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Myanmar's Peace Process Carries High Stakes Ahead of 2015 Elections

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The Myanmar government has pursued more than a dozen rounds of cease-fire talks with the country's major armed ethnic groups over the past three years, but has missed the timetable for achieving a nationwide cease-fire agreement several times. The government's chief negotiator, Aung Min, recently said he hopes to conclude such an agreement in September and begin political dialogue with ethnic groups in early 2015.

Ethnic leaders on August 15 announced the government had agreed to include in the draft agreement a pledge to adopt a federal system—one of their key and longstanding demands—moving the two sides one step closer to a much-anticipated cease-fire deal. This time, however, the stakes are much higher, as the 2015 general elections and the uncertainty that a new government may bring begin to loom large.

The peace process in Myanmar is just as important as other areas of reform such as constitutional amendment and political and economic liberalization. Without a lasting peace with ethnic minority groups, who make up around 40 percent of the population, any future administration will have difficulty ensuring nationwide buy-in for its reform agenda and providing the political stability needed to manage and develop the country's resource-rich frontiers, where most ethnic groups are located.

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The Myanmar government's chief negotiator Aung Min (center) has overcome substantial distrust among ethnic armed groups, who now see him as a credible stakeholder in the peace process. <https://www.flickr.com/photos/utenriksdept/8744298890/>

The peace process has taken on added importance amid concerns that reforms have stalled—some say backslid—over the past year. Nearly all of the country's registered political parties recently urged the government to wrap up the nationwide cease-fire agreement and start political dialogue with ethnic groups as soon as possible.

Myanmar's previous military regimes signed numerous bilateral cease-fires with ethnic rebels, but never agreed to the idea of a nationwide cease-fire deal or reached a political agreement to address the fundamental causes behind the armed ethnic conflicts, including a form of federalism, political and economic power sharing, equal rights, and self-determination for ethnic groups. This was due to the ingrained mistrust between the military and ethnic minorities as well as distrust and rivalry among leaders of these groups.

The peace talks launched under President Thein Sein in 2011 have been different from previous rounds. Thein Sein's administration has invested in building trust with ethnic groups while seeking to involve players beyond the military, including government agencies at the state and union levels and the nascent legislature, to be stakeholders in the process. Meanwhile, armed ethnic groups have come together under the Nationwide Ceasefire Coordination Team (NCCT) to collectively negotiate with the government's team.

The government has signed bilateral cease-fires with 14 of 16 major ethnic armies and is in the process of negotiating a nationwide cease-fire draft with the NCCT. The two sides in April issued a single cease-fire draft text identifying their respective positions. And while ethnic groups initially viewed the Thein Sein government with suspicion, many have come to regard Aung Min as a credible stakeholder and government representative with whom they can discuss their concerns and demands.

The recent announcement by the ethnic leaders represents a major milestone in the peace process and a significant concession by the government, which had previously insisted that ethnic leaders' demands for a federal union and equal minority rights be discussed at a later stage following the signing of a nationwide cease-fire agreement.

The apparent agreement (details are still scarce and the term "federalism" can mean many different things) may have been driven by the urgency not to miss another deadline before the fever of the elections, expected

Myanmar's Peace Process Carries High Stakes Ahead of 2015 Elections *(continued)*

in November 2015, and political jockeying seriously kick in. The government and most ethnic groups seem to understand the uncertainty that a new administration may create for locking in the progress made under the current negotiations.

Aung Min has said the government is looking to start talks on the political framework in parallel with the ongoing cease-fire talks, with plans to launch a political dialogue within 90 days of signing the nationwide cease-fire agreement. The purpose of meetings on the political framework is to discuss issues including implementation and monitoring mechanisms of the nationwide cease-fire and the agenda of and participants in the national political dialogue. Although some ethnic groups may not be entirely convinced the current government can satisfy all of their demands under a nationwide cease-fire, they may realize that a new leadership—meaning possibly a new president, a new commander in chief (who will be appointed in 2015), and a new peace negotiating team—may not be as accommodating as the current team.

While there have been recent encouraging signs, Myanmar's history suggests there is no firm guarantee that the current peace process's early successes can be preserved or that a nationwide cease-fire agreement, if signed, can be maintained over the long haul.

When Secretary of State John Kerry was in Myanmar for the ASEAN Regional Forum in early August, he reaffirmed that the United States will not turn a blind eye to critical reform issues in Myanmar. Kerry voiced concerns over human rights violations, communal violence between Buddhists and Muslims in Rakhine state and other areas, and constitutional amendments. He also discussed the remaining U.S. sanctions against Myanmar and the importance of the 2015 elections in the country's reform process.

The peace process deserves keen attention from the U.S. government, as its fate will determine whether Myanmar will achieve sustainable peace for its peoples and escape from the cycle of decades-long civil wars. The United States should continue to show its support for the earliest conclusion of a nationwide cease-fire agreement and urge that the outlines of political dialogue be launched ahead of the 2015 elections.



Then secretary of state Hillary Clinton (front center) and other U.S. officials meet with representatives of ethnic minority groups during a December 2011 visit to Yangon. It is critical that the United States make progress in the peace process a key benchmark for assessing U.S. engagement with Myanmar. <https://www.flickr.com/photos/statephotos/6441749187/>

Myanmar's Peace Process Carries High Stakes Ahead of 2015 Elections *(continued)*

For starters, regardless of whether Aung Min and the ethnic groups are able to deliver a signed nationwide cease-fire in the coming weeks, President Barack Obama should raise the profile of the peace process when he meets with Myanmar officials during the East Asia Summit in Naypyidaw in November. The president and other U.S. policymakers should continue to stress that the United States will look at the status of the peace-building effort as a critical benchmark in the overall reform process and in assessing future U.S. engagement with the Myanmar government. No matter what path Myanmar takes after 2015, Washington should make clear, especially to the country's military leaders, that it supports a sustainable political, as opposed to military, solution to the country's armed ethnic conflicts.

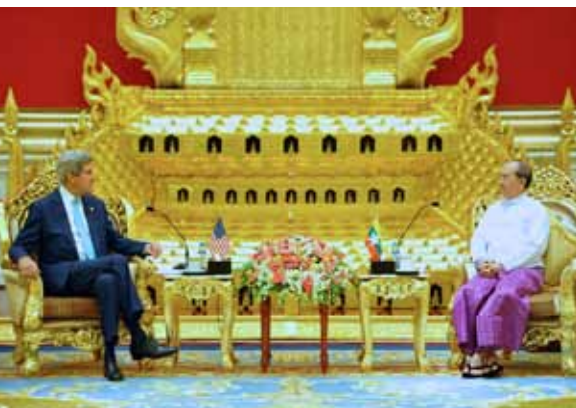
In the near to immediate term, it is important that Washington maintains and seeks to expand diplomatic support and assistance programs designed to help foster trust between Myanmar's ethnic groups and the government, and empower civil society groups to fully participate in the country's peace-building initiatives and future political dialogue. Myanmar ethnic leaders have said they would like to have U.S. observers, along with representatives from ASEAN, China, Japan, India, Norway, the United Kingdom, and the United Nations, present at the signing of the nationwide cease-fire accord, a call Washington should consider, assuming the government agrees to this grouping.

Even if the nationwide cease-fire agreement can be reached before the end of the year, the next major challenge will be getting the political dialogue launched and allowing it to take root before President Thein Sein's current term expires in early 2016. The road to achieving a lasting political solution to Myanmar's ethnic conflicts will be long and difficult, and it is important that the United States and other countries that are serious about supporting Myanmar's democratic transition channel as much attention and as many resources as possible to help ensure the peace process stays on track. ■

Biweekly Update



U.S. secretary of state John Kerry (front, fifth from left) and foreign ministers from around the Asia Pacific before the 2014 ASEAN Regional Forum in Naypyidaw. Discussions of the South China Sea disputes and maritime security took center stage during the forum. <https://www.flickr.com/photos/statephotos/14852608296/>



U.S. secretary of state John Kerry and Myanmar president Thein Sein during an August 9 meeting in Naypyidaw. Kerry was criticized for staying in a hotel owned by tycoon Zaw Zaw, who is sanctioned by the United States for his ties to the previous military-led government. <https://www.flickr.com/photos/statephotos/14679230558/>

ASEAN

- **Kerry attends ASEAN Regional Forum, meetings in Myanmar.** Secretary of State John Kerry on August 9-10 led a U.S. delegation to attend the August 10 ASEAN Regional Forum (ARF), U.S.-ASEAN Ministerial Meeting, and Lower Mekong Ministerial Meeting in Naypyidaw. Tensions in the South China Sea took center stage during the ARF, which includes 26 nations and the European Union as well as the meeting of the 10 ASEAN foreign ministers. Kerry voiced support for preventive diplomacy and peaceful resolution of maritime disputes according to international law. He also supported a Philippine proposal for a freeze on escalatory actions in disputed waters, which China had already rejected. Kerry also highlighted U.S. efforts to support regional stability and inclusive economic growth in Southeast Asia.

MYANMAR

- **First credit rating coming soon.** Officials in Myanmar said August 12 that they are in talks for the country to receive its first official credit rating. UK-based Standard Chartered Bank has already begun the process of analyzing the country's financial records to determine how much risk investors can expect. Analysts predict that Myanmar, which is one of the poorest countries in the world, will receive a credit rating far below the investment level common among developed countries.
- **Kerry stays in hotel owned by blacklisted businessman.** Secretary of State John Kerry inadvertently stayed the night in a hotel owned by Zaw Zaw, a Myanmar businessman sanctioned by the U.S. Treasury Department, during the secretary's August 9-10 visit to Naypyitaw for the ASEAN Regional Forum and related meetings. The hotel is managed by a company based in France, but Zaw Zaw, who is blacklisted for his ties to Myanmar's previous military regime, owns the property. The State Department has maintained that Kerry broke no laws by staying in the hotel.
- **First foreign telecom begins wireless operations.** Qatar-based Ooredoo on August 15 became the first foreign telecommunications company to begin offering services in Myanmar. Norway's Telenor will join it in September. The two are the only foreign companies so far granted telecom contracts by the government. Eight of every 10 phones sold in Myanmar is a smartphone, suggesting that most people will be using phones as their primary means of accessing the Internet, according to research firm Deloitte. Experts still expect coverage to remain spotty for several months.



even in urban areas like Yangon as Ooredoo and Telenor scramble to build mobile phone infrastructure.

- **Chinese firm says it will renegotiate dam terms to meet local energy needs.** Power Construction Corporation of China, which has contracts to build a series of hydroelectric dams in Myanmar, consented on August 11 to renegotiate its prior agreements to ensure its projects better serve Myanmar's energy needs. The company previously cut deals with the government of Myanmar to transmit over 90 percent of the electricity produced by its planned dams back to China. Myanmar officials recently promised to provide electricity to the whole country by 2030. Only a quarter of the population currently has regular access to electricity.
- **Curfew lifted in Mandalay, but security forces remain vigilant.** The Mandalay regional government on August 12 lifted a curfew put in place on July 3 after clashes between Buddhist and Muslim residents left two dead. Authorities say the violence began when three Buddhists spread a false accusation that a Muslim shop owner had raped a Buddhist woman, leading to rioting. The three are currently on trial. The government said it will not pare back the heavy security presence on the streets for the foreseeable future despite lifting the curfew.

PHILIPPINES

- **Aquino expresses interest in second term.** President Benigno Aquino said in an August 13 interview that he would be open to amending the Philippine constitution to allow him to run for a second six-year term. Aquino has rejected the idea of constitutional reform in the past, but the Supreme Court's recent decision to strike down one of his administration's key spending programs has emboldened him to push for amendments limiting the court's power. His current term as president will end in 2016.
- **EU approves \$41 million loan for health sector improvements, typhoon relief.** The European Union on August 12 approved a \$41 million loan package to the Philippines to aid in health sector reform and relief for victims of November 2013's Typhoon Haiyan. The agreement brings total EU support for these efforts to nearly \$160 million since 2006. Finance Secretary Cesar Purisima thanked a visiting EU delegation for the bloc's assistance to those still suffering from the effects of Haiyan, adding that the aid package would complement the government's own health care reform efforts.



A young Filipino child on the island of Leyte in the central Philippines after Typhoon Haiyan struck in November 2013, photographed by a European Commission aid worker. The European Union recently approved a \$41 million loan that includes assistance for victims of the devastating storm. <https://www.flickr.com/photos/69583224@N05/10800156554/>

- **Negotiators prepared to submit draft Bangsamoro law to president's office.** Negotiators from the Philippine government and the Moro Islamic Liberation Front on August 15 concluded talks on a draft Bangsamoro Basic Law to establish an autonomous political unit on the southern Philippine island of Mindanao. President Benigno Aquino's office will now review the draft and forward it to the Philippine Congress. The law is required to implement a peace deal that the government and Moro separatists reached in March. The government had hoped to complete the draft by May 5, and legislators are now concerned that the delay will prevent them from passing it into law by the end of 2014, as originally envisioned.
- **Police apprehend fugitive ex-general.** Philippine police on August 12 captured former general Jovito Palparan, who had been on the run for nearly three years. Palparan was wanted in connection with the 2006 disappearance of two University of the Philippines students active in leftist groups. Palparan has continued to maintain his innocence, saying he has no regrets following his decades of fighting Communist insurgents. According to Congressman Carlos Zarate, military contacts may have been involved in helping Palparan evade capture for so long.
- **Indonesia, Malaysia, Philippines form ad hoc body to arrest militant.** Indonesia, Malaysia, and the Philippines on August 12 agreed to form an ad hoc body tasked with arresting Zulkifli Abdhir, known as Marwan, a Malaysian leader of the terrorist group Jemaah Islamiyah believed to be hiding in the southern Philippines. The Philippine military had reported that Marwan was killed in a 2012 air strike on an Abu Sayyaf camp, but authorities recently acknowledged that he likely survived. Indonesia, Malaysia, and the Philippines signed an agreement in 2002 to cooperate in fighting terrorism within their borders.

INDONESIA

- **Freeport resumes copper exports.** U.S.-based mining giant Freeport McMoran on August 12 resumed exports of copper from Indonesia after a seven-month hiatus. The company reached an agreement with the Indonesian government that includes provisions to pay higher export taxes until the company divests a 30 percent share of its smelting subsidiary to Indonesian stakeholders. Freeport halted exports in January when a controversial ban on the export of unprocessed mineral ores came into effect. The ban is an attempt by Indonesian authorities to spur investment in domestic processing facilities and increase the value of the country's exports.



Indonesian president-elect Joko “Jokowi” Widodo, who recently said his country would be willing to play a mediating role in ongoing disputes in the South China Sea. <https://www.flickr.com/photos/121483302@N02/14719456604/>

- **Jokowi says Indonesia ready to assume mediator role in South China Sea disputes.** President-elect Joko “Jokowi” Widodo on August 12 expressed interest in seeing Indonesia play a mediating role in ongoing territorial and maritime disputes in the South China Sea. His comments followed the August 10 ASEAN Regional Forum, during which participants discussed the disputes but failed to make any progress. Jokowi has refused to consider possible military escalations in the South China Sea, focusing instead on the role of diplomacy and conclusion of a code of conduct among parties to the disputes.

- **Corruption commission probes former governor of Bank Indonesia over tax waiver.** Indonesia’s Corruption Eradication Commission on August 11 questioned former Bank Indonesia governor Darmin Nasution as part of an ongoing investigation into possible wrongdoing by his predecessor, Hadi Poernomo. Hadi is accused of accepting kickbacks in 2004 to approve a tax waiver for Bank Central Asia (BCA), the third-largest lender in the country. After BCA was denied a tax waiver, the decision was overturned by Hadi one day before the bank would have been forced to pay over \$32 million in back taxes.
- **Government considers selling off public stakes in banks in plan to reduce borrowing costs.** An official from Indonesia’s Coordinating Ministry for Economic Affairs said August 11 that the Indonesian government may consider selling off some of its bank shares in order to free up more credit for industry investment. President-elect Joko “Jokowi” Widodo has set a goal of 7 percent annual economic growth when he takes office in October, which will be difficult to achieve if the cost of borrowing remains high. Jokowi is also considering other options to redistribute state funds, including eliminating Indonesia’s expensive fuel subsidies.

VIETNAM

- **U.S. senators visit Vietnam; McCain supports lifting ban on arms sales.** U.S. senators John McCain (R-AZ) and Sheldon Whitehouse (D-RI) visited Vietnam from August 7 to 10 for talks with senior Vietnamese officials including Prime Minister Nguyen Tan Dung and Communist Party general secretary Nguyen Phu Trong. During a meeting with Defense Minister Phuong Quang Thanh, McCain said he supports the gradual lifting of the U.S. ban on lethal arms sales to Vietnam starting in September. Both senators discussed recent tensions in the South China Sea, including the need to abide by international law, and Whitehouse told the media that the United States would work with Vietnam to complete the Trans-Pacific Partnership trade agreement.

- **Joint Chiefs chairman visits Vietnam.** Gen. Martin Dempsey on August 14–17 became the first chairman of the U.S. Joint Chiefs of Staff to visit Vietnam since 1971. He met with Vietnam's army chief of general staff Do Ba Ty in Hanoi. The two generals addressed the legacies of the Vietnam War but focused on maritime security issues, including the possibility of the United States helping to boost Vietnam's Coast Guard law enforcement capabilities. Dempsey also visited Danang, site of a former U.S. military base, and Ho Chi Minh City.



Joint Chiefs of Staff chairman Gen. Martin Dempsey meets members of his Vietnamese counterpart's staff during an August 14 visit to Hanoi. Dempsey is the first chairman of the Joint Chiefs to visit Vietnam since 1971. <https://www.flickr.com/photos/thejointstaff/14919296885/>

- **Vietnam to lift casino ban on locals.** Vietnam's Ministry of Finance on August 12 submitted to Prime Minister Nguyen Tan Dung a draft decree that would lift a ban on citizens gambling in casinos within the country. The decree would also ease requirements for those looking to invest in casinos but would restrict casinos from running online gambling services. Vietnam's Communist Party Politburo in 2013 agreed that Vietnamese who meet certain criteria could gamble at a casino to be built in the Van Don Economic Zone in northeastern Vietnam's Quang Ninh province.

- **Vietnam cancels multiple hydropower projects due to high risks.** Vietnam's Ministry of Industry and Trade on August 13 canceled 12 planned hydropower projects due to environmental concerns and uncertain economic returns. The projects are located across three provinces in central and northern Vietnam: Dien Bien, Quang Ngai, and Kontum. Vietnam has cancelled 415 planned small hydropower projects in recent years and currently has 284 operational hydropower projects with a combined capacity of over 14,000 megawatts.

THAILAND

- **Supreme Court rejects Thaksin's complaint against defunct graft court.** Thailand's Supreme Court on August 14 rejected a complaint by former prime minister Thaksin Shinawatra about a graft charge that prompted his self-imposed exile in 2008. The now-defunct Assets Scrutiny Committee had charged Thaksin with abuse of authority due to a conflict of interest in his wife's purchase of land from a state-run institution. The Supreme Court claimed it has no jurisdiction over the case because it falls under Thailand's Criminal Division for Holders of Political Positions.



- **Economy grows in second quarter.** Thailand's economy grew 0.4 percent in the second quarter of 2014 compared to the same period in 2013, according to an August 18 report by the country's National Economic and Social Development Board. It was the first annualized quarterly growth since the country suffered severe flooding in late 2011. Thailand's exports grew for the first time in four quarters—by 0.4 percent. Despite these positive signs, the board revised its projection for annual economic growth to 1.5–2 percent, down from 1.5–2.5 percent, due to a 10 percent drop in tourist arrivals.
- **Junta cracks down on commercial surrogacy.** Junta leaders on August 13 approved a draft bill that would make the commercial contracting of surrogate mothers illegal in Thailand. The decision follows two high-profile surrogacy cases that have attracted international attention. One case involves an Australian couple's alleged abandonment of their child with Down syndrome to their Thai surrogate, while a second concerns a Japanese businessman who may have fathered as many as 13 children with Thai surrogates. The bill is currently awaiting approval by the National Legislative Assembly and King Bhumibol Adulyadej before becoming law.



A palm oil plantation takes root in Phuket, Thailand. In an effort to control tumbling rubber prices, the government recently increased incentives for farmers to cut down old rubber trees and replace them with more lucrative oil palms. <https://www.flickr.com/photos/crispyking/494836960/>

- **Government encourages farmers to cut down rubber trees, replace with oil palms.** Thailand's government on August 5 announced plans to encourage farmers to reduce their reliance on rubber trees and switch instead to more lucrative crops like oil palm. The government said it will pay farmers \$655 for every 1,600 square acres of rubber trees they cut down. An increase in production in recent years has driven the price of rubber down 60 percent, making it unprofitable for many growers. Thailand is currently the world's largest producer and exporter of rubber.

- **Thailand extradites drug traffickers accused of smuggling North Korean meth to U.S.** The United States on August 12

charged five individuals for attempting to smuggle over 200 pounds of methamphetamines from North Korea to the United States. The suspects were apprehended in Thailand during a September 2013 drug raid, but authorities in Bangkok only recently agreed to extradite them to the United States for trial. Police in Northeast and Southeast Asia confiscated 59 percent more meth in 2014 than the previous year, due in part to its growing popularity among youth, according to the United Nations.

MALAYSIA

- **Najib says ASEAN is key to keeping Malaysia peaceful.** Prime Minister Najib Razak gave a speech on August 8 praising ASEAN's success in keeping Southeast Asia, and Malaysia in particular, peaceful and prosperous. Najib made the speech to commemorate the 47th anniversary of ASEAN's founding in 1976. He stressed the importance of maintaining ASEAN solidarity amid tensions with China that have at times put the organization's member states at odds with each other. Malaysia will take over as chair of ASEAN in 2015 and will oversee the implementation of the ASEAN Economic Community at the end of that year.
- **Selangor chief minister considers dissolving state assembly.** Khalid Ibrahim, chief minister of western Malaysia's Selangor state, said August 15 that he would consider dissolving the state assembly and resigning, but only after speaking with the Sultan of Selangor, who is currently traveling abroad. A disciplinary council within the opposition People's Justice Party ousted Khalid from the party in early August for refusing to step aside in favor of party president Wan Azizah Wan Ismail. The months-long political struggle has set members of the three-party opposition coalition at odds.
- **Government announces takeover of Malaysia Airlines.** The Malaysian government's investment arm, Khazanah Nasional, announced on August 8 that it would delist struggling Malaysia Airlines and buy out stockholders ahead of a planned restructuring of the company. The national airline was already facing financial hardship before the losses of Flight 370 in March and Flight 17 in July, forcing the government to take action. Shortly after the announcement, Malaysia Airlines' stock price shot up about 10 percent.



Selangor state chief minister Khalid Ibrahim (center left) with visiting commander of U.S. Pacific Command Adm. Samuel Locklear (right) in June 2013. Khalid is currently involved in a standoff with members of his own party attempting to oust him from office. <https://www.flickr.com/photos/us7thfleet/8974037407/>

SINGAPORE

- **Government plans to revise state pension plans.** Prime Minister Lee Hsien Loong announced plans on August 17 to revise parts of Singapore's state-run savings plan, including additional financial assistance to low-income pensioners with insufficient savings. The planned changes come after 2,000 people in June took part in one of the largest public demonstrations in Singapore's recent history to protest a government plan to raise the minimum retirement savings threshold by 3.9 percent. Lee has said he will still continue with the planned increase, which will take place in July 2015.
- **Economy unexpectedly expands.** Singapore's Ministry of Trade and Industry released a report on August 11 showing the country's economy grew 0.1 percent in the second quarter of 2014, beating projections of a



Malaysian sailors approaching the USNS Rappahannock for a simulated boarding inspection during the 2014 Southeast Asia Cooperation and Training exercises in Singapore. The multinational naval exercises included participants from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the United States. <https://www.flickr.com/photos/compacflt/14926348672/>

0.8 percent contraction. Singapore is highly export-dependent and the unexpected growth seems to be due largely to recovering economies elsewhere around the world. Prime Minister Lee Hsien Loong has predicted the city-state's economy will grow between 2.5 and 3.5 percent in 2014.

- **Singapore hosts annual naval exercises.** Singapore on August 11 began hosting the five-day Southeast Asia Cooperation and Training (SEACAT) exercises, which included naval personnel from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the United States. The exercises simulate potential maritime security challenges requiring multinational responses, including piracy and smuggling, which have continued to plague Southeast Asia in recent months. SEACAT began in 2002 as cooperative exercises to combat terrorism in the region.
- **New Singaporean airline Vistara to begin flights in October.** Singapore Airlines and India's Tata Sons announced on August 11 that the first flights of their newly formed airline, Vistara, would begin in October 2014. Vistara plans to operate flights to and from India and will compete with current carriers Jet Airways India and Air India. Most Indian airlines are currently losing money due to high fuel costs, but the gamble by Singapore Airlines and Tata may pay off if the Indian market for air travel continues to grow as analysts predict.

CAMBODIA

- **Australian immigration minister to visit Cambodia for conclusion of refugee resettlement deal.** Cambodia's Interior Ministry said August 11 that Australian immigration minister Scott Morrison will soon visit Phnom Penh to finalize a deal that would send refugees to Cambodia from an Australian detention facility on Nauru. The ministry also said that Australian ambassador to Cambodia Allison Burrows met with Cambodian interior minister Sar Kheng on August 9 for final negotiations on the deal. Australian authorities refused to confirm either Morrison's planned visit or Burrows's meeting with Sar Kheng.
- **Chinese firm to open duty-free stores in Cambodia.** The manager of China Duty Free Group Cambodia said August 12 that the company plans to invest \$35 million to set up two duty-free stores in Siem Reap and Phnom Penh. The stores will be the company's first outside of Cambodia's airports. Cambodia receives five million tourists every year and its tourism industry is growing at an annual rate of 15 percent.

SOUTH CHINA SEA

- **Philippines warns of renewed tensions over Chinese presence in Reed Bank.** Philippine Department of Foreign Affairs spokesperson Charles Jose on August 18 warned Beijing that the continued presence of Chinese vessels in disputed waters around Reed Bank could lead to heightened tensions between the two countries. The Philippine Navy reported that two Chinese research ships were spotted in the disputed waters, which are believed to hold significant natural gas reserves. London-listed Forum Energy has held a license from the Philippines to explore for oil and gas in Reed Bank since 2010.
- **Indian warship visits Vietnamese port.** The INS *Shivalik*, an Indian guided missile stealth frigate, on August 5 visited Vietnam's Haiphong port on the South China Sea in what an Indian Navy spokesperson insisted was an effort to strengthen bilateral ties. India has increased naval ties with Southeast Asian nations in recent years as part of its "Look East" policy, which has at times drawn objections from China. Indian Navy vessels last visited Haiphong in May 2012, drawing a rebuke from China for transiting the South China Sea without Beijing's permission.

BRUNEI

- **Sultan makes \$2 billion bid for New York, London hotels.** Luxury hotel operator Dorchester Collection, which is owned by the Brunei Investment Agency and by extension Sultan Hassanal Bolkiah, has reportedly made a \$2 billion bid for New York's Plaza Hotel and Dream Hotel in Manhattan and the Grosvenor House in London, according to an August 16 *Wall Street Journal* article. A spokesman for the sultan on August 18 denied the report, which sparked criticism from human rights groups. Dorchester properties in Europe and the United States, including the Beverly Hills Hotel, have been the target of boycotts following Brunei's implementation of shar'ia law in May.
- **Royal Brunei Airlines purchases new aircraft, considers more flights to Australia.** Royal Brunei Airlines chief commercial and planning officer Karam Chand said August 8 that his company's recent order of seven Airbus A320neo planes would open up the possibility for more flights to Australia in the coming years. The new planes are 15 percent more fuel-efficient than their predecessors are, allowing another 500 nautical miles of range and saving thousands of dollars on fuel each trip. The planes are expected to be delivered in 2018.



One of New York City's oldest and most famous hotels, the Plaza. The Sultan of Brunei's Dorchester Collection has reportedly made a \$2 billion bid to acquire the 100-year-old building and two other hotels. <https://www.flickr.com/photos/jimnix/3650549657/>



A farmer harvesting rice in Laos. Low prices have led many rice farmers in the country to switch to alternative crops, leading to an expected 3 percent drop in rice production in 2014. <https://www.flickr.com/photos/whltravel/3941598697>

LAOS

- **United Nations expects drop in Laos's annual rice production.** The United Nations' Food and Agriculture Organization expects Laos's rice production to decrease by 3 percent in 2014 compared to the year before, according to an August 13 *Laos Investment Review* report. The organization says low rice prices have caused farmers to switch to alternative crops. It expects Laos's cereal exports—mainly to neighboring Cambodia, China, Thailand, and Vietnam—to increase by 3 percent.
- **Lao army director, National Assembly delegation meet Vietnamese counterparts.** Vilay Lakhamphong, director of the Lao People's Army, hailed the effectiveness of cooperation between the Lao and Vietnamese armies during an August 12 meeting in Danang with Vietnam People's Army Department of Politics head Ngo Xuan Lich. Lich expressed hope that Laos will continue to facilitate the search for the remains of Vietnamese soldiers killed during the Vietnam War. On the same day, Vietnam National Assembly Committee for External Relations vice chairman Nguyen Manh Tien visited Vientiane and pledged to support the country in hosting the upcoming ASEAN Inter-Parliamentary Assembly.

TRANS-PACIFIC PARTNERSHIP

- **Indian commerce secretary suggests forming economic bloc to challenge TPP.** India's commerce secretary, Rajiv Kher, said August 12 that India should increase its trade with Africa, China, Latin America, Russia, and certain ASEAN countries to challenge the Trans-Pacific Partnership (TPP). He said that although it was not invited to join the TPP, India should strengthen its support infrastructure and reduce red tape in order to become more competitive. Kher also suggested that India boost relations with Cambodia, Laos, and Vietnam and make use of those countries' existing arrangements with major markets. ■

Looking Ahead

- **Capital Dragon Boat Regatta.** The 2014 Capital Dragon Boat Regatta will take place on August 23 along the Washington Channel. The event will include training for newcomers to the sport as well as competitive races for teams of 20. Though originating in China, dragon boat racing is practiced in much of Southeast Asia, particularly in Malaysia, Singapore, and parts of Indonesia, and the regatta is intended as a celebration of wider Asian culture. Activities will run from 9:00 a.m. to 4:00 p.m. along the Southwest Waterfront in Washington
- **Roundtable on Japan's evolving view of East Asia.** The Elliot School of International Affairs at the George Washington University will host a roundtable August 27 on Japan's view of East Asia as a mega region encompassing both Northeast and Southeast Asia. Visiting scholar Satoshi Nakano will discuss how this view of the region coalesced in Japan beginning in the 1990s but now faces an opposing view of a wider Asia-Pacific region. The event will take place from 12:00 p.m. to 1:00 p.m. in the Chung-wen Shih Conference Room at 1957 E Street, NW, Suite 503. To RSVP, [click here](#).
- **.Religious Arts of Asia tour.** The Smithsonian's Freer Gallery of Art and Arthur M. Sackler Gallery will provide a free guided tour on August 29 for their ongoing Religious Arts of Asia exhibit. The exhibit features works of art depicting three of the most prevalent religions in Southeast Asia: Buddhism, Hinduism, and Islam. The tour will begin at 12:15 p.m. at the information desk of the Freer Gallery, 1050 Independence Ave., SW. Walk-ins are welcome. ■

SOUTHEAST ASIA FROM SCOTT CIRCLE

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