threat. The National Union of Journalists in the Philippines is looking into possible motives for the attack and whether Vendiola had any links to politicians, in light of upcoming elections.
- **Philippine Navy disputes allegations of killing 30 "Sulu militants" crossing to Sabah.** Philippines Navy spokesman Lt. Col. Edgard Arevalo denied claims by Malaysian newspaper *Utusan Malaysia* on April 25 that at least 35 armed men were shot dead by Philippine forces while trying to enter Malaysia's Sabah State. Malaysian defense minister Ahmad Zahid Hamidi confirmed the press report. A report from Malaysia's *Star Online* described the men as "Sulu militants," suggesting they were associated with Sulu Sultan Jamalul Kiram III, whose supporters invaded a town in Sabah in February.
- **Authorities claim that NPA is the greatest threat to elections.** The Armed Forces of the Philippines and the Philippine National Police said in a joint conference with the Commission on Elections and the Department of Education on April 22 that their assessment reports show that the New People's Army (NPA) Maoist rebel group remains the greatest threat to holding peaceful and orderly midterm elections on May 13. The report argues that the NPA continues to wield "strong influence" in more than 60 of 72 provinces. The NPA has initiated more than 70 "offensive activities," mostly ambushes and attacks on government security forces, since the beginning of the year.



*Liberal Party candidates greet supporters at a Rock the Vote Campaign in 2010. The Philippine government is deploying troops to protect politicians running in the 2013 midterm elections. <http://www.flickr.com/photos/thepocnews/4598286782/>*

## VIETNAM

- **Vietnam objects to U.S. human rights report.** Ministry of Foreign Affairs spokesman Luong Thanh Nghi on April 21 voiced Vietnam's objections to a recent human rights report by the U.S. Department of State. Nghi said that the report contains erroneous information and includes subjective criticism of human rights in Vietnam. He also claimed that the report does not help Vietnam's relations with the United States. The United States and Vietnam maintain regular dialogues about human rights issues. Their last bilateral meeting was held on April 12.



*A U.S. sailor shows Vietnamese naval officers the controls of an engine room. Vietnam and the United States began a series of naval exchanges with the April 21 arrival of two U.S. warships in Danang. <http://www.flickr.com/photos/usnavy/5445262475/>*

- **U.S. warships arrive in Danang.** The U.S. Navy destroyer USS *Chung-Hoon* and the salvage ship USNS *Salvor* docked at Tien Sa port in Danang, Vietnam, on April 21 as part of a 2013 cooperation program between the Vietnamese and U.S. navies, which will focus on nonmilitary activities. U.S. sailors, maritime staff, medical trainers, a mobile diving and salvage detachment, and the 7th Fleet Band, Orient Express, will take part in exchange activities with the Vietnam People's Navy. The U.S. vessels are scheduled to leave Vietnam on May 2.

- **Vietnam, Japan seek to strengthen defense cooperation.** Vietnam People's Army Chief of the General Staff Lt. Gen. Do Ba Ty met with Japan Self-Defense Forces Chief of Joint Staff Gen. Shigeru Iwasaki in Tokyo on April 15 to discuss strengthening bilateral defense ties between Vietnam and Japan. Lt. Gen. Ty recommended that Vietnam and Japan establish closer cooperation in multilateral forums like the ASEAN Regional Forum and the ASEAN Defense Ministers Meeting Plus. General Iwasaki said that Japan wants to enhance comprehensive cooperation in the defense industry.

- **U.S. Trade Representative Marantis, President Sang discuss TPP negotiations.** Acting United States Trade Representative Demetrios Marantis met with Vietnam's President Truong Tan Sang in Hanoi on April 23 to discuss the current status of negotiations on the Trans-Pacific Partnership. Marantis said that the United States and Vietnam need to narrow their differences in the fields of goods, services, and investment in order to complete negotiations in October. Sang affirmed that Vietnam will continue to create conditions for the talks to proceed smoothly.

## THAILAND

- **Government, rebels resume peace talks in Malaysia.** Thai authorities and representatives of the National Revolutionary Front (BRN), a separatist movement in Thailand's majority-Muslim southern provinces, held a

second round of peace negotiations on April 29 in Kuala Lumpur. The separatists issued five demands to Thailand's government a day earlier via YouTube, including that Bangkok release all prisoners held on national security charges and revoke all outstanding arrest warrants. Government negotiators countered that BRN must prove within one month that it really controls the southern insurgents by reducing the number of attacks in the provinces. The two sides will meet again on June 13.

- **Yingluck concerned by currency appreciation.** Prime Minister Yingluck Shinawatra called a ministerial meeting on April 23 to discuss possible responses to the strengthening of the Thai baht. Experts predict that the currency could strengthen to 27 baht to the dollar, from about 29 now, which could dampen Thai exports. The World Bank expects Thai growth to reach 5.3 percent in 2013 and 5 percent in 2014, up from previous forecasts of 5 percent and 4.5 percent, despite the strengthening of the baht.
- **Pheu Thai lawmakers challenge Constitutional Court's authority.** All 312 lawmakers from the ruling Pheu Thai party agreed on April 24 to challenge the authority of Thailand's Constitutional Court to review changes to the constitution. The lawmakers said they might seek to impeach three of the court's nine judges if the court does not back down. The decision is retaliation against the court's 3-2 ruling to consider a complaint filed by Democrat Party senator Somchai Sawaengkarn that claims the pro-government legislators' efforts to amend the constitution amount to a plot to overthrow Thailand's constitutional democracy.
- **China's Weibo to expand into Thailand.** Chinese microblogging site Weibo.com, the world's third-largest social media site, signed a partnership agreement with Jiaranai Entertainment on April 24 to allow it to expand into Thailand in 2013. The move is expected to create opportunities for Thai companies in the Chinese market, as Facebook and Twitter, on which many operate, are not allowed in China. Weibo currently has 800,000 visitors in Thailand, and that number is expected to double following the expansion. The company hopes to earn over \$1 million in revenue during its first year of operation in Thailand.



*Thailand's currency, the baht. The baht has been steadily appreciating, sparking fears that it could dampen Thai exports. <http://www.flickr.com/photos/peterhellberg/3213873112/>*

## SOUTH CHINA SEA

- **ITLOS president appoints remaining arbitrators to Philippines-China case.** International Tribunal for the Law of the Sea president Shunji Yanai on April 24 appointed the three remaining arbitrators to the five-judge panel that will hear Manila's case against China's nine-dash line claim in the South China Sea. Yanai selected Jean-Pierre Cot of France,



*A courtroom at the International Tribunal for the Law of the Sea. The ITLOS president has appointed the remaining arbitrators for Manila's case against Beijing's nine-dash line. <http://www.flickr.com/photos/tilo2006/674081979/>*

Chris Pinto of Sri Lanka, and Alfred Soons of the Netherlands, with Pinto named head of the tribunal team. The tribunal will now organize itself and establish its own rules.

- **Taiwan stages live fire drills in the Spratlys.** Taiwan's Coast Guard chief Wang Chin-Wang said on April 22 that his country's garrison forces began conducting live fire exercises at Taiping Island, in the disputed Spratly Islands, in mid-April. The exercises are the first such drills staged by Taiwan in the Spratlys. More than 2,000 rounds of ammunition have been fired in the drills, according to Wang, including 40 millimeter artillery shells and 120 millimeter mortars.
- **CNOOC starts oil production in northern South China Sea.** China's National Offshore Oil Corporation (CNOOC) announced on April 23 that it has started production at the Weizhou 6-12 oil fields in the northern South China Sea. The project has 10 producing wells and is expected to hit its peak production in 2013, according to a company statement. CNOOC did not specify the amount of oil reserve potential in the area. The U.S. Energy Information Administration estimates that the South China Sea contains approximately 11 billion barrels of oil in proved and probable reserves.
- **Vietnamese exhibition on Paracels and Spratlys to open to foreign visitors.** The chairman of Vietnam's Hoang Sa (Paracel Islands) District, Dang Cong Ngu, announced on April 24 that an exhibition in Danang featuring materials used to support Vietnam's sovereignty over the Paracel and Spratly Islands will open to foreign visitors from April 29 to May 15. The documents, which come from a research project called "Documents on Vietnam's sovereignty over Hoang Sa Island District, Da Nang City," are ancient maps collected by Vietnamese American Thang Dinh Tran. The exhibition will also showcase three atlas sets published by China that show Hainan Island as the southernmost tip of China.

#### SINGAPORE

- **Cartoonist arrested for sedition; attorney general demands apologies for online comments.** Singapore authorities arrested cartoonist Leslie Chew on April 19 on charges of sedition before releasing him two days later on bail. Chew was charged for two comic strips: the first criticized the court and the second portrayed the government as discriminatory toward ethnic Malays. Meanwhile, Singapore's attorney general has issued letters to several Web site administrators demanding they take down and apologize for posts questioning the judiciary's integrity in the handling of a case involving a psychotically disturbed Chinese national, according to an April 18 *Channel News Asia* report. The man in question hijacked a taxi

and crashed it into a driveway at Changi Airport, killing a Malaysian airport worker.

- **USS *Freedom* arrives in Singapore.** The U.S. Navy's newest littoral combat ship, the USS *Freedom*, arrived in Singapore on April 25 for an eight-month deployment as part of the U.S. rebalance to Asia. The United States and Singapore have agreed to the deployment of four littoral combat ships to the city-state on a rotational basis, with the second to be deployed in the next 20 months. The deployment comes at a time of ongoing maritime disputes in the South China Sea.



*The USS Freedom arrives in Singapore. The deployment is part of the U.S. rebalance to Asia. <http://www.flickr.com/photos/usnavy/8660447641/>*

- **Inflation eases as government intervention in auto market kicks in.** Singapore's inflation rate dropped to 3.5 percent in March from 4.9 percent in February as the number of certificates of entitlement (COE) for cars fell, according to an April 24 CNBC report. The COE is a mandatory 10-year license fee, averaging \$50,000, paid when purchasing a vehicle in Singapore. The government introduced restrictions on car loans in February, making vehicle ownership more difficult and pushing down transportation costs. Property measures introduced in January also helped lower inflation by slowing growth in property prices from 1.8 percent to 0.5 percent.

#### TRANS-PACIFIC PARTNERSHIP

- **TPP members formally approve Japan's entry into negotiations.** Representatives of the 11 Trans-Pacific Partnership (TPP) negotiating countries on April 20 announced their unanimous approval of Japan's formal entry into trade negotiations. The announcement was made on the sidelines of an Asia Pacific Economic Cooperation (APEC) meeting in Surabaya, Indonesia. The United States Trade Representative on April 24 notified Congress of Japan's intent to join TPP negotiations, triggering a 90-day consultation period with Congress, which will likely focus on sensitive agricultural and manufacturing sectors of interest to U.S. exporters. The next round of TPP talks will be held in Lima, Peru, May 15-24.

#### ASEAN

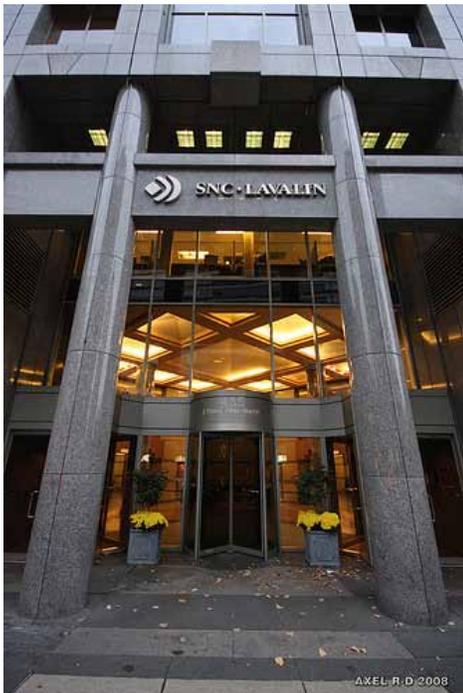
- **Economic issues, South China Sea dominate ASEAN Summit.** Representatives from ASEAN's member states, including heads of state from across the region, renewed their commitment during the April 24-25 ASEAN Summit in Brunei to negotiate a binding code of conduct



*President Obama at the 2012 Asia Pacific Economic Cooperation summit in Japan. Representatives of the Trans-Pacific Partnership negotiating countries announced on the sidelines of a recent APEC meeting that they had approved Japan's entry into the talks. <http://www.flickr.com/photos/usembassyjakarta/6317659268/>*



Shops in Hong Kong. ASEAN economic ministers recently announced plans to pursue a free trade agreement with Hong Kong. <http://www.flickr.com/photos/mikeleeorg/480882441/>



SNC-Lavalin's offices in Montreal. The World Bank discovered wide-scale bribery and misconduct in a SNC-Lavalin rural electrification project funded by the bank in Cambodia. <http://www.flickr.com/photos/axelrd/2962866844/sizes/m/in/photostream/>

with China to govern behavior in the disputed South China Sea. ASEAN secretary-general Le Luong Minh said on April 29 that Chinese and ASEAN foreign ministers would meet in Beijing sometime in August or September to discuss the South China Sea. Officials also discussed progress on the ASEAN Economic Community Blueprint, roughly 78 percent of which has been implemented, and witnessed the signing of an Indonesia-Malaysia-Thailand Growth Triangle agreement.

- **ASEAN to pursue free trade pact with Hong Kong.** The economic ministers of ASEAN's 10 member states on April 23 announced their decision to pursue a free trade agreement with Hong Kong. Bilateral trade between ASEAN and Hong Kong grew 7 percent from 2007 to 2011, and five ASEAN countries were among Hong Kong's top 20 trade partners. The agreement is expected to boost long-term economic growth and generate new trade and investment flows.

#### CAMBODIA

- **World Bank bans construction firm after bribery scandal.** The World Bank announced on April 17 it would prohibit SNC-Lavalin, a Canadian construction group, from bidding on bank projects for 10 years following the discovery of wide-scale bribery and misconduct by the company in Cambodia and several other countries. The World Bank awarded the firm a \$5 million 18-month contract in 2009 to advance rural electrification in Cambodia. The World Bank discovered the misconduct in Cambodia after determining SNC-Lavalin had engaged in misconduct in a bank-funded bridge construction project in Bangladesh. The ban is the longest in the World Bank's history.
- **Opposition protest prompts election commission to consider reforms.** The National Election Commission (NEC) promised to consider election reforms in response to a mass protest by Cambodia's opposition National Rescue Party in Phnom Penh on April 24. NEC officials pledged at the protest to meet with the opposition party's representatives and review their list of demands ahead of national elections in July. Election reform advocates cite voter list irregularities, lack of transparency in NEC procedures, and criminal charges facing opposition party's leader Sam Rainsy, currently self-exiled in France, as the most significant barriers to free and fair elections. Despite its earlier promise, the NEC said a few days later that it will not review voter lists.

- **Hun Sen calls for restraint after Preah Vihear hearings.** Prime Minister Hun Sen called for calm on April 22 after hearings wrapped up at the International Court of Justice (ICJ) on April 19 over a disputed area near the Preah Vihear temple on the Cambodia-Thailand border. Hun Sen said Thai-Cambodia friendship will continue regardless of the ICJ verdict. The call comes after weeks of tense rhetoric from other government officials, including Foreign Minister Hor Namhong's statement on April 22 that future relations with Thailand could not be peaceful without an ICJ ruling in Cambodia's favor. The ICJ is expected to deliver its verdict in October.
- **Government rejects State Department's human rights report findings.** Cambodian government officials rejected the U.S. State Department's annual human rights report, released on April 19, which found significant human rights problems in Cambodia. The report cited corruption, prison torture, impunity, and lack of judicial independence as among the country's most serious rights issues. According to an April 22 report by the *Phnom Penh Post*, government spokesmen said the report was outdated and placed too much blame on the Cambodian government.

#### LAOS

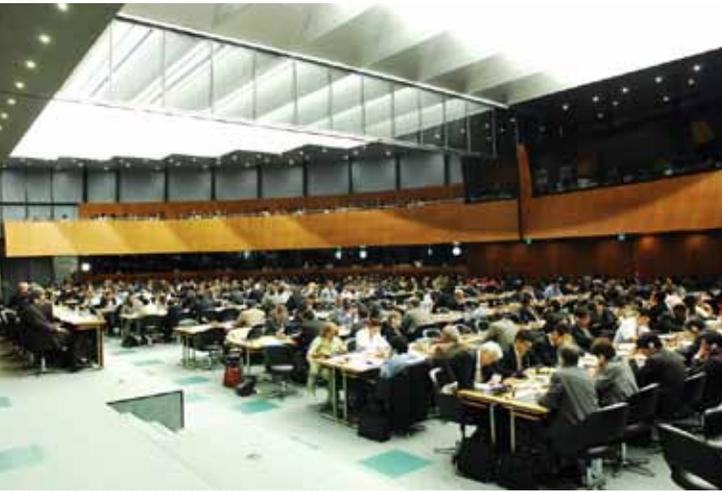
- **New Zealand-based group approves \$5 billion loan for southern rail link.** Rich Banco Berhad, a previously unknown New Zealand-based financial institution, has approved a \$5 billion loan for Malaysian construction group Giant Consolidated to build a rail line across southern Laos. The 140-mile rail will run from Laos's border with Thailand to its eastern border with Vietnam. Laos will assume ownership of the initiative after a Chinese company backed out due to profitability concerns, according to an April 17 Radio Free Asia report. Rich Banco Berhad is not registered with the Reserve Bank of New Zealand, raising questions about the real origin of the loan, according to *Inside Investor*.
- **Laos, Cambodia establish cross-border trade commission.** Cambodia's Ministry for Commerce announced in mid-April that Cambodia and Laos had established a Joint Trade Commission to boost economic ties. The initiative aims to bolster bilateral trade, which currently stands at \$10 million per year, promote markets along the countries' shared border, and address smuggling and other border security issues. The commission may also seek to develop future international border gateways between the two countries in addition to the one presently operational.

#### APEC

- **Efforts to revive Doha talks dominate APEC ministerial meeting.** Officials attending an April 20-21 Asia Pacific Economic Cooperation



A Laos-Thailand train. Laos plans to build a \$5 billion east-west rail line across its southern provinces. <http://www.flickr.com/photos/axelrd/6186958656/sizes/m/in/photostream/>

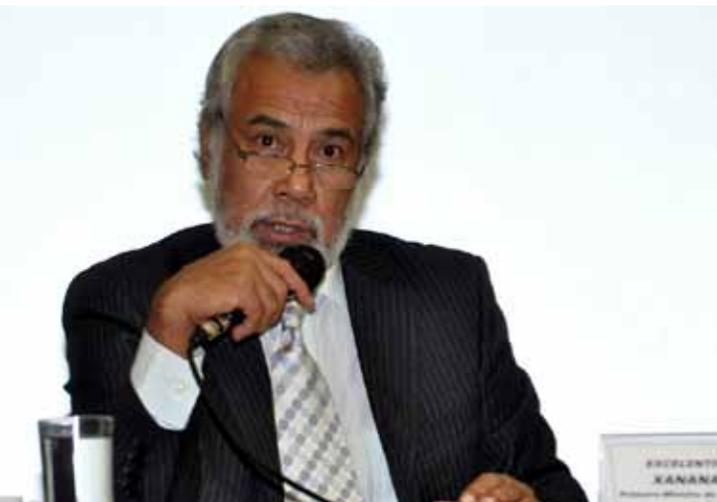


World Trade Organization (WTO) consultations in 2008 geared toward concluding the Doha Round of trade talks. The WTO Ministerial Conference in December is viewed by members as key to revitalizing the organization and the stalled Doha Round. [http://www.flickr.com/photos/world\\_trade\\_organization/468118053/](http://www.flickr.com/photos/world_trade_organization/468118053/)

(APEC) meeting in Surabaya, Indonesia, reaffirmed their commitment to revitalize the long-stalled Doha Round of trade talks by drafting deliverables on trade facilitation, agriculture, and least-developed countries packages in time for the World Trade Organization Ministerial Conference in Indonesia in December. Separately, APEC ministers decided not to include rubber and palm oil on a 54-item list of environmentally friendly goods despite Indonesia's argument that the list contains manufactured goods and reflects the interests of developed countries.

#### TIMOR-LESTE

- **ASEAN to allow Timor-Leste to participate in meetings.** Representatives from ASEAN's 10 member states agreed during their April 24-25 summit to allow Timor-Leste to participate in upcoming meetings of the group. ASEAN secretary general Le Luong Minh said that Timor-Leste is still not ready to join ASEAN, but that leaders agreed to allow its participation for capacity-building purposes. Indonesia's foreign minister, Marty Natalegawa, said that the decision is a small but significant step toward Timor-Leste joining the organization. Indonesia lobbied for Timor-Leste to participate more in ASEAN.



Timor-Leste prime minister Xanana Gusmão, who visited Thailand on April 25-29 to meet with Thai prime minister Yingluck Shinawatra and attend the United Nations Economic and Social Commission for Asia and the Pacific meeting. <http://www.flickr.com/photos/mrebrasil/5492500610/>

- **Timor-Leste's prime minister visits Thailand.** Timor-Leste prime minister Xanana Gusmão visited Thailand on April 25-29 on a mission to enhance bilateral diplomatic, trade, and economic relations. Gusmão was accompanied by 20 officials, including his ministers of finance, education, tourism, and ASEAN affairs. He met with Prime Minister Yingluck Shinawatra and attended the annual United Nations Economic and Social Commission for Asia and the Pacific meeting in Bangkok on April 29.

- **ADB aids Timor-Leste vocational training.** The Asian Development Bank (ADB) is cofunding a project with the Timor-Leste government to upgrade vocational training facilities and help develop a skilled workforce, according to an April 19 ADB press release. Facilities supported by the project include an automotive skills training center, the Dili Institute of Technology, and a construction skills training center. The ADB is contributing \$12 million for the project, while the Timor-Leste government is contributing \$1 million.

## MEKONG RIVER

- **Mekong countries crack down on drug trade.** Officials from China, Laos, Myanmar, and Thailand met in China's Yunnan Province on April 20 to launch a multilateral campaign to combat drug trafficking along the Mekong River. The campaign is the ninth since the countries issued a joint statement in October 2011 pledging to fight narcotics smugglers along the river. Chinese state media also reported on April 19 that a joint Lao-Chinese police team had arrested four suspected drug traffickers and recovered over 33,000 pounds of methamphetamines in one of the largest drug seizures in recent years. ■



*A ship along the Mekong River. Multilateral efforts are intensifying to address continued drug trafficking along the river. <http://www.flickr.com/photos/sakke/370140729/sizes/m/in/photostream/>*

# Looking Ahead

- **Stanley Karnow's Southeast Asia.** The Paul H. Nitze School of Advanced International Studies (SAIS) and the U.S.-Philippines Society will cohost an event on May 1 titled "[Stanly Karnow's Southeast Asia](#)." Karnow was a renowned journalist in Southeast Asia whose work on the Vietnam War was widely acclaimed and whose book *In Our Image: America's Empire in the Philippines* won the 1990 Pulitzer Prize for history. The event will take place from 5:00 p.m. to 7:00 p.m. at SAIS's Kenney Auditorium, 1740 Massachusetts Ave., NW.
- **Ambassador of Brunei on 2013 ASEAN chairmanship.** American University's ASEAN Studies Center will host Brunei's ambassador to the United States, Yusoff Hamid, for a talk May 6 on Brunei's 2013 chairmanship of ASEAN. The theme of Brunei's chairmanship is "Our People, Our Future Together." The event will take place from 3:00 p.m. to 5:30 p.m. at American University's Abramson Family Founders Room, School of International Service Building, 4400 Massachusetts Ave., NW. To RSVP, please e-mail Professor Pek Koon Heng at [aseanstudiescenter@american.edu](mailto:aseanstudiescenter@american.edu).
- **Sam Rainsy on promoting democracy in Cambodia.** The Woodrow Wilson Center's Asia Program will host Cambodian opposition leader Sam Rainsy on May 8 for a speech titled "Promoting Democracy in Cambodia: The Rally for Free Elections and the Challenges Ahead." Sam Rainsy, who lives in self-imposed exile in France, leads the Cambodian National Rescue Party. The event will take place from 1:00 p.m. to 2:00 p.m. in the Fourth Floor Conference Room at the Woodrow Wilson International Center for Scholars, southeast wing of the Ronald Reagan Building, 1300 Pennsylvania Ave., NW. Please [RSVP here](#).
- **Seminar on role of the United States and Japan in economic integration.** The Japan Chair at CSIS and the Japan External Trade Organization will host an Asia-Pacific Economic Integration Seminar on May 14. The event will feature discussions on progress toward economic integration in the Asia Pacific and the roles of the United States and Japan. The seminar will be held from 8:45 a.m. to 1:30 p.m. at the CSIS B1 Conference Center, 1800 K St., NW. Please [RSVP here](#) by May 10.
- **The Indonesia Conference @ CSIS.** The Sumitro Chair for Southeast Asia Studies at CSIS will host an all-day conference May 16 on the security, political, economic, and sociocultural opportunities and challenges in U.S.-Indonesia relations. Indonesian foreign minister Marty Natalegawa

and defense minister Purnomo Yusgiantoro 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 from 9:00 a.m. to 5:30 p.m. at the Four Seasons Hotel, 2800 Pennsylvania Ave., NW. Registration is not yet open, but more information is available [here](#).

- **Chief of Naval Operations on the U.S. rebalancing to the Asia Pacific.** The Center for a New American Security will host a discussion on May 21 with Chief of Naval Operations Adm. Jonathan Greenert. The event, titled “Asia-Pacific Rebalance: Strengthening Regional Maritime Security and Partnerships,” will take place at 5:45 p.m. at the Willard InterContinental Hotel’s Crystal Room, 1401 Pennsylvania Ave., NW. Please [RSVP here](#) or by phone at (202) 292-4196.
- **Annual CSIS South China Sea conference.** The Sumitro Chair for Southeast Asia Studies at CSIS will host its third annual South China Sea conference on June 5-6. The event will feature speeches by a member of Congress and senior administration officials, and remarks and discussion by an all-star lineup of South China Sea experts, including representatives from China, Japan, the Philippines, and Vietnam. It will take place in the B1 Conference Center at CSIS, 1800 K St., NW. Registration is not yet open, but details will follow.
- **Center for a New American Security annual conference.** The Center for a New American Security will host its annual conference on June 12 focused on national security issues facing the United States. Participants will speak on a series of panels covering a range of security topics, including “The Future Rebalancing to Asia: A Conversation with Former State Department and National Security Council Asia Hands.” The conference will take place from 8:30 a.m. to 5:30 p.m. at the Willard InterContinental Hotel, 1401 Pennsylvania Ave., NW. More information is available [here](#). ■

## SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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