

Southeast Asia from Scott Circle

Volume VI | Issue 18 | September 3, 2015

Crises Might Spare Najib, but Will Hobble Malaysia's International Engagement

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September 3, 2015

In one of the biggest demonstrations in Malaysia's history, tens of thousands of protesters took to the streets of Kuala Lumpur on August 29 and 30 calling, among other things, for Prime Minister Najib Razak to resign for his handling of the economy and alleged scandals at a state investment fund. The demonstrations were billed as Bersih 4.0 ("Bersih" means clean in Malaysian and refers to the eponymous protest group's demand for cleaner, more transparent elections). In a surprising development, the demonstrators were bolstered by two appearances by 90-year-old former leader Mahathir Mohamad, who is seeking to oust Najib, his one-time protégé.

Much of the protesters' ire was focused on news, which broke in July, that some \$700 million had been deposited in the prime minister's bank accounts shortly before the 2013 elections. Many speculate the money is linked to troubled state investment firm 1 Malaysia Development Berhad (1MDB). Najib is expected to survive the crisis prompted by the allegations—Malaysia's anticorruption commission has said the money was a donation from an unidentified Middle East benefactor—but it is proving to be a distraction at a time when the country is facing serious economic headwinds and preparing to host the ASEAN leaders' meeting and East Asia Summit (EAS) in November. President Barack Obama and 16 other senior Asia-Pacific leaders are expected to attend.

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A speaker at the weekend's Bersih 4.0 rally in Kuala Lumpur addresses the crowd. The protest was one of the largest in Malaysian history, but does not appear to have threatened Prime Minister Najib Razak's hold on power. https://www.flickr.com/photos/christian_is_the_sun/20992487362/

As plunging commodity prices weaken Malaysia's economy, Najib faces urgent calls to stem the loss of confidence amid allegations of financial irregularities at 1MDB. Foreign investors have pulled more than \$3 billion out of the Malaysian stock market so far this year and the country's currency has performed worse than any other in Asia.

The ongoing political crisis will make it more difficult for Malaysia to complete negotiations with its 11 partners in the Trans-Pacific Partnership (TPP) trade agreement, which includes the United States and Japan. Najib, who had joined the TPP in the hopes that it would

help him press economic reform to boost longer-term growth, now appears to lack the political juice to push through compromises at home on such politically sensitive issues as government procurement and state-owned enterprises.

The ongoing scandal also appears to have distracted Kuala Lumpur and Washington from pressing ahead on the U.S.-Malaysia comprehensive partnership announced during Obama's visit in April 2014. Najib and Obama played golf in Hawaii in January, but plans for Najib to visit the White House this spring were jettisoned after the Malaysian government threw opposition leader Anwar Ibrahim in prison on sodomy charges.

For the U.S. administration, the challenge in the run-up to Obama's November trip is to find effective strategies to work with Malaysia on security initiatives such as the maritime tensions in the South China Sea and regional economic schemes such as the TPP and ASEAN economic integration. At the same time, Washington finds itself in a difficult spot, wanting to give Malaysia space for its domestic politics to play out but also compelled to express concern about the government's increasingly reactive muzzling of critical voices in the press, civil society, and political opposition, including most prominently Anwar. On this last point, Malaysian authorities' measured response to the weekend's protests—a stark contrast with security forces' use of tear gas and water cannons to disperse previous Bersih rallies—helped avoid international criticism that would have further strained the ability of the United States and Malaysia to engage productively on areas of cooperation.

Crises Might Spare Najib, but Will Hobble Malaysia's International Engagement *(continued)*

Despite the anger over 1MDB, the size of the protests, and Mahathir's involvement, Najib is expected to retain control of the government. He does not face the threat of a no-confidence vote in Parliament because his ruling coalition holds a significant majority. He also appears to retain outsize support among the leaders of his United Malays National Organization (UMNO) party, which has ruled Malaysia since independence in 1957, despite sniping from Mahathir and his supporters. As a warning to party dissidents, Najib fired his deputy prime minister and the attorney general in July and promoted four members of a parliamentary committee investigating 1MDB, thus making them ineligible to continue the investigation.



The opposition coalition lacks the heft to exploit the anger over 1MDB to challenge Najib even though it won 52 percent of the popular vote in the 2013 elections. The coalition has splintered along ethnic lines since the imprisonment of Anwar, the grouping's charismatic leader. The mostly ethnic Chinese-based Democratic Action Party, along with Anwar's People's Justice Party, has split with the Pan-Malaysian Islamic Party (PAS) over the latter's insistence on introducing Islamic law in areas it governs.

PAS decided not to participate in the protests, which resulted in virtually no rural Malay participation, although a small breakaway faction of PAS did support the rally. Roughly a quarter of the protesters were young ethnic Malays, but the majority were middle-class, urban ethnic Chinese, allowing UMNO leaders to conclude that most Malays were less upset about the continuing scandal surrounding 1MDB. A poll released by Merdeka Center found that 70 percent of Malays surveyed were opposed to the protest.

At least for now, the majority of the ruling party's leaders appear to be siding with Najib. The only scenario in which they would move against the prime minister would be if they determined he would be a liability in the next elections, due before 2018, much like they decided to oust Najib's predecessor, Abdullah Badawi, in 2008. To this end, Najib remains far more concerned with the slowing economy. If the economic situation continues to deteriorate, it could undermine UMNO's popularity even with its ethnic Malay base.

President Barack Obama and Prime Minister Najib Razak speak following a business event in Kuala Lumpur during Obama's visit in April 2014. The president will return to Malaysia for the East Asia Summit in November, but Najib's weakened position due to the 1MDB scandal could constrain the two leaders' ability to make progress on a range of bilateral issues. <https://www.flickr.com/photos/whitehouse/14330407312/>

Crises Might Spare Najib, but Will Hobble Malaysia's International Engagement *(continued)*

It is unlikely that Najib's political crisis will dissipate before Kuala Lumpur hosts the summits in November. Najib and his foreign ministry demonstrated in early August that they could host an effective ASEAN Regional Forum that seriously addressed challenges in the South China Sea, despite the country's political distractions. President Obama and Malaysia's neighbors should assume that Najib will be able to host a credible ASEAN Summit and EAS in November, with serious regional economic and security discussions, despite the prime minister's preoccupation with political survival. ■



Bangkok's Erawan Shrine, site of the deadly bombing that killed 20 people on August 17. Authorities have issued arrest warrants for two more suspects linked to the attack. https://commons.wikimedia.org/wiki/File:Erawan_Shrine_from_pedestrian_walkway.JPG

THAILAND

- **Authorities arrest main bombing suspect.** Thai authorities on September 1 arrested a man near the Thai-Cambodia border whom they described as the main suspect in the August 17 bombing at Bangkok's Erawan Shrine that killed 20 people, mainly foreigners from China and neighboring Southeast Asian states. The suspect was carrying a Chinese passport, though police have not verified its authenticity. Police also arrested a suspect on August 29 and issued an arrest warrant for a Thai woman who is currently in Turkey after a raid found explosives in a Bangkok apartment she had rented.
- **New cabinet endorsed by king to address sputtering economy.** King Bhumibol Adulyadej endorsed new cabinet members on August 20 to address the challenges of Thailand's sputtering economy. Somkid Jatusripitak, who served as a deputy prime minister under former prime minister Thaksin Shinawatra, was appointed deputy prime minister for the economy. Sixteen cabinet members, including all ministers overseeing the economy, were changed in the reshuffle. Prime Minister Prayuth Chan-ocha's military government has struggled to revive the stalling economy, with growth just 0.4 percent from April to June despite a goal of 2.7-3.2 percent for 2015.
- **Draft charter submitted to National Reform Council amid criticism.** Thailand's Constitutional Drafting Committee submitted its controversial draft charter to the junta-appointed National Reform Council (NRC) on August 22 amid criticism of the document from members of both the Democratic and Pheu Thai parties, including former prime ministers Yingluck and Thaksin Shinawatra. The charter would establish a military-dominated crisis panel empowered to take over the government if deemed necessary. The NRC will vote on the draft constitution on September 6 and, if it is approved by half of the council's 247 members, a nationwide referendum will be held in January 2016.
- **U.S. businesses report declining ratings on Thailand business climate.** U.S. businesses reported a decline of about 20 percent in the quality of Thailand's business climate compared to 2014 in a report released August 25 by the U.S. Chamber of Commerce and American Chambers of Commerce in Southeast Asia. Over 60 percent of U.S. executives in Thailand reported that the government rarely considers private-sector inputs—an 18 percent increase from last year. The findings contrast with the generally positive outlook U.S. businesses reported for the rest of Southeast Asia.



Bersih supporters marching outside Kuala Lumpur in January 2012. The Bersih coalition, which is short for Coalition for Clean and Fair Elections, was officially formed in 2006 by leaders of political parties and civil society groups. Bersih 4.0 supporters gathered in Kuala Lumpur on August 30 to demand the resignation of Prime Minister Najib Razak over his government's handling of the 1Malaysia Development Bhd controversy. <https://www.flickr.com/photos/xshamx/8378089625>

MALAYSIA

- **Mahathir joins Bersih rally, Najib ignores calls to step down.** Massive antigovernment protests in support of the Bersih 4.0 coalition, which calls for clean and fair elections, took place in Kuala Lumpur on August 29 and 30, hours before the government's national day celebrations on August 31. Former prime minister Mahathir Mohamad briefly joined the protesters, calling for "people's power" to topple Prime Minister Najib Razak. Najib ignored calls to step down and called demonstrators "shallow and poor in their patriotism."
- **Najib confirms details of special economic task force.** Prime Minister Najib Razak on August 26 appointed a nine-person, special committee to be tasked with proposing short-term and intermediate measures to strengthen the Malaysian economy and restore investor confidence in Malaysia. The committee, which consists of high-profile corporate leaders and economists, will report weekly to the prime minister. Critics have called the creation of the committee insufficient given looming questions about struggling state investment fund 1Malaysia Development Bhd and the absence of Malaysia's central bank governor from the team.
- **Ringgit slumps to 17-year low due to 1MDB and growth concerns.** The Malaysian ringgit on August 26 reached 4.2990 against the U.S. dollar, the lowest it has been in 17 years, amid growing uncertainty about the economy and scandals surrounding state investment fund 1Malaysia Development Bhd (1MDB). Meanwhile, talks with Abu Dhabi-based International Petroleum Investment to possibly restructure some of 1MDB's debts may have reached an impasse, according to an August 26 *Business Times* report. An emerging market sell-off spurred by China's stock market crisis and devaluation of the renminbi on August 24 also weighed on the ringgit.
- **Malaysia found more remains of suspected trafficking victims at Thai border.** Malaysian authorities on August 24 found 24 bodies suspected of belonging to Rohingya or Bangladeshi human trafficking victims at a hill near the Malaysia-Thai border. The victims may have died of abuse or malnourishment. The site was close to where Malaysian authorities found hundreds of bodies in illegal detention camps in May. The densely forested Malaysian-Thai border has long been used as a transit point by human traffickers.
- **Malaysia to fight soaring piracy with Indonesia, holds naval drills with Philippines.** Admiral Zulkifli Abu Bakar, director of maritime affairs in the crime investigations department of the Malaysian Maritime Enforcement

Agency, said on August 26 that Malaysia will deploy a special rescue team to its southern waters in response to a surge in pirate attacks on commercial vessels in the Straits of Malacca. Zulkifili also said that the Malaysian and Indonesian navies will form a rapid reaction force in the area. Malaysia and the Philippines held live-fire drills in late August involving ships, aircraft, and special units in the area between Sulu Province in the southern Philippines and Sabah State in eastern Malaysia, in an effort to deter the notorious Abu Sayyaf terrorist group, human traffickers, and smugglers.

MYANMAR

- **Parliament suspends debate on bill targeting Shwe Mann impeachment.** A slim majority of 264 out of 511 legislators voted on August 20 to suspend debate on a bill that would have led to the impeachment of the speaker of Myanmar's lower house of parliament, Shwe Mann, who was ousted from leadership of the ruling Union Solidarity and Development Party earlier in August. The bill would have allowed members of parliament to be recalled by a petition of just 1 percent of voters in their constituencies. Thousands of voters in Shwe Mann's heavily military district in Naypyidaw signed a petition for his impeachment that began circulating in July.
- **Rohingya, half-Chinese lawmakers barred from running in upcoming election.** Myanmar's election commission on August 22 disqualified ruling Union and Solidary Development Party (USDP) lawmaker Shwe Maung, a Rohingya, and opposition National League for Democracy candidate Win Myint, who is half-Chinese, from running in the November national election. The commission declared that neither are Myanmar citizens, even though Shwe Maung's citizenship was previously verified in 2010 when he successfully ran as a USDP candidate. The two are among hundreds of thousands of Rohingya and others who have been stripped of citizenship despite being allowed to vote in 2010.
- **Parliament passes bills regulating religious conversion, polygamy.** Myanmar's parliament passed two bills on August 20 regulating religious conversions and polygamy, completing the package of four contentious "Race and Religion Protection Bills" proposed by the powerful Buddhist nationalist group Ma Ba Tha. The other two bills, which have already become law, restrict the right to interfaith marriage and empower authorities to limit the size of families among minority, especially Muslim, communities. Critics have called on President Thein Sein to not sign the two recently passed bills.



Myanmar's Union Parliament building. Lawmakers recently passed two bills to regulate religious conversions and polygamy. https://en.wikipedia.org/wiki/Assembly_of_the_Union#/media/File:Myanmar-Lower-House-Parliament.jpg.



- **Survey reports NLD might not win majority of votes.** The opposition National League for Democracy (NLD), led by Aung San Suu Kyi, might not win a majority of votes in the November elections, according to an Asian Barometer Survey released on August 24. Only 24 percent of respondents identified the NLD as their preferred political party, just beating out the ruling Union Solidary and Development Party at 17 percent. Half of the 1,620 respondents in 36 townships refused to identify their preferred political party or president. Similarly, 26 percent chose Aung San Suu Kyi as their preferred presidential candidate compared to 16 percent who chose President Thein Sein.

INDONESIA

- **Former legislator sentenced to 10 years for corruption.** An Indonesian court on August 27 sentenced former lawmaker and senior member of the Democratic Party Sutan Bhatoegana to 10 years in prison and a \$36,000 fine for corruption. The court found Sutan guilty of accepting a \$140,000 bribe from the former secretary general of Indonesia's upstream oil and gas regulator SKKMigas, Waryono Karno, in return for expediting the finalization of the Ministry of Energy and Mineral Resources' budget during 2012-2013. Sutan was also found guilty of accepting \$200,000 in gratuities from former SKKMigas chief Rudi Rubiandini.
- **Rupiah depreciates to lowest value in 17 years; central bank takes action to stabilize economy.** The Indonesian rupiah on August 24 weakened to 14,038 to the U.S. dollar, the lowest it has been in 17 years. The central bank in response said it plans to strengthen the liquidity of the rupiah in the financial market and monitor foreign exchange reserves more closely. President Joko Widodo on August 25 said that the government would respond with measures to deregulate the economy and simplify license processes for businesses. Widodo also said that the weaker rupiah is largely due to external factors, citing China's recent devaluation of the yuan.
- **Governors blamed for \$19 billion in unspent government budget.** President Joko Widodo on August 24 met with governors in an effort to assure them that problems rising from spending government funds would not be criminalized. Regional executives' fears of being accused of corruption have resulted in \$19 billion of unspent government budget funds. Cabinet Secretary Pramono Anung has sent a memo to regional leaders on ways to avoid activities that could lead to the suspicion of corruption.

- **Government pushes geothermal and renewable energy projects.** Minister of Energy and Mineral Resources Sudirman Said on August 19 said that the government plans to create a business and regulatory environment that will be more conducive to the development of renewable energy. Sudirman, who made his remarks during a conference on renewable energy, said that Indonesia will need to eliminate import taxes on capital goods used for generating renewable energy if it wants to achieve its goal of attracting \$7.5 billion in investments in the renewable energy sector. The government aims to generate 2,400 megawatts from renewable energy sources within the next five years.

PHILIPPINES

- **Philippines takes delivery of transport ships, combat helicopters.** The Philippines recently took delivery of eight Bell-214EP combat helicopters from the Canadian Commercial Corporation and two British-Italian-made AW-109E helicopters, according to an August 25 *Stars and Stripes* report. The Philippine navy earlier in August received two landing craft heavy ships donated by Australia. The new acquisitions come in response to growing Chinese assertiveness in the South China Sea, but will also help the Philippine military better respond to natural disasters.

- **U.S., Philippines expected to increase size and frequency of exercises.** Adm. Harry Harris, head of U.S. Pacific Command, met with Philippine armed forces chief of staff Gen. Hernando Iriberri on August 26 during a visit to Manila and told him that the United States will boost the number and size of its bilateral exercises with the Philippines, according to a Philippine military official who spoke with Reuters. Harris also met with Philippine defense secretary Voltaire Gazmin, who requested that U.S. ships escort Philippine ships during resupply missions to the country's outposts in the Spratly Islands.

- **U.S. Marine testifies that killing of transgender Filipina was self-defense.** The U.S. Marine accused of murdering a transgender Filipina woman insists he acted in self-defense. According to his lawyer, Joseph Scott Pemberton put Jennifer Laude in an armlock until he thought she was unconscious and then dragged her into the bathroom. The case has attracted international attention as the United States and the Philippines seek to enhance defense and security cooperation in light of escalating tensions in the South China Sea.



Kamojang geothermal power station in West Java, Indonesia. The Indonesian government aims to generate 2,400 megawatts of electricity from renewable energy sources within the next five years. <https://www.flickr.com/photos/thinkgeoenergy/15568700086/>



Commander of U.S. Pacific Command Adm. Harry Harris (right) and Philippine Armed Forces chief of staff Gen. Hernando Iriberri (left) review Philippine troops at an honor ceremony during Harris's recent visit to Manila. Harris informed Iriberri that the United States will increase the number and size of its bilateral exercises with the Philippines. <https://www.flickr.com/photos/us-pacific-command/20912749406/in/photolist-xRZiNW>



- **Growth recovers to 5.6 percent in second quarter.** The Philippine economy grew 5.6 percent year over year in the second quarter of 2015, up from 5 percent in the first quarter but below the 6.2 percent growth achieved during the same period a year earlier. Despite the rebound the Philippines is unlikely to achieve the government's target of 7-8 percent growth for the year. Economic Planning Secretary Arsenio Balisacan attributed the "respectable" quarterly growth to increased government spending, particularly in construction.
- **Typhoon leaves 15 dead, thousands displaced.** Typhoon Goni left 27 dead, 24 injured, and 13 missing as of September 2 after making landfall in the northern Philippine province of Benguet on August 18. More than 32,000 residents abandoned their homes. Twelve of those missing are miners who were buried in a mudslide while sleeping at a work site. Emergency teams are still attempting to rescue those trapped by landslides, including the miners. The typhoon was the ninth storm to hit the Philippines this year.

VIETNAM

- **Central bank devalues dong and widens trading band after yuan devaluation.** The Vietnamese central bank on August 19 depreciated the dong by 1 percent against the U.S. dollar and widened its trading band from 2 to 3 percent, after having already increased the trading band from 1 to 2 percent on August 12. The devaluation came after China devalued its currency by 3.6 percent on August 11, and is meant to help keep Vietnam's exports competitive.
- **Tons of elephant tusks and pangolin scales confiscated at customs.** Customs officers in the city of Danang in central Vietnam have confiscated three shipments of elephant ivory and pangolin scales over the past two weeks, according to an August 27 Vietnam News report. Authorities on August 13 confiscated roughly 1,500 pounds of rhinoceros horns and elephant tusks and over 2.2 tons of elephant tusks in two separate shipments. Meanwhile, a total of five tons of elephant tusks and pangolin scales were uncovered on August 25 disguised as red beans arriving from Malaysia.
- **DongA Bank under investigation as government continues to deal with nonperforming loans.** Authorities on August 14 launched a probe into DongA Bank after regulators found evidence of fraud in the bank's past activities. The government also dismissed the bank's director, Tran Phuong Binh, from his position. The central bank has acquired three banks that were saddled with nonperforming assets since the beginning of this year in a continuing bid to make Vietnam's banking sector more competitive.



Vietnamese dong. Vietnam's central bank has devalued the dong by 1 percent against the U.S. dollar in response to China's depreciation of the yuan days before. https://www.flickr.com/photos/amy_wphotos/10901867236

- **National Assembly discusses draft law on religion.** The National Assembly's Standing Committee on August 14 discussed a draft law on belief and religion during its most recent session. Lawyers drafting the law were instructed to distinguish the difference between a "belief" and a "religion" to differentiate religious from cultural activities. The legislature's deputy chairman, Uong Chu Luu, said that the misuse of beliefs or religions to disrupt national unity should be prohibited.
- **Vietnam grants amnesty to more than 18,000 prisoners.** Authorities on August 28 granted amnesty to 18,539 prisoners to mark the 70th anniversary of Vietnam's independence from France on September 2. Those released included 837 inmates who were sentenced for corruption-related offenses, 2,188 sentenced for murder, and 1,449 sentenced for drug-related crimes. The amnesty did not include individuals who were incarcerated for national security-related crimes or prisoners of conscience. The State Department believes there are around 100 political prisoners in Vietnam.

SINGAPORE

- **Election date set for September 11, prime minister stresses political succession.** Prime Minister Lee Hsien Loong on August 25 dissolved the parliament and announced that Singapore's next general elections will take place on September 11. In his annual national day rally on August 23, Lee called the upcoming elections "critical" to Singapore's long-term future. Lee said during a speech to supporters of the ruling People's Action Party that the next prime minister will likely be drawn from among lawmakers elected during the upcoming elections.
- **Filipino convicted under Sedition Act for making "xenophobic" remarks.** Authorities on August 26 convicted a Filipino national, Ello Ed Mundsel Bello, for making derogatory remarks about Singaporeans on Facebook earlier this year. Bello pleaded guilty to three charges, one under the Sedition Act and two for providing false information to the police. Bello posted his comments, which quickly went viral, when he was a nurse at Tan Sock Seng hospital. Alarmed by the hostility generated by his remarks, Bello reportedly deleted them and lodged a police complaint, but his lies were discovered by the police.
- **Fire at Shell's offshore oil refinery in Singapore injures six workers.** A fire broke out at Shell's refining and petrochemical complex in Pulau Bukom in Singapore on August 21, injuring six contract workers. First responders put out the fire within an hour, and there has been no further impact on the island's operations. Singapore authorities are investigating the case.



Supporters at a Workers' Party rally at Serangoon Stadium during the 2011 general elections. The Worker's Party won seven seats in the 2011 elections, the only opposition party to have won seats that year. https://en.wikipedia.org/wiki/Parliamentary_elections_in_Singapore#/media/File:Workers%27_Party_general_election_rally,_Serangoon_Stadium,_Singapore_-_20110429-03.jpg.



The Pulau Bukom facility, which is Shell's biggest plant worldwide, was previously closed for maintenance in May. The Singapore government previously charged Shell with safety lapses over a similar fire in 2012.

SOUTH CHINA SEA

- **Asia Pacific Maritime Security Strategy** outlines Pentagon's strategy in South, East China seas. The U.S. Department of Defense on August 20 released its *Asia Pacific Maritime Security Strategy*, outlining U.S. concerns and strategy regarding the disputes in the East and South China seas. The report, which was mandated by Congress, reiterated the U.S. commitment to preserving freedom of navigation in what it considers international waters and to ensuring disputes are resolved peacefully and according to international law. The report highlighted U.S. plans to increase assets in the Asia Pacific and boost cooperation with regional partners.

ASEAN

- **ASEAN Economic Ministers' Meeting** prepares for ASEAN Community. Malaysia on August 22 hosted the ASEAN Economic Ministers' Meeting, during which officials called on leaders at the ASEAN Summit in November to focus on the establishment of the ASEAN Economic Community by year's end and the determination of an economic vision for the grouping beyond 2015. The economic ministers from around ASEAN also met with their counterparts from China, Japan, and South Korea to advance negotiations on the Regional Comprehensive Economic Partnership (RCEP) in what was just the third ministerial meeting on the deal since it was announced in 2012.
- **Business outlook survey shows U.S. businesses remain generally positive on ASEAN.** U.S. companies are generally optimistic about the prospects for growth in Southeast Asia, [according to a survey](#) released August 25 by the U.S. Chamber of Commerce and American Chambers of Commerce in ASEAN. Most of the nearly 500 executives polled said they had developed strategies to approach integration under the ASEAN Economic Community. Many still said they struggle with corruption, weak infrastructure, and currency instability in the region, despite hopes for higher profits in years to come.

CAMBODIA

- **Government says UN maps confirm Vietnam has not encroached on border.** The ruling Cambodian People's Party (CPP) on August 20 said that maps loaned to the government by the United Nations confirm that the



U.S. Navy sailors and Philippine marines aboard a riverine patrol boat as part of the U.S.-Philippine bilateral exercise Balikatan in April 2015. The Pentagon's recently released Asia Pacific Maritime Security Strategy highlighted U.S. plans to increase cooperation with regional partners like the Philippines. <https://www.flickr.com/photos/compacflt/16691895284/>

Cambodia-Vietnam border remains in the same location determined by a treaty nearly 40 years ago. The CCP has been fending off accusations for months by the opposition Cambodia National Rescue Party that the government has failed to prevent Vietnam from encroaching into Cambodian territory. Cambodian activists clashed with Vietnamese villagers in June over a road allegedly built by Vietnam on Cambodia's side of the border.

- **Former Khmer Rouge official Ieng Thirith dies.** Ieng Thirith, the former “first lady” of the Khmer Rouge and sister-in-law to Pol Pot, died on August 22 at age 83. She served as minister of social affairs from 1975 to 1979 and was the highest-ranking woman in the Khmer Rouge. The joint UN-Cambodian tribunal established to try former officials of the regime for crimes against humanity declared her mentally unfit to stand trial in 2012. Many critics say the trials are moving much too slowly to hold aging officials like Thirith accountable for their crimes.

- **Government launches 10-year industrial development policy to boost investment, broaden manufacturing base.** Prime Minister Hun Sen on August 26 announced a 10-year development plan to upgrade Cambodia's “weak” industrial sector by leveraging its competitive advantages to spur growth. The government plan targets agro-industry, small and medium-sized enterprises, transport and logistics, and skills training for workers. The goal, according to a policy briefing, is to expand industry's share of gross domestic product to 30 percent by 2025 from 24 percent today, and to boost non-garment and agricultural exports.



Former Khmer Rouge minister of social affairs Ieng Thirith during a pre-trial hearing before the Extraordinary Chambers in the Courts of Cambodia on April 30, 2010. Thirith, who died on August 22, was ruled mentally unfit to stand trial in 2012 by the court charged with trying the former regime's crimes. <https://www.flickr.com/photos/krtribunal/4905942043/>

MEKONG RIVER

- **Japan and Mekong countries adopt industrialization plan.** Japan, Vietnam, Cambodia, Thailand, Myanmar, and Laos on August 24 adopted the Mekong Industrial Development Vision, which spells out future policy and regulatory goals for the Lower Mekong countries until 2020. Under the plan, which was adopted on the sidelines of the ASEAN Regional Forum in Kuala Lumpur, the five Lower Mekong countries will establish special economic zones along their borders, collaborate with Japanese businesses and universities to promote research and development, and harmonize regulations for cross-border trade.

BRUNEI

- **Fishing in Brunei Bay allowed after consultations between Brunei and Malaysia.** Fishermen from Limbang and Lawas, the two Malaysian districts located between Bruneian territory and the Malaysian states



A floating market on the Mekong in Can Tho, Vietnam. Japan and the five lower Mekong countries recently adopted the Mekong Industrial Development Vision on the sidelines of the ASEAN Regional Forum. <https://commons.wikimedia.org/wiki/File:CanThoFloatingMarket.jpg>



A memorial marking Sultan Hassanal Bolkiah's 60th birthday in 2006. The sultan celebrated his 69th birthday on August 23. https://en.wikipedia.org/wiki/Bandar_Seri_Begawan#/media/File:Memorial_Bandar_Seri_Begawan.jpg

of Sabah and Sarawak, will be able to fish in Brunei Bay without fear of being arrested or evicted by Bruneian maritime authorities, according to an August 14 *Borneo Post* report. Malaysia and Brunei have declared the bay a common fishing ground after the 19th annual leaders' consultation between the two governments. The two sides also signed agreements on telecommunications infrastructure sharing and the easing of border controls.

- **Sultan celebrates 69th birthday with meet-and-greet.** Sultan Hassanal Bolkiah celebrated his 69th birthday on August 23 with a meet-and-greet with well-wishers in the city center of the capital, Bandar Seri Begawan. Cultural performances celebrating the Sultan's rule filled the event. Crowds shook hands and took photos with the monarch for three hours.

LAOS

- **Audit of road projects unveils corruption in government.** Government audit officials have discovered that national leaders engaged in corruption as part of a scheme in which firms were contracted to build roads in northern Laos but never actually did so, according to an August 25 Radio Free Asia report. The firms converted government payment bonds into cash with the approval of Finance Ministry officials without doing the work they were scheduled to complete by December 2014. The scheme caused \$36 million in state losses, which is likely unrecoverable given the involvement of high-level officials. Corruption cost the Lao government \$123 million between 2012 and 2014, according to a Government Inspection Authority report.

TIMOR-LESTE

- **Prime minister seeks to diversify economy with oil fund.** Prime Minister Rui Araujo said August 26 that Timor-Leste will use its \$16.6 billion oil fund to build infrastructure to diversify the economy. Improving infrastructure is intended to attract investment in non-energy sectors as the government plans to move the economy away from its overdependence on natural gas production. The *Pacific Economic Monitor* reported that Timor-Leste's revenue plummeted 46.4 percent in the first quarter of 2015 due to plunging global gas prices. Billions of dollars have flowed into Timor-Leste's gas industry, giving the country the fifth-largest per capita gross domestic product in Southeast Asia, but half of its 1.2 million citizens remain mired in poverty. ■

Looking Ahead

- **Cautious and Conflicted: Singapore, Malaysia, and the U.S. Rebalance to Asia.** The Wilson Center on September 8 will host Pek Koon Heng-Blackburn, assistant professor at the School of International Service at American University, and Joseph Chinyong Liow, senior fellow and Lee Kuan Yew Chair in Southeast Asia Studies at Brookings Institution, for a discussion on Singapore's and Malaysia's balancing between the United States and China. Ambassador J. Stapleton Roy will moderate the session. The event will take place from 10:00 a.m. to 11:30 a.m., 6th floor auditorium, Wilson Center, 1300 Pennsylvania Ave., NW. To RSVP, [click here](#).
- **U.S. Foreign Assistance in a Changing World.** CSIS on September 9 will host Andrew S. Natsios, executive professor and director, Scowcroft Institute of International Affairs, Bush School of Government and Public Service, Texas A&M University, for a discussion on international development and key issues that will define U.S. foreign assistance going forward, including democracy and governance, the risk of global pandemics, and food security. Daniel F. Runde, William A. Schreyer Chair in Global Analysis and director of the CSIS Project on Prosperity and Development, will moderate the talk. The event will take place from 4:30 p.m. to 5:30 p.m., Second Floor Conference Room, 1616 Rhode Island Ave., NW. Please RSVP to PPD@csis.org.
- **CSIS discussion on Managing Cyber Risk and the Role of Insurance.** CSIS on September 10 will host a discussion on the growing threat of cyber-attacks and the role of the insurance industry in managing cyber risk. A wide range of stakeholders including industry executives, senior policymakers, and security experts will offer insights on how to promote the development of a common understanding of the cyber risks to U.S. companies and how best to manage them. The event will take place from 9:00 a.m. to 10:00 a.m., Second Floor Conference Room, 1616 Rhode Island Ave., NW. To RSVP, [click here](#).
- **Asian Architecture Conference @ CSIS.** The CSIS Sumitro Chair for Southeast Asia Studies and Scholl Chair in International Business on September 22 will cohost the third annual Asian Architecture Conference @ CSIS. The forum will feature keynote addresses by senior U.S. officials and expert panel discussions on the role of developing regional architecture for security, economics, and developing small and medium-sized enterprises. The event will take place from 9:00 a.m. to 3:00 p.m. in the CSIS Second Floor Conference Room, 1616 Rhode Island Ave., NW. [Click here](#) to RSVP. ■

SOUTHEAST ASIA FROM SCOTT CIRCLE

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