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### Aung San Suu Kyi Is Key to Further Unlocking of U.S. Sanctions against Myanmar

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As Aung San Suu Kyi's National League for Democracy (NLD) prepares to take power in Myanmar April 1, one of the questions U.S. policymakers will eventually need to address is what to do about the remaining U.S. economic sanctions against the country. Although many in the U.S. business community say it is time to lift the remaining sanctions in response to the NLD's landslide victory in the November elections, at least some in Congress have argued the remaining restrictions should remain in place until the current democratic transition is farther along and human rights conditions facing ethnic and religious minority groups improve.

U.S. policy toward Myanmar is now in the somewhat unusual position of wanting to support the country's economic development under a democratically elected government while at the same time maintaining sanctions against a country in which the military will retain major clout within the new government.

Aung San Suu Kyi's views will be critical in any U.S. moves to further ease the sanctions. She has been briefed on the existing sanctions by U.S. officials, but has said nothing publicly about her views on whether or when the sanctions regime should be amended. Aung San Suu Kyi may want to use remaining U.S. economic sanctions and restrictions on assistance from the international financial institutions to bargain with the military.

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*National League for Democracy chair Aung San Suu Kyi attending the World Economic Forum on East Asia in Naypyidaw in 2013. People in Myanmar have high expectations that Aung San Suu Kyi will help reform Myanmar's economy, create more jobs, and bring in greater foreign investment. [https://commons.wikimedia.org/wiki/File:AUNG\\_SAN\\_SUU\\_KYI\\_P6060070\\_03.jpg](https://commons.wikimedia.org/wiki/File:AUNG_SAN_SUU_KYI_P6060070_03.jpg)*

Washington began easing its long-standing economic and trade sanctions against Myanmar in May 2012 in response to political reforms launched by the outgoing military-dominated government. President Barack Obama said at the time that he was making the move to ease sanctions to promote further reform and contribute to the economic development of the country and improve the welfare of Myanmar's impoverished population. He argued that the involvement of U.S. companies in the country's economy would "set a model for responsible investment and business operations."

But U.S. companies have been slow to enter the market, even though many of the restrictions against doing business with and investing in the country were eased or removed. There are many reasons for that, including an uncertain legal and regulatory environment, dilapidated infrastructure, and a shortage of skilled labor. But these problems don't seem to be holding back Japanese, Korean, Singaporean, and other Asian companies from piling into Myanmar. U.S. firms say remaining targeted sanctions play a role in holding them back.

One of the biggest challenges confronting U.S. companies is the outsize role individuals and firms on the U.S. Treasury Department's Specially Designated Persons (SDN) list play in the country's economy. U.S. companies are prohibited from dealing with any of the 150 or so individuals and companies on the list who are considered cronies of the previous military regime as well as with any firms that are 50 percent owned by an entity on the list even if the company itself is not on the list. This "50 percent rule" sends ripples through the whole economy and effectively means that U.S. companies cannot risk engaging many local firms.

As a result, U.S. companies, even those that have legally set up representative offices in Yangon, are often reluctant to sell equipment or products directly to an entity in Myanmar in case it turns out that someone on the SDN list holds unknown stakes in the firm. Instead, U.S. companies mostly sell their products through a third party, increasing costs and adding inefficiency.

Late last year, U.S. companies operating in Myanmar and legitimate local entrepreneurs trying to sell to American consumers faced increasing difficulties in moving shipments in and out of Yangon because U.S. banks were refusing to process payments for trade through the city's main port after it was revealed last July that the port is owned and operated by a

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subsidiary of Asia World, whose founder, Steven Law, has been on the SDN list for the past six years. The banks feared they could face future scrutiny from the U.S. government. In an effort to get trade flowing again, the Treasury Department's Office of Foreign Assets Control in December issued a general license for six months allowing U.S. firms and banks to pay fees to ship their products through Asia World's port and keep Myanmar's international trade going.

Some members of Congress, concerned that this decision was made in the midst of Myanmar's sensitive political transition and without adequately consulting Congress, responded by holding up for two months the confirmation of Scot Marciel, who had been nominated as the next U.S. ambassador to Myanmar. The Senate eventually approved Marciel after the administration assured senators that it would not move quickly to revise existing sanctions policy as the country transitions from military rule.

The next phase of U.S. policy toward Myanmar will require working closely with the new government in Naypyidaw and members of Congress in Washington to address the unintended consequences of remaining economic and financial sanctions, as the NLD government looks to promote broad-based economic growth and U.S. companies seek more opportunities in Myanmar's market.

Last April, Win Aung, head of the Dagon Group and chair of the Myanmar Federation of the Chambers of Commerce and Industry, was removed from the SDN list after he established that he had changed his business behavior and fulfilled the conditions for graduating off the list. Other Myanmar business leaders are also working to be removed from the list so they will be able to begin dealing with U.S. business groups.

As the new government takes office in April, it will be critical that more truly reformed Myanmar business leaders be graduated off the SDN list relatively quickly if they can demonstrate that they no longer engage in the activities for which they were listed earlier. The process will need to be streamlined so that sanctioned business leaders see the longer-term benefits of changing their business practices.



*President Barack Obama meeting with President Thein Sein in Yangon, Myanmar, in November 2012. Although U.S.-Myanmar relations have warmed over the past five years, the United States still maintains sanctions on a number of Myanmar's companies and business people linked to Myanmar's military or known to be involved in illicit economic activities during military rule. <https://commons.wikimedia.org/wiki/File:Obama-thein-sein.jpg>*

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*Farmers in Myanmar. Agriculture remains Myanmar's largest industry and contributes 60 percent to the country's gross domestic product. [https://en.wikipedia.org/wiki/Myanmar#/media/File:Rijstvelden\\_Myanmar\\_2006.jpg](https://en.wikipedia.org/wiki/Myanmar#/media/File:Rijstvelden_Myanmar_2006.jpg)*



One of the key legal underpinnings of the U.S. sanctions policy for the past two decades has been the International Emergency Economic Powers Act, which gave Washington legal flexibility to target bad actors and prevent backsliding on reform. It must be renewed every year on May 20. One can easily imagine the perplexed reaction in Myanmar in May, shortly after the new, democratically elected government takes office, if the first U.S. policy announcement is that an “emergency” continues in Myanmar.

Washington can also pursue other policy means aimed at helping Myanmar build the foundation for broad-based economic growth under an NLD government. A relatively easier option would be to grant Myanmar trading privileges under the Generalized System of Preferences, which has been under review for several years.

Aung San Suu Kyi does not hold a veto on U.S. foreign policy, but her ability to pick up the phone and call prominent members of Congress like Senate Majority Leader Mitch McConnell can play a critical role in helping Washington hammer out a new consensus on its economic engagement with Myanmar. ■



Commander-in-chief Senior Gen. Min Aung Hlaing (center) receiving flowers during a visit to flood-stricken areas in western and northern Myanmar, November 2015. Min Aung Hlaing on February 22 implied the constitution will not be amended quickly to allow National League for Democracy chair Aung San Suu Kyi to serve as the country's next president. <https://www.flickr.com/photos/prachatai/22853920661/in/photolist-ANx3Qe-APwjoR-8tirUM-2r1p7-pNkdhU-pQc12a-oTCi2K-oTCjYa>

## MYANMAR

- **Military commander says constitution will be amended “at an appropriate time” after meeting Aung San Suu Kyi.** Commander-in-chief Senior Gen. Min Aung Hlaing on February 22 said the military-drafted 2008 constitution should be amended “at an appropriate time.” His remarks came after his meeting with National League for Democracy (NLD) chair Aung San Suu Kyi to discuss issues related to the power handover in April, according to a report by the military-owned daily *Myawaddy*. Min Aung Hlaing’s remarks were interpreted as rejecting a proposal by NLD officials to “suspend” a clause in the constitution that disqualifies Aung San Suu Kyi from becoming president. A senior NLD source on February 25 told the *Myanmar Times* that Aung San Suu Kyi will likely nominate a proxy to serve as president in a new government while secret talks with the military to amend the constitution continue.
- **Military launches operations in northern Shan State to end clashes between armed groups.** The military’s northeastern command, based in Lashio, has deployed troops in what it called “combined operations in Shan State” to bring an end to months-long fighting between two armed ethnic groups—the Ta’ang National Liberation Army and the Shan State Army-South—in northern Shan State, according to a February 24 report by state-owned *Global New Light of Myanmar*. The government-backed Myanmar Peace Center said the military wants both groups to return to their “respective territories.” The Shan State Army-South was one of eight groups that signed a cease-fire with the government last October.
- **Chinese company to resume production at controversial Letpadaung copper mine.** A spokesperson for Chinese mining company Wanbao on February 19 said the company plans to restart operations at the Letpadaung copper mine in northwestern Myanmar in May. The project, a joint venture with military-owned Union of Myanmar Economic Holdings, has been mired in controversy as local villagers accused the company of land grabs and environmental pollution. A parliamentary commission launched in late 2012 to investigate the project following a violent police crackdown on protesters and chaired by opposition leader Aung San Suu Kyi has recommended keeping the mine open to improve investor confidence in Myanmar’s business environment.
- **World Bank report forecasts rapid economic growth.** The World Bank on February 24 said in a new report that Myanmar could grow by up to 8 percent per year over the next five years if the incoming government,

expected to take office on April 1, adopts the right policy choices. The [report, \*All Aboard: Policies for Shared Prosperity in Myanmar\*](#), highlights six priority areas for the incoming government: access to social services, reducing rural poverty, private sector competitiveness, financial inclusion, access to energy, and public sector governance.

- **UK provides \$300 million for its companies seeking to enter Myanmar.** The United Kingdom's Department of Transport on February 19 announced \$300 million in export financing support for UK companies aiming to enter or participate in infrastructure projects in Myanmar. The Myanmar government will prioritize transportation projects for which it needs funding. UK undersecretary of state for transport Lord Tariq Ahmad of Wimbledon said UK companies are interested in helping Myanmar develop airports, railways, waterways, and road networks. Approximately 40-50 UK firms have established offices in Myanmar.

#### INDONESIA

- **Indonesia may force foreign resources companies to list local subsidiaries on local stock exchange.** The chief executive of the Indonesian stock exchange operator, Tito Sulisto, said he aims to force foreign companies involved in Indonesia's mining and resources sector to list their local subsidiaries in Jakarta, according to a February 26 *Wall Street Journal* report. Sulisto mentioned 16 companies he wants to list on Jakarta's stock exchange, including Singapore-based palm oil company Wilmar International and U.S. mining giant Newmont. A spokesman for President Joko Widodo confirmed the government's discussions on the matter, but did not comment on the likelihood of the proposal being approved.
- **Supreme Court reinstates guilty verdicts for educators' sex-abuse convictions.** The Supreme Court on February 24 reinstated guilty verdicts and increased to 11 years the prison sentences for Neil Bantleman and Ferdinand Tjiong, former employees at the prestigious Jakarta International School, after a Jakarta court last year acquitted them of sexual assault charges. The two men were accused of sexually abusing three kindergarten boys at the school. The case drew heavy criticisms of Indonesia's justice system from the international community due to a lack of concrete evidence presented during the trials.
- **President urges modernization of defense systems, expanding military presence in eastern Indonesia.** President Joko Widodo on February 22 said Indonesia's defense budget for 2016 marked a slight increase to 1.1 percent of gross domestic product, compared to 0.9 percent in 2015 and 0.8 in

2014. The additional funds will be used to modernize Indonesia's defense systems and increase its defense capabilities to protect its archipelagic territory. Widodo also instructed the Indonesian armed forces to begin developing bases in strategic posts outside the main island of Java and across eastern Indonesia.

- **Government will prioritize local products for infrastructure projects.** Cabinet Secretary Pramono Anung on February 23 said the government will prioritize local products to cut costs and improve the competitiveness of national industries in future infrastructure projects. Ministries have been encouraged to switch from using imported goods to local products in order to promote domestic economic development. Separately, the Investment Coordinating Board on February 22 opened up its simplified three-hour licensing service to the transportation, public works, energy, and communication sectors. Investors in these infrastructure sectors will no longer need to meet previous requirements, including a minimum investment of \$7.5 million.
- **Central bank reduces benchmark interest rate and primary reserve requirement ratio.** The Indonesian central bank on February 18 lowered its benchmark interest rate to 7 percent from 7.25 percent, its second rate cut this year. The central bank also lowered its primary reserve requirement on rupiah deposits by one percentage point to 6.5 percent. The bank cited the need to ease monetary policy in its official statement. The decision is aimed at boosting growth amid weakening global demand for commodities and an effort to boost liquidity in the banking system to aid the government's push on infrastructure projects.
- **Revisions of corruption commission law postponed; chairman vows to step down if revisions occur.** President Joko Widodo on February 22 met with the House of Representatives to discuss proposed changes to the 2002 Corruption Eradication Commission (KPK) Law, and decided not to pursue any revisions for the time being. Widodo's decision was welcomed by anti-corruption activists, who said the proposed revisions, if enacted, would weaken the KPK's authority to conduct surveillance and arrest graft suspects. Coordinating Minister for Political, Security, and Legal Affairs Luhut Pandjaitan later said the government will back the revisions as long as they do not weaken the KPK.

#### VIETNAM

- **World Bank releases *Vietnam 2035* report with roadmap to achieve middle income status.** The World Bank on February 23 launched a new report, *Vietnam 2035*, outlining Vietnam's economic potential for the



*Offices of Indonesia's Corruption Eradication Commission, known as the KPK. The House of Representatives, whose members are often targeted by KPK investigators, has been trying to revise the KPK Law in an attempt to curb the powers of the anti-graft agency. <https://upload.wikimedia.org/wikipedia/commons/0/05/KPK.jpg>*

next 20 years and recommendations for the government to fully realize that potential. According to the [report](#), Vietnam could reach a per capita income of \$7,000, or upper-middle income status, by 2035 if it invests in raising productivity among private businesses, fostering socioeconomic equity and inclusiveness, and improving the effectiveness of its public sector. Without such reforms, per capita income is projected to reach \$4,500 in 2035.

- **Lawmakers ask government to complete law on demonstrations.** Vietnamese lawmakers on February 24 said they want to pass by the end of the year a law on demonstrations that would regulate public assemblies. The law, details of which have not been made available, is being drafted by the Ministry of Public Security at the direction of the Prime Minister's Office. The government's decision to work on such legislation came after numerous public gatherings in recent years to protest China's activities in the South China Sea and voice grievances on labor issues.
- **Japan's Daiwa Securities Group to increase stake in Vietnam's largest brokerage following scrapping of foreign ownership limits.** Japanese brokerage Daiwa Securities Group is seeking to increase its stake in a Vietnamese partner firm, Saigon Securities Inc. (SSI), to 15 percent from the current 10 percent, according to a February 22 *Nikkei Asian Review* report. Ho Chi Minh City-based SSI announced last August it would allow foreign ownership of its equity up to 100 percent, following the government's decision to scrap foreign ownership limits across most industries. The deal will involve a capital injection of almost \$177 million by Daiwa, making SSI Vietnam's largest brokerage.
- **Vietnam is world's 8th largest arms importer, up from 43rd, for 2011-2015 period.** A report by the Stockholm International Peace Research Institute (SIPRI) on the global arms trade released on February 22 shows Vietnam was the world's eighth-largest importer of weapons from 2011 to 2015, an increase of 700 percent from the preceding five years. The study shows Vietnam imported more military equipment than wealthier neighbors South Korea and Singapore during this period, accounting for 3 percent of the world's total arms imports. Vietnam has rapidly expanded its naval and air defense capabilities amid rising tensions with China in the South China Sea.
- **Vietnam eases work permit requirements for foreign workers.** The Vietnamese government on February 3 announced effective April 1 it will ease requirements for foreigners seeking employment in Vietnam. The government will no longer require foreigners to possess a bachelor's degree and three years of relevant professional experience to obtain



work permits, although more general visa requirements must still be met. The decree is designed partly to put increased pressure on Vietnamese jobseekers and local universities to compete. Government statistics show that approximately 74,000 foreigners are currently employed in Vietnam.

#### MALAYSIA

- **Central bank chief to step down in April, says appointment of successor should not be political.** Central bank governor Zeti Akthar Aziz on January 22 said in an interview with CNBC she will try to conclude investigations into state investment fund 1Malaysia Development Bhd by April, when her term expires and she is expected to step down. Zeti assured investors the central bank will remain independent, but warned the government against appointing a political figure to head the central bank. Possible contenders include deputy central bank governor Muhammad Ibrahim and Malaysian ambassador to the United States Awang Adek Hussin.
- **Reclamation work in Johor Strait causes concerns for Singapore.** The reclamation project for Forest City, a luxury housing development built on a man-made island in the Johor Strait between Singapore and Malaysia, has caused concerns for Singapore due to the lack of environmental impact assessments. The Singapore Ministry of Environment and Water Resources said on February 17 Singapore has urged Malaysia to conduct a study on the potential environmental impact of the project before carrying out any reclamation. The ministry said it will voice its concerns further with the Malaysia-Singapore Joint Committee on the Environment.
- **Authorities block access to news portal and ban “Bersih 4” T-shirt over national security concerns.** Malaysian Communications and Multimedia Commission enforcement chief Zulkarnain Mohd Yasin on February 25 confirmed the government has asked Internet providers to block access to the news portal Malaysian Insider (TMI) to ensure national security. TMI has published content critical of the government on the scandal surrounding state investment fund 1Malaysia Development Bhd. Separately, the Malaysian High Court on February 19 upheld a government edict to ban “Bersih 4” T-shirts, which protesters wore in an anti-government demonstration last August. Bersih is a movement calling for clean government and elections.
- **1MDB review delayed until March; Goldman Sachs banker tied to investigations leaves.** A parliamentary committee tasked with reviewing the auditor general’s report on state investment fund 1Malaysia Development Bhd (1MDB) said on February 23 it will delay its meeting until March due to absent committee members who are performing



*Zeti Akthar Aziz, governor of Malaysia's central bank, speaks at a seminar on Islamic finance during the 2015 IMF/World Bank spring meetings in Washington, DC. Zeti, who will step down in April, said she wants to conclude investigations into state investment fund 1Malaysia Development Bhd before her term expires to ensure a smooth transition for her successor. <https://www.flickr.com/photos/imfphoto/17169322501/sizes/l>*

religious pilgrimages in Mecca. Opposition members accused the ruling United Malay National Organization of delaying the meeting while several investigations by foreign authorities into 1MDB begin to gather momentum. Goldman Sachs confirmed on February 24 that Tim Leissner, its former chairman for Southeast Asia who helped the investment bank win business with 1MDB, formally left the bank after being on personal leave since January.

- **Former deputy prime minister suspended from UMNO; Mahathir quits party.** The Supreme Council of the ruling United Malay National Organization (UMNO) on February 26 unanimously agreed to suspend deputy UMNO president Muhyiddin Yassin. Muhyiddin was a deputy prime minister until he was dropped by Prime Minister Najib Razak in a cabinet reshuffle last July for his calls into alleged graft at the investment fund 1Malaysia Development Bhd (1MDB). Muhyiddin will be replaced by current Deputy Prime Minister Zahid Hamidi. Former prime minister Mahathir Mohamad on February 29 said he will leave UMNO in protest of corruption inside the party and Najib's handling of the 1MDB scandal.

#### SINGAPORE

- **UK plans to deepen defense ties with Singapore.** UK minister of state for defense procurement Philip Dunne on February 15 said he aims to attract long-term joint ventures and industrial partnerships between UK companies and Singapore to deepen bilateral defense and security relations. High Commissioner of the United Kingdom to Singapore Scott Wightman added that the UK-Singapore defense industrial partnership signals both sides' commitment to the Five Power Defense Arrangements and to building capacity for a regional coordination center for humanitarian assistance and disaster relief in Singapore.
- **Singapore deports Indonesians suspected of joining ISIS.** Singapore authorities on February 21 deported four Indonesians suspected of planning to join the Islamic State in Iraq and Syria (ISIS) militant group. They were arrested at Woodlands Immigration Checkpoint and were handed over to Indonesian police on Batam Island. Authorities in Jakarta will investigate the suspects' travel plans to Syria and their links to ISIS.
- **Singapore among top five countries most vulnerable to cyberattacks in Asia Pacific.** Consulting firm Deloitte on February 26 released its 2016 Cyber Vulnerability Index, which finds Singapore, South Korea, Australia, New Zealand, and Japan—dubbed the “Cyber Five”—nine times more vulnerable to cyberattacks than are other Asia-Pacific economies. The rankings base cyber vulnerability on how extensively an economy relies

on Internet-based interactions. The report says the disproportionate vulnerability of the Cyber Five is a product of their economic development, but believes that risks will decline over time.

- **Government launches committee to prepare workers for changes in financial sector.** The Singapore government on February 17 launched the Financial Sector Tripartite Committee with the goal of preparing workers for the changing skills that will be needed in the financial sector. In its initial phase, the committee will partner with the Association on Banks and the state labor union, the National Trades Union Congress. The partnership is designed to allow greater opportunities for employees to move between banks and upgrade their skills.
- **Singapore ranks first in Asia in safety and quality of living.** The Mercer Quality of Living Rankings released on February 23 ranks Singapore first in Asia and 26th worldwide on overall safety and quality of living. The rankings are based on 10 categories: political and social environment, economic environment, socio-cultural environment, health considerations, education, public services, recreation, consumer goods, housing, and natural environment. Singapore also ranks eighth worldwide on internal stability and local law enforcement performance.

#### THAILAND

- **Further disagreements arise over draft constitution, power transfer mechanisms.** Arguments over Thailand's latest draft constitution continue to arise, as Chairman of the Constitution Drafting Committee Meechai Ruchupan indicated on February 25 his objection to a proposal that would permit the military to retain certain powers during a period of political transition and after an elected government has been installed. Prime Minister Prayuth Chan-o-cha said that oversight of some sort by the military is needed to guarantee the next government's transition process, pursuit of reforms, and adherence to the constitution.
- **Thaksin criticizes junta, warns on economic performance in interview with foreign media.** Former prime minister Thaksin Shinawatra on February 23 said in an interview with Reuters that the ruling junta "lacked the talent" to drive the economy, the first time he has openly criticized the junta since the May 2014 coup. Thaksin also called the military government's election timetable a "charade" to extend its hold on power. He indicated he still hopes to return to Thailand and expressed concerns about the verdict on the rice subsidy corruption trial facing his sister, Yingluck Shinawatra, which is expected in late 2016 or early 2017.



*The view of Singapore's skyline from the infinity pool at Marina Bay Sands. Singapore ranks first in Asia in the 2016 Mercer Quality of Living Rankings in terms of safety and quality of living. <https://www.flickr.com/photos/robert-m/18437652229/sizes/l>*

- **Ministry of justice says investigation into Rajabhakti Park still ongoing.** The Ministry of Justice on February 24 asked Auditor-General Pisit Leelavachiropas to continue the probe into allegations of corruption involving the military-backed Rajabhakti Park, after the auditor-general's office concluded no illegal payments were made during the park's construction. The military has been under heavy public criticism for its handling of the project, which is intended to be a tribute to Thailand's monarchy, especially amid the discovery of cracks in the park's concrete.
- **Thailand to be hit by U.S. ban on seafood imports caught through slave labor.** The United States will start to strictly enforce the Tariff Act of 1930, which gives the U.S. Customs and Border Protection authority to seize shipments of goods imports made or procured through slave or child labor, after President Barack Obama on February 24 eliminated a provision in the legislation that had allowed most goods imports to enter the U.S. market to meet "consumptive demand" regardless of their sources. The new regulation is expected to hit Thailand's seafood industry, which relies heavily on migrant workers from neighboring countries. Several reports by foreign media over the past year revealed the poor working conditions facing migrant workers in the Thai fishing industry.
- **Military government launches 20-year national strategic framework.** Thailand's military government has released a national strategic framework for the 2017-2037 period that seeks to address both security threats and national goals. Among the main threats highlighted are cyberattacks, terrorism, epidemics, and conflicts over natural resources. The blueprint also highlights the goals of increasing Thais' standard of living, achieving social equality, and economic competitiveness.

#### PHILIPPINES

- **Philippines holds first presidential debate.** Philippine presidential candidates on February 21 held their first debate, organized by the Commission on Elections, on the island of Mindanao in the southern Philippines. All five candidates—Senator Grace Poe, Vice President Jejomar Binay, Davao City mayor Rodrigo Duterte, former interior and transport minister Mar Roxas, and Senator Miriam Santiago—participated in the debate, which covered issues such as crime, corruption, and economic development. The next presidential debate will be held in the Visayas Islands on March 20.
- **Comelec urges Supreme Court to uphold Poe's disqualification to run for president.** The Commission on Elections (Comelec) on February 22 filed a memorandum before the Supreme Court urging it to uphold the

commission's decision last December to disqualify Senator Grace Poe from the presidential race. Comelec disqualified Poe based on uncertainty about who her biological parents were—Poe was abandoned at birth and adopted by two Philippine movie stars—and doubts over her meeting the 10-year residency requirement for presidential candidates.

- **Foreign investment pledges in 2015 up 31 percent to \$5.2 billion.** The Philippine Statistics Authority on February 22 announced foreign investment commitments approved by the country's investment promotion agencies reached \$5.2 billion in 2015, a 31 percent increase from the previous year. Japan, the Netherlands, and the United States were the top source countries for approved pledges in the fourth quarter, with the manufacturing sector accounting for the largest share of investment commitments.
- **IFC looks to increase investments in the Philippines up to \$1 billion per year.** The International Finance Corporation (IFC) said on February 23 it is considering expanding its investments in the Philippines to \$1 billion per year, with a focus on infrastructure projects under public-private partnerships (PPPs). The IFC currently invests between \$500 million and \$700 million in the Philippines annually, most of which is directed toward the power sector. The IFC urged the next administration to institutionalize the country's PPP Center and adopt more investment-friendly policies.
- **People Power revolution commemorated in the Philippines.** Filipinos on February 25 celebrated the 30th anniversary of the 1986 People Power revolution, during which peaceful demonstrations toppled the 20-year dictatorship of then president Ferdinand Marcos, ushering democracy icon Corazon Aquino into office. Marcos's son, Ferdinand "Bongbong" Marcos Jr., is a vice presidential candidate in the Philippine general elections in May.
- **Philippines and Japan sign accord on military equipment.** Philippine defense secretary Voltaire Gazmin and Japanese ambassador to the Philippines Kazuhide Ishikawa on February 29 signed an agreement that will allow Tokyo to transfer military equipment and technology to Manila in what was an expansion of the bilateral 2015 Memorandum of Defense Cooperation. This is the first such agreement Japan has signed with a Southeast Asian country. Japan has reportedly offered the Philippines a surveillance aircraft under the deal, but nothing has been finalized.



*Corazon Aquino sworn in as president of the Philippines on February 25, 1986. Aquino assumed presidency after the People Power revolution overthrew the 20-year dictatorship of Ferdinand Marcos. [https://upload.wikimedia.org/wikipedia/commons/b/b9/Corazon\\_Aquino\\_inauguration.jpg](https://upload.wikimedia.org/wikipedia/commons/b/b9/Corazon_Aquino_inauguration.jpg)*



Thanaleng Railway Station in Vientiane, Laos. The station was opened in March 2009 and is the only international train terminal in Laos. [https://commons.wikimedia.org/wiki/File:Thanaleng\\_Station\\_01.jpg](https://commons.wikimedia.org/wiki/File:Thanaleng_Station_01.jpg)

## LAOS

- **Laos, Vietnam to conduct feasibility study on joint railway project.** Laos and Vietnam have begun a feasibility study for a railway project that will connect Vientiane to Vietnam's Vung Anh seaport in central Ha Tinh Province, according to a February 25 *Vientiane Times* report. The two governments plan to conclude the study in December 2017. The proposed project is part of a master plan aimed at improving the railway capacity of Vietnam and Laos.
- **Deputy minister of national defense appointed governor of province to quell unrest.** The ruling Lao People's Revolutionary Party on February 16 appointed deputy minister of national defense Major General Thongloy Silivong the new party secretary of Xaysomboun Province in central Laos, according to Radio Free Asia's Lao service. The appointment came as authorities seek to stop violent attacks from an antigovernment group in the province that began in November 2015.

## CAMBODIA

- **Survey shows government achieved less than 40 percent of policy targets in 2015.** A report published by the Committee for Free and Fair Elections on February 23 found the Cambodian government has reached only 40 percent of its policy goals for 2015. Targets reached include an annual growth rate of 7 percent, raising tourist numbers, and alleviating poverty by 1 percent. According to the report, the government failed in forest protection and improving transportation infrastructure among other targets. The report also found only 26 percent of Cambodians surveyed were fully satisfied with the government's performance on implementing its policy goals.
- **Cambodia in talks to buy warships from China.** Cambodian naval commander Tea Vinh said after an exercise between the Cambodian and Chinese navies on February 24-25 that Cambodia has been in talks to acquire two warships from China. Cambodia's navy is small relative to those of its neighbors in the region. Cambodia and China have stepped up defense cooperation in recent years, with Beijing offering increasing training, aid, and weapons to Cambodia's armed forces.
- **Rival parties hold dialogue after months-long political tension.** The ruling Cambodian People's Party and opposition Cambodian National Rescue Party held a closed-door dialogue on February 19 in hopes of abating rising political tensions amid the government's threat to arrest opposition leader Sam Rainsy should he return to Cambodia. The two

parties agreed to form a working group to handle concerns among the public and civil society organizations over a proposed labor union law, which critics fear would restrict the ability of workers to unionize and demonstrate. Previous similar working groups concerning the proposed law made little progress.

- **Task force for illegal logging begins sending cases to court.** Cambodian police on February 22 said a newly formed task force, the National Anti-Deforestation Committee, has started sending criminal cases on illegal logging to provincial courts. Prime Minister Hun Sen, who has threatened to fire “rockets” at loggers, established the committee in January in an effort to clamp down on rampant illegal logging in rural Cambodia. Critics remain skeptical about the government’s willingness to prosecute such cases and accused the government of being complicit in illegal logging activities.

#### SOUTH CHINA SEA

- **China deploys fighter jets to Woody Island.** U.S. officials confirmed on February 23 during Chinese foreign minister Wang Yi’s visit to Washington that China has deployed J-11 and J-7 fighter jets to Woody Island in the Paracel Island chain. Beijing previously deployed fighter jets to Woody Island for drills last October. The Paracel Islands are controlled by China but also claimed by Taiwan and Vietnam. The Chinese Foreign Ministry neither confirmed nor denied the aircraft deployment, instead urging the media to focus on advanced weapons deployed to the South China Sea by other countries.
- **U.S. navy commander urges Australia to conduct patrols within 12 nautical miles of contested islands.** Commander of the U.S. 7th Fleet in Yokosuka, Japan, Vice Adm. Joseph Aucoin, on February 22 urged Australia to carry out naval patrols within 12 nautical miles of China’s artificial features in the South China Sea. Aucoin said he does not want challenges to China’s territorial claims to be “portrayed as the U.S. versus China,” but rather be viewed as an opportunity for all countries to “pursue their interests.” Aucoin was in Australia for high-level talks with Australian defense leaders.
- **China accuses the Philippines of violating conduct agreement on the South China Sea.** Chinese foreign minister Wang Yi on February 25 said during a [speech](#) at the Center for Strategic and International Studies that the Philippines violated Article 4 of the 2002 Declaration on Conduct of Parties in the South China Sea by resorting to arbitration instead of dialogue and bilateral negotiations. Wang said China was abiding by



*U.S. Secretary of State John Kerry and Chinese foreign minister Wang Yi holding talks in February 2016. Wang was in Washington for high-level meetings with U.S. officials that involved discussions on U.S. concerns about China’s rapid militarization of disputed features in the South China Sea. <https://www.flickr.com/photos/statephotos/25193411666/in/album-72157664122061012/>*

international law when it refused to participate in the case brought by the Philippines against it at the UN tribunal in The Hague, since China opted out of the dispute resolution mechanism when it ratified the UN Convention on the Law of the Sea. He called the Philippines' decision to pursue arbitration a form of "political provocation."

- **Japan's Maritime Self Defense Force conducts three-day drill with Vietnamese navy off Danang.** The Japanese Maritime Self Defense Force (MSDF) on February 18 completed a three-day joint exercise with the Vietnamese navy off the coast of Danang in central Vietnam. Japan sent an MSDF team and two P-3C patrol aircraft to participate in drills "aimed at reinforcing defense cooperation between the two countries." The exercise was also designed to keep a check on China, with which Japan and Vietnam are involved in disputes in the East and South China Seas.

#### TRANS-PACIFIC PARTNERSHIP

- **U.S. boosts engagement with ASEAN members interested in joining TPP.** U.S. Trade Representative Michael Froman and ASEAN trade ministers announced on February 17 the launch of a joint series of trade workshops aimed to help ASEAN members that are not members of the Trans-Pacific Partnership (TPP) meet requirements for the trade agreement in the future. The workshops will help ASEAN members understand TPP standards and the domestic reforms required to join the trade pact. Indonesia, the Philippines, and Thailand have expressed interest in being part of the TPP.
- **Australia holds public hearing on TPP, invites public review submission through March 11.** The Joint Standing Committee on Treaties, which inquires into matters arising from treaties and proposed treaty actions for Parliament, on February 22 held its first public hearing on the impact of the Trans Pacific Partnership (TPP) agreement on Australia and its businesses. In her opening statement, Australia's chief TPP negotiator, Elizabeth Ward, assured lawmakers that terms reached under the TPP will allow Australian businesses to compete globally and conduct business fairly. The committee invited interested stakeholders to submit their concerns or inquiries by March 11.
- **TPP countries reformat tariff schedules in legal scrub, no changes to tariff commitments.** Members of the Trans-Pacific Partnership (TPP) trade agreement have standardized their tariff elimination schedules according to a February 18 Inside U.S. Trade report. Canada, Chile, Japan, Mexico, and the United States included separate tariff columns for each TPP country in their preliminary schedules due to differences in negotiated duty



*U.S. president Barack Obama and Philippine president Benigno Aquino during the U.S.-ASEAN Special Leaders' Summit in Sunnylands, California on February 15-16. The Philippines is one of three ASEAN countries that have expressed interest in joining the Trans-Pacific Partnership (TPP) trade agreement. Four ASEAN members—Brunei, Malaysia, Singapore, and Vietnam—are already in the TPP. [https://upload.wikimedia.org/wikipedia/commons/e/e8/Benigno\\_Aquino\\_III\\_and\\_Barack\\_Obama\\_during\\_U.S.-ASEAN\\_Summit\\_2.17.16.jpg](https://upload.wikimedia.org/wikipedia/commons/e/e8/Benigno_Aquino_III_and_Barack_Obama_during_U.S.-ASEAN_Summit_2.17.16.jpg)*



phase-outs, while other members offered uniform tariff cuts and phase-outs for all participants.

## ASEAN

- **ASEAN+3 opens financial surveillance unit in Singapore.** The 10 ASEAN member states and China, Japan, and South Korea on February 19 officially set up a regional economic surveillance unit based in Singapore. Known as the ASEAN+3 Macroeconomic Research Office, the independent unit was formally granted legal status as an international organization on February 9. Its primary mission is to ensure financial and macroeconomic stability in the region.
- **ASEAN foreign ministers hold retreat in Laos.** Foreign ministers from ASEAN member states gathered in Laos on February 26-27 for an ASEAN Foreign Ministers' Meeting retreat. The ministers issued a statement expressing serious concerns about recent and ongoing developments in the South China Sea. Speaking to Reuters following the retreat, Lao foreign minister Thongloun Sisoulith said, "We are a close friend of Vietnam and China, we try to solve the problems in a friendly way." Ministers also discussed ways to boost counterterrorism efforts and maritime cooperation in areas such as illegal fishing.

## TIMOR-LESTE

- **ConocoPhillips settles tax dispute with Timor-Leste.** U.S. energy company ConocoPhillips and the Timor-Leste government on February 18 reached a settlement to end a long-running tax dispute involving the Bayu-Undan gas field in the Timor Sea. While the terms of the deal have not been disclosed, issues including tax assessments associated with the gas field's decommissioning plan, drilling of two wells at the field, and a "capacity reserve charge" have been resolved. The tax dispute surfaced in relation to activities based mainly in the Joint Petroleum Development Area in the Timor Sea between Australia and Timor-Leste.
- **Protesters rally outside Australian embassy in Dili demanding solution to oil dispute.** Protesters gathered outside of the Australian embassy in Dili on February 23 to demand an end to the dispute between Timor-Leste and Australia over oil and gas resources in the Timor Sea. The protesters called on the Australian government to come to the negotiating table "in good faith" and accept a "median line" maritime boundary between the two countries. The prime minister of Timor-Leste, Rui Maria de Araújo, recently asked his Australian counterpart, Malcolm Turnbull, to reconvene talks on the establishment of a permanent sea border.



*Demonstrations in front of the Australian embassy in Dili, Timor-Leste, in 2013. Protests broke out February 23 in front of the embassy over the long-standing maritime border dispute between Australia and Timor-Leste. [https://commons.wikimedia.org/wiki/File:Oil\\_demo\\_Timor\\_2013.JPG](https://commons.wikimedia.org/wiki/File:Oil_demo_Timor_2013.JPG)*

- **Prime minister files defamation suit against journalist for exposing corruption.** Prime Minister Rui Maria de Araújo filed a defamation suit late last year against a journalist for suggesting he manipulated the outcome of a project bid to provide computer equipment to the Ministry of Finance in 2014, according to a February 23 Global Voices report. The journalist faces up to three years in prison if convicted.

#### BRUNEI

- **UN calls on Brunei to raise minimum age of marriage.** The United Nations on February 22 urged Brunei to raise the minimum age of marriage to 18, regardless of ethnicity or religious affiliation. The UN said on January 29 after receiving Brunei's latest report on child rights that it was "deeply concerned" children as young as 14 years old can marry under customary law. As a signatory of the UN Convention on the Rights of the Child (CRC), Brunei is required to submit a report every four years so that the UN can review its implementation of the CRC. ■

# Looking Ahead

- **Politics of Palm Oil in Malaysia.** The ASEAN Studies Initiative and Malaysia-America Society on March 4 will host a discussion with Dr. Shakila Yacob on the politics of the palm oil industry in Malaysia. Dr. Yacob is an associate professor in the Department of History at the University of Malaya and a Fulbright scholar at the University of Maryland. The event will take place from 6:30 p.m. to 8:30 p.m., Mary Graydon Center, Room 247, 4400 Massachusetts Ave., NW. To RSVP, e-mail the [ASEAN Studies Initiative](#).
- **Vietnam's Model of Development and Its Role in International Relations in Southeast Asia.** The Partnerships for International Strategies in Asia at the George Washington University will host a discussion on March 4 on Vietnam's model of development and its role in international relations with Ta Ngoc Tan, director of the Ho Chi Minh National Academy of Politics. The event will take place from 10:30 a.m. to 12:30 p.m., Lindner Commons, Room 602, 1957 E Street, NW. Click [here](#) to RSVP.
- **Japan and the Trans-Pacific Partnership.** The Asia Society Policy Institute (ASPI) and the Japanese Embassy on March 9 will host a discussion on the Trans-Pacific Partnership's effect on U.S.-Japan relations. Japanese ambassador to the United States Kenichiro Sasae will give opening remarks, followed by a panel discussion moderated by Wendy Cutler, ASPI vice president and Washington managing director. Panelists will include Ambassador Hiroshi Oe, Japan's deputy chief TPP negotiator; Bruce Hirsh, assistant U.S. trade representative for Japan, Korea, and APEC Affairs; Satohiro Akimoto, senior vice president and general manager of global relations, Mitsubishi Corporation; and James Fatheree, president, U.S.-Japan Business Council. The event will take place from 2:30 p.m. to 4:30 p.m., Mayflower Hotel, 1127 Connecticut Ave., NW. To RSVP, e-mail the [Asia Society Policy Institute](#).
- **Xi Jinping, China's Rise, and Leadership in Asia.** The Sigur Center for Asian Studies at the George Washington University on March 9 will examine the strengths and weaknesses of China's ascendance as a major power and its position in Asia, focusing on its foreign policy and initiatives toward its regional neighbors and the United States. Robert Sutter, professor of practice of international affairs, George Washington University, will speak at the event. The event will take place from 4:00 p.m. to 5:20 p.m., Lindner Family Commons, Room 602, Elliot School of International Affairs, 1957 E Street, NW. Click [here](#) to RSVP.
- **Post-Election Myanmar: Context, Opportunities & Challenges.** The Asia Foundation and Carnegie Endowment for International Peace on March

16 will host a roundtable to examine the fundamental political, economic, and social challenges that the National League of Democracy (NLD) government will face as Myanmar transitions toward more democratic practices. The panelists will delve into critical issues facing the country, focusing on prospects for political, economic, and social reforms as well as weighing the expectations and concerns of the general public in the post-election context. Panelists include Kim N.B. Ninh, country representative for Myanmar, Asia Foundation; Ma Thida, president, PEN Myanmar; Tin Htoo Naing, director, Center for Economy, Environment and Society; and Kim Jolliffe, lead researcher of the Social Services in Contested Area Project, Asia Foundation. The event will take place from 9:30 a.m. to 11:30 a.m., Choate Room, First Floor, 1779 Massachusetts Ave., NW. E-mail [Rebecca George](mailto:Rebecca.George@csis.org) to RSVP. ■

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