

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

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## Amending Vietnam's Constitution: Why Washington Cares

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On October 21, Vietnam's National Assembly convened in Hanoi for a month-long meeting during which lawmakers are expected to ratify a new constitution. As the lawmakers meet, Vietnam's economy continues to grow steadily, as it has throughout the year, but at about 2 percent less than the government's annual target of 7 percent growth. Other issues poised to be addressed at the meeting include the restructuring of the banking system, discussions on the future economic plan, and amendments to current land laws.

Vietnam has emerged as an increasingly important U.S. partner in the Asia Pacific. In July, less than 20 years after the two countries normalized diplomatic ties, U.S. president Barack Obama and his visiting Vietnamese counterpart, Truong Tan Sang, agreed to form a comprehensive partnership to take the U.S.-Vietnam relationship to the next level. In this context, U.S. policymakers have been paying more attention to developments inside Vietnam, especially those with long-term implications. One of those developments is the amendment of Vietnam's constitution, which was written in 1992.

While human rights groups have been calling for the new constitution to embrace multiparty elections, another important amendment up for discussion—and one the U.S. government should care about—is Article 19, which assigns state-owned enterprises (SOEs) a leading role in Vietnam's

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*The Ba Dinh meeting hall, where Vietnam's National Assembly is convening for a 40-day session that started on October 21.*  
[http://en.wikipedia.org/wiki/File:The\\_Ba\\_Dinh\\_meeting-hall.jpg](http://en.wikipedia.org/wiki/File:The_Ba_Dinh_meeting-hall.jpg)

economy. This means that government policies until now were formulated to give state enterprises easier access to land and capital and subject them to minimal legal restrictions. Amending the SOE clause is a high-stakes issue, not just for the future trajectory of Vietnam itself, but also for its growing commercial ties with the world and with the United States in particular.

During a much-publicized [interview](#) with Bloomberg in New York last month, Vietnamese prime minister Nguyen Tan Dung pledged to reform the country's state-owned sector and create a level playing field between Vietnamese SOEs and foreign businesses over the next five years. According to Dung, Vietnam's SOEs will in the long run focus mainly on public infrastructure and sectors in which private investors are restricted, while leaving other sectors of the economy, most notably banking and finance, open to competition.

Dung's visit to New York was part of Hanoi's ongoing push to continue attracting foreign investors to Vietnam as economic growth has cooled in recent years. When President Sang met with President Obama and top U.S. trade officials in July, he reaffirmed Vietnam's commitment to conclude negotiations on the Trans-Pacific Partnership (TPP) trade agreement with the United States and 10 other countries, and at the same time called for U.S. support to facilitate Vietnam's entrance into the pact. One of the chapters in the TPP involves countries agreeing to provide a level playing field between SOEs and private business.

Amending Article 19 is a highly controversial topic for Vietnam's ruling elite, which has recently taken some bold steps such as holding an unprecedented vote of confidence in top government and Communist Party officials this past summer. For Hanoi, the large state-owned sector represents its strong grip on the economy. More conservative leaders prefer to leave the SOE provision intact, citing a need to support the country's "progress toward a socialist economy," and to ignore the enormous role of foreign and private domestic capital in turning Vietnam into one of the most attractive investment destinations in the region and one of the world's top exporters of rice, garments, sports shoes, and furniture.

Since Vietnam launched market economic reforms in the late 1980s, SOEs have remained an important part of the economy and a driver of growth in

## Amending Vietnam's Constitution: Why Washington Cares *(continued)*

the early stages of reforms, accounting for around 40 percent of economic output. Yet, while Vietnam has become more open to foreign investment since the mid-2000s and a domestic entrepreneurial class has emerged in the country, SOEs have posted huge losses, with many heavily indebted to state-owned banks because of unsuccessful investments outside the companies' areas of expertise.

The dilemma for Hanoi is that, while its leaders understand the need to restructure SOEs and the economy as a whole, they hope to do so while preserving a major role for the Vietnamese state sector well into the future. This is not to say that Vietnam has not made progress on reforming its state enterprises. In recent years, the number of companies that are wholly owned by the government has shrunk from 12,000 to approximately 1,300.

U.S. officials point out that Vietnam has been one of the most cooperative negotiating partners in the TPP, even in areas as difficult as SOEs and market access. The future of SOEs in Vietnam is entwined with the TPP, which in principle will require members to place all businesses, state-owned or private, on a level playing field. Against this backdrop, Hanoi's failure to ratify a more [market-friendly](#) and much-expected provision limiting the role of SOEs would be disappointing for U.S. companies. It would also send conflicting signals about Vietnam's seriousness and credibility, especially following President Sang's and Prime Minister Dung's visits to the United States over the past three months.

One of the incentives for the government to revise the SOE provision in the constitution is that foreign investment has slowed in recent years. Last year, foreign investment made up 51.6 percent of Vietnam's gross domestic product, down from 53.3 percent in 2010; the average figure for all of Southeast Asia was 56.4 percent. Short of a breakthrough policy change at a time when its labor costs continue to rise, Vietnam may in the long run risk falling behind other fast-rising economies in the region, such as Cambodia and Myanmar, in terms of attractiveness to foreign capital.

That said, Vietnam remains an attractive destination for foreign investors. In a new ASEAN business outlook survey published jointly by the U.S. Chamber of Commerce and the American Chamber of Commerce in Singapore, U.S. business executives surveyed cited Vietnam as the second-most [attractive](#) destination for new business expansion in Southeast Asia, after Indonesia. The country has also [emerged](#) as a production base



*A gas station owned by the Vietnamese state-owned petroleum company Petrolimex. The National Assembly is expected to debate the role of state-owned enterprises during its current session.*  
[http://vi.wikipedia.org/wiki/T%E1%BA%ADp\\_tin:Petrol\\_station,\\_Pham\\_Ngu\\_Lao\\_street,\\_Da\\_Lat.jpg](http://vi.wikipedia.org/wiki/T%E1%BA%ADp_tin:Petrol_station,_Pham_Ngu_Lao_street,_Da_Lat.jpg)

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for global high-tech companies. But having a two-tier economy, in which foreign-invested, export-driven businesses and state-owned businesses are moving in opposite directions, has greatly hampered the country's growth potential as well as its overall competitiveness in attracting foreign investment in coming years.

Ensuring that market-friendly provisions are enshrined in the constitution would give renewed confidence to international investors and be seen as demonstrating the government's commitment to meaningful economic reforms. As Washington and Hanoi intensify their talks to upgrade economic ties within the TPP, the U.S. government and private sector would like to see steps taken by Hanoi that would reinforce Vietnam's earlier reform pledge and, more importantly, indicate its stature as a credible partner. ■



*Speaker of Parliament Shwe Mann. He said on October 25 that he supports amending Myanmar's constitution to allow opposition leader Aung San Suu Kyi to run for president in the 2015 elections. <http://www.flickr.com/photos/45192101@N04/6225633170>*

## MYANMAR

- **Parliament speaker pledges support for constitutional reform.** Speaker of Myanmar's Lower House of Parliament Shwe Mann said on October 25 that he supports amending Myanmar's constitution to allow opposition leader Aung San Suu Kyi to run for the presidency in 2015. Shwe Mann, who has said he plans to run himself, also said that President Thein Sein told him he will not run for a second term. A spokesman for the president denied that. Aung San Suu Kyi emphasized the importance of constitutional reform for a "fair election" in 2015 during an October 18-November 2 trip to Europe.
- **UN report condemns Myanmar government for plight of Rohingya.** The United Nations on October 23 released a report condemning the Myanmar government for complicity in ongoing violence against the Muslim Rohingya minority in Rakhine state. The 23-page document, which was drafted by special rapporteur for human rights in Myanmar Tomas Ojea Quintana, accuses Naypyidaw of failing to address local grievances behind the violence and encouraging a culture of impunity among Buddhist perpetrators. Quintana expressed concern that no public officials have been questioned or arrested despite "consistent and credible" reports of state complicity in human rights abuses against Muslims.
- **Civil society groups urge preconditions for military engagement.** A group of 133 civil society organizations on October 17 sent a letter to U.S. president Barack Obama, UK prime minister David Cameron, and Australian prime minister Tony Abbott asking their governments to look critically at their government's engagement with the Myanmar military. The letter called for "explicit preconditions" for military engagement. The preconditions include that the military withdraws from all conflict zones, acknowledges past human rights violations, and allows for independent investigations of past abuses.
- **United Nations to help improve booming Myanmar airlines.** Secretary general of the International Civil Aviation Organization (ICAO) Raymond Benjamin met with President Thein Sein on October 21 to sign a deal on assisting the modernization of Myanmar's airline industry. The ICAO has agreed to provide the government with technical assistance on aviation technology. Myanmar's aviation industry has grown rapidly since the easing of international sanctions, with foreign companies lining up to invest. Global aerospace consulting firm CAPA-Center for Aviation predicts

that flagship Myanmar Airways International will seat more than 100,000 passengers per week during the winter 2013-14 season.

- **Shwe gas pipeline fully operational.** China's *Global Times* reported on October 21 that the Shwe gas pipeline running from western Myanmar to southwest China is now fully operational. The pipeline stretches more than 1,600 miles from Kyaukpyu, Myanmar, to Kunming, China. It first began operating in July after being under construction for more than three years. The pipeline is expected to deliver 420 billion cubic feet of natural gas to China, driving down gas prices and reducing coal use in the country.

#### INDONESIA

- **Indonesia becomes top source of cyber-attacks.** Indonesia accounted for 38 percent of global cyber-attack traffic in the second quarter of 2013, the largest percentage of any country according to an October 16 report from the U.S.-based firm Akamai Technologies. This was a substantial increase from 21 percent in the first quarter and pushed China to the number two spot on the list. Indonesia's minister of information and communication, Tifatul Sembiring, has recognized the problem and held an Indonesia Information Security Forum on September 10 in an effort to address the issue.

- **Jakarta government announces road pricing system to ease traffic.** Jakarta officials have announced an electronic road pricing (ERP) system that will charge drivers between \$2 and \$3 for using certain roads during peak hours, according to an October 16 *Wall Street Journal* report. The ERP system will be implemented in early 2014 and is expected to cost the government \$260 million. Officials hope the system will curb the capital's notoriously bad traffic and say that the money collected from drivers could be used to improve Jakarta's infrastructure.

- **Former youth and sports minister arrested on graft allegations.** The Corruption Eradication Commission (KPK) arrested former youth and sports minister Andi Mallarangeng on October 17 for allegedly siphoning money out of the government-funded Hambalang sports complex project. The budget for the project grew by nearly \$200 million under Andi's direction and has resulted in at least \$40 million in state losses, according to an October 18 *Jakarta Post* report. Andi's arrest paves the way for the KPK to arrest other politicians reportedly involved in the case.

- **Bank Indonesia signs currency swap deal with South Korea.** Bank Indonesia on October 14 announced a \$10 billion currency swap line with the Bank of Korea. The line will be valid for three years and may



Traffic in Jakarta. The government recently announced an electronic road pricing system to help reduce traffic beginning in 2014. <http://www.flickr.com/photos/vasenska/7008481749>

be extended further. The deal is the first of its kind and is part of a partnership plan to increase bilateral trade between the two countries by \$100 billion by 2020. The announcement came just one day after South Korean officials signed several agreements for investments in Jakarta totaling more than \$10 billion.

- **Jakarta restarts construction of monorail project.** Jakarta governor Joko Widodo announced on October 16 that construction on the Jakarta monorail project would restart after being stalled for five years. The two-line monorail is expected to cost roughly \$1.5 billion and is anticipated to begin operating in 2016. The monorail is being built simultaneously with a \$1.6 billion mass rapid underground rail. Both projects are aimed at reducing gridlock in one of the world's fastest-growing metropolises.

#### VIETNAM

- **National Assembly convenes for year-end meeting.** Vietnam's National Assembly gathered in Hanoi on October 21 to begin a 40-day session that will include discussions on such issues as the economy, amendments to the constitution, land law reforms, corruption, and bank restructuring. The economy continues to grow at about 5 percent, slower than the government's annual target of 7 percent. Legislators will address the possibility of amending the constitution's enshrinement of the state-owned sector's leading role in the economy.
- **Vietnamese court sentences blogger to 15 months under house arrest.** A criminal court in Long An province sentenced blogger and activist Dinh Nhat Uy to 15 months under house arrest on October 29 for "abusing democratic freedoms." Uy was prosecuted for posting messages to his Facebook account and blog criticizing the government and calling for the release of his imprisoned brother, Dinh Nguyen Kha. Uy's conviction is the first in Vietnam related to Facebook posts.
- **Thousands protest coastal sand dredging.** Thousands of Vietnamese living in the coastal region of Quang Ngai province gathered outside local government offices on October 28 to protest sand dredging operations in the area. Locals accuse the Cua Dai company of causing coastal erosion by illegally dredging for sand to sell. Coastal erosion exposes locally owned shrimp ponds to tidal and surf damage.
- **Vietnam to have third-fastest-growing aviation market in 2014.** Vietnam's growing airline industry is set to become the world's third-fastest-growing market for international passengers and freight, and second-fastest for domestic passengers, in 2014, according to an October 21 article in



*A VietJet Air Airbus A320 taking off. Vietnam is set to have the third-fastest-growing market for international passengers and freight in 2014. <http://www.flickr.com/photos/46799619@N04/10172474996/>*

the *South China Morning Post*. Airlines based in Vietnam are offering new routes and expanding their fleets. Vietnam's poor land transport infrastructure and distance between cities makes air transport a convenient option.

#### PHILIPPINES

- **House approves 2014 budget without pork barrel funds.** The Philippine House of Representatives on October 22 voted 219 to 22 to approve the 2014 national budget. The budget realigned the \$5.95 million Priority Development Assistance Fund, known as “pork barrel” spending, including Vice President Jejomar Binay's allocation, among six federal agencies in order to avoid abuse by lawmakers. The Department of Public Works and Highways received the largest amount of funding for proposed development projects.
- **Philippines to receive fighter jets from South Korea.** President Benigno Aquino agreed to purchase 12 FA-50 fighter jets from South Korea during an October 17 meeting with South Korean president Park Geun-hye in Seoul. The two signed an agreement to expand defense collaboration and support further South Korean military exports to the Philippines. A South Korean official in the president's office denied a Japanese news report claiming that Beijing pressured Seoul not to sell the jets to Manila, according to South Korean news agency Yonhap.
- **Foreign exchange regulations relaxed for nonresidents.** Philippine central bank governor Diwa Guinigundo said on October 22 that the bank has approved a policy to relax foreign exchange regulations by giving nonresidents wider access to the local stock market. The new policy aims to facilitate the entry and exit of foreign investors in the country consistent with the Philippines' commitment to ASEAN economic integration. It also allows banks to register as custodians of foreign investments in foreign companies listed on the Philippine Stock Exchange and allows foreign investors to convert peso-denominated profits made from locally listed shares.
- **Philippines among top countries in combating child labor.** The U.S. Department of Labor released a survey ranking the Philippines among the top 10 countries that have made “significant advancements” in eliminating child labor in 2012, according to an October 18 *Wall Street Journal* report. Under existing Philippine laws, children between the ages of 5 and 14 are allowed to work in non-hazardous conditions for up to four hours a day and those between 15 and 17 are allowed to work up to eight hours a day. The Philippines made only “moderate advancements” in the 2011 survey.



Philippine children. A U.S. Department Labor survey lists the Philippines among the top 10 countries that made “significant achievements” in combating the worst forms of child labor in 2012. <http://www.flickr.com/photos/40927340@N03/4435472910/>



## MALAYSIA

- **Najib seen as a weakened winner after UMNO elections.** Prime Minister Najib Razak and his allies in the ruling United Malays National Organization (UMNO) kept their posts following October 19 elections for the party's supreme council, with Najib's power potentially weakened due to his efforts to appease the more conservative wing of the party. Najib and Deputy Prime Minister Muhyiddin Yassin were returned as party president and deputy president. All three incumbent vice presidents also kept their seats, but Kedah state chief minister Mukhriz Mahatir, son of former prime minister Mahathir Mohamad, narrowly lost his bid for a vice presidency and emerged as a potential future challenger to Najib.
- **New budget abolishes sugar subsidy, establishes consumption tax.** Prime Minister Najib Razak announced Malaysia's 2014 budget on October 25, establishing a new 6 percent goods and services tax (GST) and ending the country's sugar subsidy in an effort to address Malaysia's growing debt. The withdrawal of the sugar subsidy has seen prices for the commodity jump from about 36 cents per pound to 41 cents per pound. The new GST will be implemented in April 2015. The budget also decreases income tax rates by 1-3 percent, effective in 2015.
- **UN Human Rights Council urged to look into Malaysia's backslide on human rights.** Human rights groups have urged the United Nations to investigate and shed light on the alleged recent backsliding on reforms during Malaysia's second Universal Periodic Review (UPR) on October 24. In the lead-up to recent elections, the government passed laws permitting detention without trial and restricting the use of the word "Allah" by Christians to refer to God. The UPR is a process by which states declare what they have done to improve human rights and are then assessed by the Human Rights Council.
- **Police allocated \$2.8 billion to curb soaring crime.** Malaysia's 2014 budget, released on October 25, increased the police force's allocation by 35 percent, to about \$2.8 billion. A series of high-profile crimes in recent months have shocked Malaysians and encouraged more people to move into gated communities and hire personal guards in Kuala Lumpur, a city once known for its safety. Though the government points to a drop in violent crime since 2009, it is widely accepted that crime rates are higher than reported, according to an October 18 *New York Times* report.



*A Malaysian man prepares sugar cane to make juice. The repeal of Malaysia's sugar subsidy means the cost of sugar has increased from about 36 cents per pound to 41 cents per pound. <http://www.flickr.com/photos/melosh/2346203675/>*

## THAILAND

- **Revised amnesty bill encounters growing opposition.** Thailand has faced growing street protests since October 24 as lawmakers from the ruling

Pheu Thai seek to pass a contentious amnesty bill that could open the door for deposed former prime minister Thaksin Shinawatra to return to the country. The bill, which was first introduced in August, is intended to acquit all those who were involved in political violence from the time of a September 2006 military coup to May 2012, including during the violent protests in 2010 that resulted in about 90 deaths. The legislation faces two more rounds of readings in Parliament before it becomes law.

- **Former prime minister indicted for ordering crackdown.** Public prosecutors on October 28 indicted former prime minister Abhisit Vejjajiva and his deputy Suthep Thaugsuban on murder charges for ordering an army crackdown on anti-government protestors in 2010. The crackdown led to the deaths of more than 90 people and injured about 1,000. Government critics insist that the charges are meant to pressure Abhisit into supporting an amnesty bill, currently before Parliament, that would absolve him and other leaders at the time. Abhisit said he remains opposed to the bill and would rather fight the charges against him in court.

- **Buddhist leader dies at 100 years old.** Thailand's supreme patriarch Somdet Phra Nyanasamvara died on October 24 at the age of 100 after suffering a blood infection from recent surgery. The supreme patriarch, who had been hospitalized for more than 10 years, is widely revered by Buddhists worldwide as leader of the Sangha Supreme Council, an institution that teaches Buddhist principles to monks and novices across Thailand. King Bhumibol Adulyadej, whose Buddhist ordination was mentored by the supreme patriarch, declared a 30-day mourning period for the deceased leader.

- **Government prepares for Preah Vihear ruling.** Deputy permanent secretary of the Foreign Ministry Nuttavudh Photisaro said on October 22 that the Thai government plans to deploy additional security forces at the embassies of Cambodia and the home countries of 17 judges linked to the International Court of Justice (ICJ) case concerning disputed land near the Preah Vihear temple. Thailand and Cambodia have long disputed ownership of the land, and the ICJ will issue a ruling on November 11. The foreign ministers of Thailand and Cambodia agreed on October 28 to comply with the court's decision and maintain good relations.

- **Five journalists injured in bomb attacks in the south.** Five journalists who came to investigate a roadside bombing that killed two soldiers in the southern province of Narathiwat on October 19 were injured after a second bomb exploded in a nearby tree. The Committee to Protect Journalists condemned the attacks and called on southern Thai insurgents to refrain from actions that imperil journalists. The attacks are the latest following



*Supreme Patriarch Somdet Phra Nyanasamvara, who died on October 24 due to complications following recent surgery. Thailand is in a 30-day mourning period for the Buddhist leader. <http://www.flickr.com/photos/dhammasociety/3970488505/>*

the suspension on October 10 of peace negotiations between the Thai government and the insurgent group Barisan Revolusi Nasional.

#### CAMBODIA

- **Protests resume in Phnom Penh over contested July elections.** Thousands of protesters gathered for a three-day peaceful protest in Phnom Penh on October 23 to show support for the Cambodian National Rescue Party (CNRP). Protesters marched from Freedom Park to the office of the UN High Commissioner for Human Rights to deliver a petition demanding that the international community support an investigation into the disputed July national elections. The CNRP delivered similar petitions the following day to a number of foreign embassies, including those of France, China, and the United States.
- **Police break up land protests in Phnom Penh.** Cambodian police cleared 500 anti-eviction protesters from Freedom Park in Phnom Penh on October 21. Military police patrols in Phnom Penh have become commonplace since contested July elections and increasingly frequent protests associated with garment industry strikes and land-eviction issues. The police action came two days before mass protests by Cambodia's opposition party.
- **Prosecutors call for life imprisonment for two surviving Khmer Rouge leaders.** Prosecutors of the Extraordinary Chambers in the Courts of Cambodia announced on October 21 that they will seek the maximum sentence of life imprisonment for Nuon Chea, 87, and Khieu Samphan, 82. Both are charged with crimes committed when they were senior leaders in the Khmer Rouge regime that ruled the country from 1975 to 1979. Despite funding problems, the joint UN-Cambodian tribunal is expected to deliver verdicts in early 2014.

#### SOUTH CHINA SEA

- **Malaysia to create marine corps and set up naval base near James Shoal.** Defense Minister Hishammuddin Hussein announced on October 10 that the Royal Malaysian Navy is creating a marine corps for the first time and establishing a new naval base for it on the South China Sea. The marine force will conduct amphibious operations and is considered essential for security in the state of Sabah, according to Hishammuddin. The new naval base will be located in the coastal town of Bintulu, about 60 miles from James Shoal, south of the Spratly Islands. James Shoal was the site of a large-scale Chinese landing exercise in May.



*A Cambodia National Rescue Party (CNRP) rally in Phnom Penh. The CNRP called for three days of protests from October 23 to 26. <http://www.flickr.com/photos/prachatai/9321608554/>*



*Malaysian Navy personnel take part in 2011 joint exercises with U.S. counterparts. Malaysia's defense minister Hishammuddin Hussein announced that the Malaysian Navy will create a marine corps and establish a naval base near James Shoal. <http://www.flickr.com/photos/36614130@N06/5838160474/>*

- **Military investigation claims U.S. Navy placed concrete blocks on Scarborough Shoal.** Philippine military officials said on October 25 that the U.S. Navy might have placed concrete blocks at the disputed Scarborough Shoal decades ago. Defense Secretary Voltaire Gazmin in September accused China of placing the blocks there in preparation for further construction. The U.S. Navy, however, may have used the blocks as “sinkers to preserve the wreckage of old ships they used for target practice,” according to a military probe into the blocks.
- **Philippine-British owned company in talks with Chinese company for joint exploration in South China Sea.** Philippine energy secretary Jericho Petilla said on October 23 that Philippine- and British-owned oil company Forum Energy PLC and China’s state-run China National Offshore Oil Corporation (CNOOC) have begun talks on joint exploration and extraction of oil and gas in Reed Bank. The talks, which were most recently held in Hong Kong, are at a preliminary stage, according to Petilla. Chinese ships tried to drive away a Philippine exploration vessel at Reed Bank in March 2011.

#### SINGAPORE

- **Government considering blocking Web sites to stop illegal downloads.** Senior Minister of State for Law and Education Indranee Rajah announced on October 21 that the government is considering blocking Web sites used by Singaporeans to download illegal music and movies. Rajah said government officials are still considering the best method for implementing site-blocking. She cited a report from the International Federation of the Phonographic Industry showing a 69 percent reduction of site traffic to a popular Web site for pirated material within a year of five European countries implementing a site-blocking strategy.
- **China and Singapore announce bilateral currency trading deal.** The Monetary Authority of Singapore (MAS) on October 22 announced a deal to allow direct trading between the Chinese renminbi and the Singaporean dollar. MAS also announced an \$8.2 billion quota for Singapore-based investors to use renminbi to invest in Chinese securities. Chinese investors will also be allowed to use renminbi to invest in Singaporean capital markets. The deal will help Singapore compete with Hong Kong and London as an offshore hub for the Chinese currency.
- **Indian government approves proposal for airline venture with Singapore Airlines.** India’s economic affairs secretary Arvind Mayaram announced on October 24 that the country’s foreign investment panel has approved a joint venture with Singapore Airlines and the Tata Group for a new airline

to be based in New Delhi. The airline will be called Tata SIA Airlines and the two stakeholders will combine for an initial investment of \$100 million. Despite approval from the foreign investment panel, several regulatory approvals are still required before the airline can begin flying.

## LAOS

- **China becomes Laos's largest investor.** China was Laos's largest investor in the first 11 months of the 2012-2013 fiscal year, according to an October 21 report by the *Vientiane Times*. During that period, Chinese investments in Laos totaled more than \$1.3 billion. Thailand was the second-largest investor with \$416 million in projects, according to the Lao minister of planning and investment. The energy sector received the bulk of foreign investment with \$1.56 billion.
- **Lao Airlines plane crashes.** A Lao Airlines plane crashed into the Mekong River on October 15 due to inclement weather, killing all 49 people on board. A Vietnam Airlines turboprop plane of the same model landed a week later with one wheel missing, but managed to land without trouble. The Lao Airlines crash comes at a time when the airline industry is booming in Southeast Asia due to increased tourism, especially in Laos, Myanmar, and Cambodia.
- **United Nations helps southern provinces build defenses against climate change.** The United Nations Least Developed Countries Fund and the United Nations Development Program (UNDP) on October 23 provided \$5 million for climate adaptation and small-scale rural infrastructure development in southern Laos. The southern provinces of Xekong and Saravan remain at risk from changing weather patterns, increasing the need to prepare properly for future natural disasters, according to a UN study cited by the *Vientiane Times* on October 24. Natural disasters, including severe flooding, were highly destructive in Laos in 2013.
- **President Choummaly's visit to Paris marks a first for Lao-French relations.** President Choummaly Sayasone and his French counterpart François Hollande met in Paris on October 22-23, marking the first visit to France by a Lao president since Laos's independence 60 years ago. The meeting was markedly low-profile and focused on fostering economic relations. The two presidents shied away from more sensitive topics, including the December 2012 disappearance of Lao agronomist Sombath Somphone.



*A Singapore Airlines Boeing 777. A joint venture was recently approved between Singapore Airlines and India's Tata Group for a new airline based in New Delhi. <http://www.flickr.com/photos/dirkjankraan/5643593317>*



*Jame'asr Hassanal Bolkiah Mosque in Bandar Seri Begawan. Muslims make up approximately two-thirds of the population in Brunei, where an Islamic penal code will be introduced in April 2014. <http://www.flickr.com/photos/mybukit/6909932283>*

#### BRUNEI

- **Brunei to enforce Islamic penal code.** Sultan Hassanal Bolkiah announced on October 22 that Brunei would enforce an Islamic penal code beginning April 2014. The code includes stoning for adultery and amputation for theft. The new measures will apply only to Muslims, who make up approximately two-thirds of the population. The new law aims to bolster the influence of Islam in Brunei, where Islamic laws are currently limited to personal and family affairs. The sultan called the new measures an “historic legislation.”

#### ASEAN

- **Anticorruption conference held in Indonesia.** Delegations from Brunei, Cambodia, Indonesia, Laos, Malaysia, Thailand, and Timor-Leste gathered in Medan, Indonesia, on October 23-24 for the second Southeast Asian Parliamentarians Against Corruption (SEAPAC) meetings. Delegates discussed a recent extradition treaty between Indonesia and Singapore and the key roles that legislators can play in combating corruption, among other issues. Indonesia became SEAPAC chairman in 2013 and will host meetings through 2015.



*Leaders of the then-nine countries negotiating the Trans-Pacific Partnership (TPP), along with then Japanese prime minister Naoto Kan (far left), in 2010. TPP members discussed controversial intellectual property issues in Tokyo on October 24-28. [http://en.wikipedia.org/wiki/File:Leaders\\_of\\_TPP\\_member\\_states.jpg](http://en.wikipedia.org/wiki/File:Leaders_of_TPP_member_states.jpg)*

#### TRANS-PACIFIC PARTNERSHIP

- **TPP countries to discuss intellectual property issues in Tokyo.** The 12 countries negotiating the Trans-Pacific Partnership (TPP) held a meeting on intellectual property issues in Tokyo from October 24 to 28. Intellectual property protection issues have been difficult to resolve among the 12 members, including conditions under which new pharmaceuticals are patented. It was Japan's first time hosting a TPP negotiation meeting. Negotiators will meet for the next round of full TPP negotiations on December 7-9.

#### TIMOR-LESTE

- **Government draws criticism for contract to Chinese state-owned company.** Prime Minister Xanana Gusmão on October 4 granted a \$1 million contract for furniture for Timorese schools to Chinese Nuclear Industry Construction Company No. 22, the same company that failed to meet the terms of a \$300 million contract to build Timor-Leste's power plants and national electricity grid in 2008. Gusmão has been criticized for granting another contract to the company despite its earlier failure and for not granting the project to a local company in order to generate employment and keep government funds in Timor-Leste. ■

# Looking Ahead

- **CSIS 2013 Global Security Forum.** The Center for Strategic and International Studies will host its 2013 Global Security Forum on November 5. The forum will address critical challenges facing the United States and global security with a keynote address by Secretary of Defense Chuck Hagel. Panels will include “A Simulated Crisis in East Asia.” The event will be held from 8:00 a.m. to 5:00 p.m. at CSIS’s new headquarters at 1616 Rhode Island Ave., NW. Please [click here](#) for more information.
- **Forum with Indonesia’s chief justice.** The U.S.-Indonesia Society will host H. Muhammad Hatta Ali, the chief justice of Indonesia’s Supreme Court, for a special open forum on November 5. Hatta Ali will discuss the Supreme Court’s efforts to increase transparency, accountability, and the delivery of justice. The event will be the first public appearance in Washington by a member of the court. It will take place from 10:00 a.m. to 12:00 p.m. at the Cosmos Club’s Powell Room, 2121 Massachusetts Ave., NW. Please [RSVP here](#).
- **Hugh White at CSIS.** Australian National University international security expert Hugh White will give a presentation on November 6 at the Center for Strategic and International Studies on his views of the U.S. rebalance to the Asia Pacific. White will provide insights into broader regional strategic and alliance issues, as well as the role of the U.S.-Australia alliance. Please RSVP to the [Sumitro Chair for Southeast Asia Studies](#) by noon on November 5.
- **Report launch on liquefied natural gas futures in Asia.** The National Bureau of Asian Research (NBR) will launch its *2013 Energy Security Report* on liquefied natural gas futures in Asia on November 7. The launch will feature panel discussions with senior experts on energy security, including NBR’s Mikal Herberg, the Institute of Energy Economics Japan’s Shoichi Itoh, and CSIS’s Jane Nakano. The event will be held from 9:00 a.m. to 12:00 p.m. at the Minuteman Ballroom, Reserve Officers Association, One Constitution Ave., NE. [Click here](#) to RSVP.
- **Book launch on sex labor in Southeast Asia.** American University is celebrating the launch of Christine Chin’s book *Cosmopolitan Sex Workers* on November 7. Chin, associate professor at American University’s School of International Service, looks at the phenomenon of non-trafficked women who migrate to perform paid sexual labor in Southeast Asia. The event will be held from 3:30 p.m. to 5:00 p.m. at American University, Abramson Family Founders Room, SIS Building, 4400 Massachusetts Avenue, NW. [Click here](#) for more information.

- **A discussion on Secretary Kerry's visit to Southeast Asia.** The ASEAN Studies Center at American University will host Susan Sutton, director of maritime security in the Southeast Asia Office of the Bureau of East Asian and Pacific Affairs at the U.S. State Department, on November 8. Sutton will discuss the significance and implications of Secretary of State John Kerry's visit to Indonesia, Brunei, and Malaysia in October. The event will be held from 6:30 p.m. to 8:30 p.m. at American University's School of International Service, Classroom 102, 4400 Massachusetts Avenue, NW. [Click here](#) for more information.
- **CSIS conference on health partnerships in the Mekong.** CSIS's Sumitro Chair for Southeast Asia Studies and Global Health Policy Center will cohost a conference November 12 on evolving U.S. health engagement in the Mekong. Speakers will include senior officials and experts from both the United States and Southeast Asia. The event builds on the July release of the CSIS report *A Greater Mekong Health Security Partnership*. It will take place from 8:00 a.m. to 2:45 p.m. at CSIS, 1616 Rhode Island Ave., NW. Please [RSVP here](#).
- **CSIS forum on public health in the Philippines.** The Sumitro Chair for Southeast Asia Studies, the U.S.-Philippines Society, the Embassy of the Philippines, and the Johns Hopkins Bloomberg School of Public Health will cohost an address by Philippine health secretary Enrique Ona on November 12. The forum will take place from 2:00 p.m. to 5:00 p.m. in CSIS's first-floor conference suite, 1616 Rhode Island Ave., NW. It will be followed by a reception at the Romulo Hall, Embassy of the Philippines. Please RSVP to the [Sumitro Chair](#). For more information on the reception, please contact the [U.S.-Philippines Society](#). ■



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

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