

**Report # 101****Business and Politics in Muslim World**

**South East Asia**  
**Tatheer Zahra Sherazi**

**2 January to 8 January**

**(Outline)**

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## Summary

### At Political Front

- Indonesia

Indonesian President Susilo Bambang Yudhoyono called for loyalty from his coalition partners on Wednesday as his government struggles early in his second term to deal with a string of graft scandals.

Certain coalition partners have been pursuing a parliamentary probe into the roles of Vice-President Boediono and Finance Minister Sri Mulyani Indrawati in the 6.7-trillion-rupiah (723-million-dollar) rescue of Bank Century in 2008. Boediono and Indrawati, who strongly deny any wrongdoing, are two of the most respected economic brains in Yudhoyono's team, but as independent technocrats they are filling posts coveted by coalition party chiefs.

The Bank Century bailout has been condemned by government auditors and linked to allegations of graft involving political cronies and campaign finance for Yudhoyono's Democratic Party.

Only a few short months since Indonesian President Susilo Bambang Yudhoyono was re-elected with an overwhelming mandate on an anti-corruption platform, protest marches and chants calling for revolution against his government have been heard on the streets of the national capital and other cities.

- Malaysia

A total of 102 PAS members from Kampung Binjal, Pohon Tar here have joined Umno. Kelantan Umno liaison chief Datuk Mustapa Mohamed regarded this as a good sign for the party in the next general election.

He added the move also showed that the people in the state were fed up with the PAS administration, which had become increasingly chaotic of late due to several arising issues.

- Thailand

The first Abhisit Vejjajiva cabinet reshuffle is the direct result of the public health minister's resignation and should not affect more than three seats, the prime minister says. Prime Minister Abhisit Vejjajiva, who is also the Democrat Party leader, said yesterday the reshuffle would be a minor one and that it was necessitated by the resignation of Wittthaya Kaewparadai, a Democrat, as public health minister.

Thailand's United Front for Democracy against Dictatorship (UDD) red-shirted

protest movement is poised to launch a renewed campaign to topple Prime Minister Abhisit Vejjajiva's wobbly coalition government. The protests promise new rounds of instability after a period of relative political calm and threaten to derail the country's still tentative economic recovery.

The new push will commence on Monday with a planned rally of 10,000 protesters around a royal privy councilor's allegedly ill-gotten land in a provincial forest reserve and eventuate in what UDD leaders contend will be a "decisive" mass rally in Bangkok later in the month. The UDD's symbolic leader, exiled former premier Thaksin Shinawatra, wrote in a Twitter message to his supporters on Friday that soothsayers he had consulted foresaw violence on the horizon in 2010.

### **Geo-Strategic Front**

- Cambodia

The Administrative Court has ruled against a cabinet resolution approving a Thai-Cambodian memorandum of understanding on the listing of Preah Vihear temple as a World Heritage site.

The court yesterday quashed the June 17, 2008, resolution on the grounds that the government of the day, led by Prime Minister Samak Sundaravej, had failed to follow procedures required by Section 190 of the constitution.

The section requires all agreements involving issues of sovereignty to be approved by parliament.

### **At Economic Front**

- Indonesia

Indonesia's highest authority on Islamic affairs, the Council of Ulema (MUI), has signalled a new hard line on imports from New Zealand - and other western nations - saying it is planning to insist that all imported food labelled as halal is only sold if it has the council's own halal certification.

Islam has religious rules for 'halal' food, including specific rules for how animals should be slaughtered.

Indonesia's economy may grow an average 6.6 percent annually over the next five years as the government aims to reduce poverty and unemployment, President Susilo Bambang Yudhoyono said today.

The government plans to cut the jobless rate to between 5 percent and 6 percent by 2014, Yudhoyono said in a speech in Jakarta. Indonesia targets a reduction in its poverty rate to between 8 percent and 10 percent in the same period, he said. Southeast Asia's biggest economy, which expanded an average 5.7 percent between 2004 and 2008, probably

grew 4.3 percent to 4.4 percent last year, the Finance Ministry said Jan. 1.

- MALAYSIA

Malaysia intends to attain economic growth of 5% this year by stimulating domestic demand, Second Finance Minister Datuk Ahmad Husni Hanadzlah said.

The Government believes the country would surpass both the International Monetary Fund's projection of 3% economic growth and the World Bank's prediction of 4.3% for Malaysia in 2010. Malaysia's racial diversity was one of the comparative advantages the country had in its bid to transform to a higher income economy, he added.

He also said Malaysia had much to learn from China's state-owned government-linked companies (GLCs) which bought over foreign firms and acquired their technology. They then adapted it to produce cheaper products

An Asian free-trade agreement between India and three key countries of the Association of South East Asian Nations (ASEAN), Singapore, Thailand and Malaysia as also a comprehensive economic partnership agreement with South Korea came into effect today.

Under the FTA, the parties will slash import duties on several products like seafood, chemicals and apparels among others..hina has also concluded a free-trade agreement with the ASEAN, which comes into effect today

- Cambodia

CAMBODIA'S government could set up a body to certify halal food in the country as early as this year, the official in charge of the proposed Cambodian Halal Institute said. One of the most widely recognised products made in Cambodia bearing the halal label is the Mee Yeung (Our Noodle) brand of instant noodles produced by Men Sarun Co.

The company produces four varieties of noodles. The chicken, seafood and beef variants are labelled halal, while the fourth – pork – does not carry the label, given that it is not eaten under Islamic law.

- Thailand

Thailand's economic situation is the most worried issue for the country's people next year, according to a poll by Bangkok University, Thai News Agency reported Thursday. It is discovered that some 39.7 percent of the total 1,123 respondents in Bangkok are concerned that the country's economy will not recover, the poll said.

The second most worried is the country's political problem, according to the poll, which asked the residents aged above 18 in various careers. Hence, concretely solving the country's economic problem is the New Year's gift they wish from the Thai government, the report said. The respondents also want the government to ensure national peace, security and unity, and to work for the benefit of the people.

Thai Prime Minister Abhisit Vejjajiva on Thursday said the government has set a plan to deal with impacts on Thai economy after ASEAN Free Trade Area (AFTA) is effective in 2010. In 2009, Thailand's total export to ASEAN countries was US\$40 billion while import value amounted to US\$30 billion. The country's trade surplus was US\$10 billion. Alongkorn said a combined ASEAN population of 580 million and US\$1.5 trillion Gross Domestic Product (GDP) will be a key factor for Thailand to enhance its trade and investment. ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Unemployment in Thailand stood at 400,000 in December, or 1.1 percent of the working population, down by half from nearly 800,000 last April, or 2.1 percent, the Labour Ministry said on Wednesday.

The ministry's statistics, in a report to the cabinet, showed that the number of Thais seeking state help after being laid off by employers fell to 40,638 in November from 101,939 in February 2009, when the economy was in recession.

- Vietnam

Market research firm Euromonitor International has identified four new high potential growth markets for alcoholic drinks. These are Nigeria, the Philippines, Vietnam and Turkey.

In addition to the fact that these markets were less impacted by the economic downturn than other nations, they share four primary denominators: the emergence of westernisation trends, large numbers of legal age drinking consumers, the advancement of middle classes and the rise in populations, said Euromonitor International analyst for Alcoholic Drinks, Spiros Malandrakis

- Laos

The government and the Lao National Chamber of Commerce and Industry held an annual meeting on national economy for the 2009-2010 periods in Vientiane Capital last Thursday. For the 2009-2010 period, the government plans to promote the agricultural production of Lao people in both dry and rainy seasons, enhance the stabilisation of the national macro-economy, increase the stabilisation of state administration, and promote energy and mining production by improving its management procedures and mechanisms, said Prime Minister Bouasone Bouphavanh.

- Brunei

The Minister of Energy at the Prime Ministers Office has called on more young Bruneians to join the private sector, particularly in international companies based here, to contribute to the development of the country's human workforce.

## **At Social Front**

- Indonesia,

Indonesia has arrested a dozen Afghan and Vietnamese migrants who were trying to reach Australia, an official says. The eight Afghans and four Vietnamese were arrested early on Thursday on a small island near Makassar, the provincial capital of South Sulawesi province. Indonesia is a key staging post for people smugglers bringing Afghans, Sri Lankans and other nationals for the perilous onward sea journey to Australia.

Indonesia on Wednesday reported 15 more bird flu fatalities in 2009, taking the human death toll in the country worst hit by the illness to 134. Officials recorded 20 cases of the illness last year, 19 of them fatal, the Health Ministry said in a statement.

- Malaysia

An uproar among Muslims over the use of the word Allah by Christians spread over the weekend with the firebombing and vandalizing of several churches, increasing tensions in a country that is in the midst of far-reaching political changes.

Malaysian Christians prayed at a temporary location after their church was set ablaze by the unidentified attackers in Kuala Lumpur.

THE 1Malaysia Foundation expresses its grave concern over the attacks on three churches in the Klang Valley and condemns the despicable act of those responsible.

Such heinous attacks are a serious blow to religious harmony in our multi-racial and multi-religious Malaysia. The relevant authorities must leave no stone unturned to investigate and bring those responsible to book.

The public must give their fullest cooperation to the authorities to track down those responsible.

Malaysia believes in providing balanced development to all citizens. This is to maintain social harmony and political stability. Only then can the economic fundamentals be attained and growth with balanced distribution achieved.

Malaysia is way ahead in meeting the target of the Millennium Development Goals to halve poverty incidence.

Under the economic stimulus packages (PRE I and PRE II), priority was given to people-centric programmes. Elements for assistance for the most affected groups are made easily accessible, such as funds and licences to start new ventures into business.

- Philippine

Tens of thousands of Filipinos evacuated from the shadow of a volcano that began spewing ash and lava prepared to head home on Saturday after the alert level was lowered. The lowering of the alert level for the Mayon Volcano on the main island of



Luzon means that people evacuated from an eight-kilometre (five-mile) danger zone can return home, the Philippine Institute of Volcanology and Seismology said. Around 50,000 people around Mayon were evacuated after the alert was raised to four on a five-point scale on December 20, signaling that a major volcanic eruption could be imminent in the disaster-prone Philippines. "Definitely it is over... for now," said Joey Salceda, governor of Albay province, which includes Mayon. However the institute warned that the "overall state of unrest remains relatively high," and that people should remain outside a six-kilometre "permanent danger zone".

A military commander on Wednesday admitted that the Abu Sayyaf terrorist group remains a threat in southern Philippines despite continuous decline in its strength over the years. The Abu Sayaff, originally a separatist group based in Mindanao that has deteriorated into a band of bandits engaged mainly in kidnapping, has also been blamed for deadly bombings in Mindanao and Luzon, the Philippines' main group of islands.

The murder trial of the key suspect in November's massacre of 57 people in the Philippines is not just another courtroom drama followed by an angry public.

With the main defendant being a scion of a powerful and wealthy political clan in an impoverished southern Philippine province, the trial is a crucial test for the country's justice system, analysts said.

AT LEAST 66 Filipinos face the death penalty in China for drug smuggling, the Philippine foreign ministry said on Sunday. The ministry revealed the statistics following China's controversial December 29 execution of a British national convicted of drug smuggling.

- Laos

## Detailed News Monitoring Report

### Indonesia

- **Political front:**
- **Indonesian president seeks coalition loyalty amid scandals**

Indonesian President Susilo Bambang Yudhoyono called for loyalty from his coalition partners on Wednesday as his government struggles early in his second term to deal with a string of graft scandals.

The centrist ex-general reminded his coalition allies that they had signed a loyalty pact as he announced new appointments to vice-ministerial posts.

"Let's proceed according to the integrity pact and working contract that you all signed," he said in an address to an audience including all his cabinet ministers. Yudhoyono was re-elected in a landslide in July but his new rainbow coalition has been beset by party infighting and allegations over a controversial bank bailout.

Certain coalition partners have been pursuing a parliamentary probe into the roles of Vice-President Boediono and Finance Minister Sri Mulyani Indrawati in the 6.7-trillion-rupiah (723-million-dollar) rescue of Bank Century in 2008. Boediono and Indrawati, who strongly deny any wrongdoing, are two of the most respected economic brains in Yudhoyono's team, but as independent technocrats they are filling posts coveted by coalition party chiefs.

The Bank Century bailout has been condemned by government auditors and linked to allegations of graft involving political cronies and campaign finance for Yudhoyono's Democratic Party.

Yudhoyono, who campaigned on promises of clean government, has denied allegations that his party funnelled some of the money through charitable organisations into its election war chest.

The bank scandal follows on the heels of another corruption furore related to an alleged conspiracy among police and prosecutors to frame top anti-corruption investigators.

[http://news.yahoo.com/s/afp/20100106/wl\\_asia\\_afp/indonesiapolitics?](http://news.yahoo.com/s/afp/20100106/wl_asia_afp/indonesiapolitics?)

- **Economic Front**
- **New halal rules for Indonesian imports**

Indonesia's highest authority on Islamic affairs, the Council of Ulema (MUI), has signalled a new hard line on imports from New Zealand - and other western nations - saying it is planning to insist that all imported food labelled as halal is only sold if it has the council's own halal certification.

Islam has religious rules for 'halal' food, including specific rules for how animals should be slaughtered.

MUI's Food, Drugs and Cosmetic Assessment Institute is the sole issuer of halal certificates for such goods.

Ma'ruf Amin, one of the chairmen of the council, said many products imported from New Zealand, and other western countries such as the United States, and Australia, carried halal labels but that the MUI did not always trust their certification standards.

Mr Ma'ruf said the move was intended "to make sure that all products labelled halal are truly halal."

"For the time being, we will focus on food products, but in the future we will also deal with drugs and cosmetics," he told the Jakarta Globe.

The announcement is in line with signals Indonesia gave last year that it would no longer recognise the two existing certification authorities in New Zealand: Islamic Meat Management (NZIMM) and the Federation of Islamic Associations (FIA).

Trade Minister Tim Groser said at the time the Indonesian plan to ban \$100 million of NZ beef imports - and potentially \$450m worth of dairy exports - from 2010 required a longterm solution.

Since then the Government has announced that its Food Safety Authority (NZFSA) will provide oversight for organisations which certify halal meat to "standardise" halal certification. The oversight may yet be extended to dairy products.

"We are now working with some certifiers in New Zealand on how to improve their certification quality because so far none of the New Zealand certifiers can meet our standards," Mr Ma'ruf said.

<http://www.stuff.co.nz/business/industries/agribusiness/3216802/New-halal-rules-for-Indonesian-imports?>

- **Emerging markets: go for Indonesia and Vietnam**

The only place to be long term

"Emerging markets are really the only place to be," says Jeffrey Palma of UBS. Taking a long-term view, it's hard to disagree, as we've often pointed out.

But after a 75% jump in the MSCI Emerging Markets Index in 2009, "there are some clouds on the horizon" in 2010, says analyst Marc Faber.

Asia has fared well during the global down-turn, but the countries where growth is largely export-driven remain vulnerable to a lacklustre recovery or renewed outbreak of risk aversion in the developed world.

That would also hit commodities, which look overvalued as they've soared, even as the global economy has shrunk, says the FT's John Plender. A commodities setback would be

bad for Brazil, where half the index is made up of raw materials plays.

Valuations, meanwhile, are hardly compelling, with the MSCI index's p/e of 24 at a seven-year high. Capital Economics expects most major Asian markets and Brazil's main index to retreat or tread water in 2010.

Still, two compelling long-term stories, Indonesia and Vietnam, are worth a punt now. The Indonesia Fund (US: IF) we highlighted in the autumn is still on a 6.6% discount to net asset value, while the London-listed Vietnam Opportunity Fund (VOF) is on a 40% discount.

<http://www.moneyweek.com/investments/stock-markets/emerging-markets-go-for-indonesia-and-vietnam-46809.aspx?>

- **Yudhoyono Seeks 6.6% Indonesian Growth Over 5 Years**

Indonesia's economy may grow an average 6.6 percent annually over the next five years as the government aims to reduce poverty and unemployment, President Susilo Bambang Yudhoyono said today.

The government plans to cut the jobless rate to between 5 percent and 6 percent by 2014, Yudhoyono said in a speech in Jakarta. Indonesia targets a reduction in its poverty rate to between 8 percent and 10 percent in the same period, he said. Southeast Asia's biggest economy, which expanded an average 5.7 percent between 2004 and 2008, probably grew 4.3 percent to 4.4 percent last year, the Finance Ministry said Jan. 1.

Indonesia has fared better than its neighbors during the worldwide slump, relying less on exports and enjoying consumer confidence that's buoyed by the most stable political climate since the ouster of former dictator Suharto in 1998. Yudhoyono's government wants to spend more than \$150 billion over the next five years to improve roads and build ports and power plants.

The GDP target "can be met if the government starts handling the basic problems in our economy," said Fadhil Hasan, senior economist at the Institute for Development of Economics and Finance in Jakarta. "The government should develop the basic infrastructure like electricity, roads and ports. The investment climate needs to be significantly improved. We still have problems in bureaucracy that impede economic programs."

#### Lower Unemployment

Indonesia's unemployment rate fell to 7.87 percent in August from 8.14 percent in February, the Central Statistics Office said last month. The current poverty rate is at 14 percent, government data show.

"We must maintain consumption by the public and their incomes must also increase" for growth targets to be met, Yudhoyono said. "The government will also maintain the state

budget and optimize it so that the state budget and the regional budget won't miss their targets.”

Indonesia's economy has also benefited from a reduction in inflation, with the rate holding near a nine-year low in December, a report showed today. Consumer prices rose 2.78 percent from a year earlier, the central statistics agency said.

#### Investor Optimism

Investor optimism that Yudhoyono's second term, which began on Oct. 20, will deliver on the country's potential helped the Jakarta Composite Index climb 87 percent in 2009, its biggest annual gain since 1993. The index rose 1.3 percent at 3:52 p.m. in Jakarta.

“Bigger contributions from investment and exports” can help the expansion accelerate, so the government should focus on making it easier for companies to do business in Indonesia, said Winang Budoyo, an economist at PT Bank CIMB Niaga. “The economy can grow faster. It can't only depend on domestic spending as happened in 2009.”

Indonesia's export decline shrank to a “single-digit” rate in the fourth quarter of 2009, Finance Minister Sri Mulyani Indrawati told reporters in Jakarta today.

Shipments abroad may climb 5.1 percent in 2010, while imports are likely to increase 7.2 percent, Coordinating Minister for the Economy Hatta Rajasa said in Jakarta today. The economy may grow as much as 5.6 percent this year after expanding about 4.3 percent in 2009, Rajasa said.

#### Budget Deficit

The government plans to raise \$11 billion from local and overseas bond sales in 2010 to finance a budget deficit forecast at 98 trillion rupiah (\$10.4 billion), or 1.6 percent of gross domestic product.

Indonesia needs to boost its manufacturing industry before growth can accelerate, said Helmi Arman, an economist at PT Bank Danamon Indonesia in Jakarta.

Faster growth rates are “attainable but the challenge ahead is how to revitalize the manufacturing sector as this sector is a laggard,” Arman said. “If the economy grows more than 6 percent, the demand for imported goods will jump and that will affect macroeconomic stability. If the manufacturing sector is good, some demand will be filled domestically.

<http://www.businessweek.com/news/2010-01-04/yudhoyono-seeks-6-6-indonesian-growth-over-5-years-update3-.html>

- **Indonesian inflation hits record low 2.78% in 2009**

Indonesia posted record low inflation of 2.78 per cent in 2009, the statistics agency said on Monday, as the economic downturn and a dip in the cost of world oil dragged on prices. These two factors mean there are no drastic increases in the prices of commodities

like food and transport so they remain very low,' Ciptadana Securities head of sales John Teja told AFP.

'The inflation this year is a record low. Last year's inflation was nearly 10 per cent,' he added.

Indonesia's Consumer Price Index rose 2.78 per cent in December compared to the same month a year earlier. The inflation rate for the full year is defined as the year on-year rise in December. On-month inflation edged up to 0.33 per cent in December from negative 0.03 per cent in November as processed food and clothing prices increased, the agency said. Year-on-year core inflation, which excludes volatile food items and government-set prices, was 4.28 per cent compared with 4.29 per cent in November.

Clothing prices rose 0.95 per cent on the month while processed food prices were 0.93 per cent higher, agency chairman Rusman Heriawan told reporters. Transportation and communications prices increased 0.35 per cent from November, housing and energy costs gained 0.28 per cent and healthcare costs were 0.20 per cent higher, he added.

Bank Indonesia is expected to keep its key interest rate steady at 6.50 per cent when it meets on Wednesday.

<http://www.business-times.com.sg/sub/latest/story/0,4574,366504,00.html?>

- **Social front**
- **Indonesia arrests 12 migrants trying to make it to Australia**

Indonesia has arrested a dozen Afghan and Vietnamese migrants who were trying to reach Australia, an official says. The eight Afghans and four Vietnamese were arrested early on Thursday on a small island near Makassar, the provincial capital of South Sulawesi province.

"They were stranded on Kodingareng island after their boat suffered an engine problem," Triyono, the head of the detention centre where they were being held, told AFP.

The migrants had offered to pay "a high fee" to local residents to repair the boat's engine but they reported them to the police instead, he added.

An official from the provincial immigration office Dwi Laksono said that a total of 35 illegal migrants, mostly from Afghanistan, have been arrested in a week-long operation from December 25 to 31 in South Sulawesi. Indonesia is a key staging post for people smugglers bringing Afghans, Sri Lankans and other nationals for the perilous onward sea journey to Australia. Australian Prime Minister Kevin Rudd is under political pressure over the issue after a surge in arrivals via Indonesia over the past year.

<http://www.smh.com.au/world/indonesia-arrests-12-migrants-trying-to-make-it-to-australia-20100102-lmni.html?>

- **Indonesia reports 15 new bird flu deaths for 2009, taking human toll to 134**

Indonesia on Wednesday reported 15 more bird flu fatalities in 2009, taking the human death toll in the country worst hit by the illness to 134. Officials recorded 20 cases of the illness last year, 19 of them fatal, the Health Ministry said in a statement.

The figures are the first to be released by Indonesia since March, when four deaths were announced. They show that while avian influenza is still active, the number of cases is on the decline.

Last year saw the lowest number of human fatalities since 2005, when 13 were reported.

The ministry said that the most recent death was on Sept. 23, but gave no details about who had died or where.

Bird flu has killed 282 people worldwide since it began ravaging poultry stocks in 2003, the WHO said on its Web site. Indonesia is the worst affected country, with 161 infections since 2005, 134 of them fatal.

Indonesia came under strong criticism last year when it stopped announcing individual cases of the disease and ceased sharing virus samples with international health experts working on a vaccine.

Indonesia's former health minister had argued that the global system for a vaccine was unfair because her country's bird flu specimens could be used for a cure that would ultimately be too expensive for most Indonesians.

<http://www.orlandosentinel.com/business/nationworld/sns-ap-as-indonesia-bird-flu,0,3760195.story?>

- **Corruption bomb explodes in Indonesia**

Only a few short months since Indonesian President Susilo Bambang Yudhoyono was re-elected with an overwhelming mandate on an anti-corruption platform, protest marches and chants calling for revolution against his government have been heard on the streets of the national capital and other cities.

"Revolution, revolution, revolution to the death!" This rally cry, not heard since the 1998 fall of former dictator Suharto, is being chanted by anti-corruption activists and other protesters over Yudhoyono's alleged involvement in a complex plot to criminally frame two deputy chairmen, Chandra Hamzah and Bibit Samad Rianto, of the country's highly successful and widely respected graft-busting Corruption Eradication Commission .

The politically explosive allegations were captured in a wiretapped conversation involving businessman Anggodo Widjojo, police and prosecutors, in which they appeared to plot against the KPK. Widjojo mentioned the police force's top detective, Susno Duadji, and deputy attorney general, Abdul Hakim Ritonga, as

supportive of the plot. The conversation was nationally televised during Constitutional Court hearings and widely reported in the local media.

Both Duadji and Ritonga resigned their positions without explanation on Thursday. Under public pressure, Yudhoyono has launched an investigation, led by a group dubbed Team 8, into the allegations, and he has said that officials mentioned in the tapes should be suspended until the inquiry is complete. There are no indications that Yudhoyono intends to temporarily step down over the mounting scandal.

Anggodo allegedly contacted the Attorney General's Office and senior police officials to convince them of trumped up allegations against Chandra and Bibit. Anggodo Widjojo is the brother of fugitive Anggoro Widjojo, who is wanted for fraud and embezzlement and known to be at large in Singapore. Anggodo is heard on the tape to be soliciting "help" from Ketut Sudiharsa, deputy head of the witness protection agency, the LPSK, to protect his brother.

The allegations mark a dramatic turn for Yudhoyono, who was widely perceived as supportive of the country's much lauded anti-corruption drive. To nobody's great surprise, given that transcripts had earlier been leaked to the press, the plot by businessman Anggodo Widjojo to solicit false testimony was now on the record. Yudhoyono was indeed mentioned in the conversations as supporting the conspiracy.

Since its establishment in late 2003, the largely autonomous KPK has been at odds with entrenched forces in the government and bureaucracy. High-ranking officials in the police, Attorney General's Office, central bank and parliament have all been targeted for investigation and prosecution by the KPK, which boasts a 100% conviction rate in the cases it has brought before the special Corruption Court.

The KPK has come under fire from vested interest groups, including in parliament, that have tried to reduce or even eliminate the investigative agency's powers. That has been evident in parliament with the foot-dragging in debating a new Corruption Court bill, which effectively let the court's legal mandate expire. Parliament also bid to redefine the composition of the Corruption Court to dilute the number of ad hoc judges, who, unlike many career judges, have proven to be free from political influence.

But it's the alleged covert attempts to undermine the KPK that have caused the greater furor.

The accusation that KPK chairman Antasari Azhar contracted killers to murder a businessman who was the third corner in a love triangle involving a female golf caddy has come under new scrutiny amid the allegations political forces had aligned to undermine the KPK. Antasari is currently imprisoned and awaiting trial on murder charges.



He implicated and later withdrew accusations of abuse of power and influence peddling against other KPK members, sparking the police and Attorney General's Office to launch investigations. KPK deputy chairmen Chandra Hamzah and Bibit Samad Rianto were initially suspended over the investigations and then detained on October 28. There was immediate public suspicion that the two graft fighters, who have subsequently been released, had been framed. That suspicion was articulated in a vigorous online campaign in favor of the two commissioners (See Facebook people power , Asia Times Online, November 7).

Yudhoyono had been inundated with requests to intervene in the commissioners' defense. Although the KPK is an independent body, it is directly responsible to the president. Yudhoyono, however, in a display of his characteristic reticence, said the legal process must run its course. Protesters have since taken to the streets demanding action from Yudhoyono, who was until recently viewed as a dedicated champion of the anti-corruption drive.

Under mounting popular pressure, the police have temporarily released Chandra and Bibit. Police then detained Anggodo, who had appeared on a television show angrily defending his actions and denying he was trying to frame the two commissioners. Later, in another interview at police headquarters, a somewhat chastened Anggodo apologized to everyone he may have harmed through his wiretapped conversation, including Yudhoyono and deputy attorney general Ritonga.

Within 24 hours of his detention, police released Anggodo without laying charges against him. At first, police continued to stonewall the press while Anggodo secretly exited police headquarters through a back door, but soon began to send out mixed messages. Brigadier General Raja Erisman, National Police Director for Economic Crimes, was quoted as saying, "He is now under our protection."

A police spokesman, Inspector General Nana Sukarna, said, "We don't have enough evidence to name him as a suspect in each one of the six allegations. We can't blame him for his conversation with his friends, for mentioning the president, or for his threat to kill someone, as nothing materialized." He added, "It is the people who spread the recordings that should be blamed."

The news drew an immediate reaction from the hastily appointed Team 8 fact-finding group. A team member, Todung Mulia Lubis, a civil-rights lawyer and chairman of the executive board of Transparency International Indonesia, accused the police of "obstructing justice" and added, "This cannot be tolerated." Team 8 chairman Adnan Buyung Nasution threatened to have the entire team resign as their recommendations had largely been ignored. "What's the point of all our work?" he asked.

Some believe the debacle represents a golden opportunity for Yudhoyono to act decisively in cleaning up the police and Attorney General's Office, long seen among the most corrupt bureaucracies in the country. While much remains murky surrounding the alleged plot, including Yudhoyono's alleged involvement, one thing is certain: the president's once clean-hands image is now in doubt.

The new revelations could further erode Yudhoyono's graft-fighting credentials, and they threaten broadly the once vibrant reform movement he was democratically re-elected to lead.

[http://www.atimes.com/atimes/Southeast\\_Asia/KK07Ae04.html](http://www.atimes.com/atimes/Southeast_Asia/KK07Ae04.html)

- **Environmental Front**

#### **Malaysia**

- **Political Front**
- **102 quit PAS to join Umno**

A total of 102 PAS members from Kampung Binjal, Pohon Tar here have joined Umno. Kelantan Umno liaison chief Datuk Mustapa Mohamed regarded this as a good sign for the party in the next general election.

He added the move also showed that the people in the state were fed up with the PAS administration, which had become increasingly chaotic of late due to several arising issues.

Mustapa, who is also International Trade and Industry Minister, received the membership forms from former Kampung Binjal PAS branch secretary, Tuan Roni Raja Sulaiman.

Tuan Roni, who joined PAS 15 years ago, said he decided to quit PAS and join Umno as he was disappointed and felt cheated by PAS. "PAS has failed to implement many of its promises. In fact, its state administration is now in turmoil as they are caught up in political polemics to the extent of neglecting the people's interests.

"PAS tries to cover up its many weaknesses and the people are neglected. We are disappointed because of this, and we believe only Umno can look after our interests," he said.

Mustapa said the effort to recapture Kelantan was not a fantasy because in 2004, the "Selamat Tinggal PAS" (Goodbye PAS) drive proved effective when the Barisan Nasional won big although just not enough to capture the state.

"It is up to the people in Kelantan now to decide whether they want a chaotic government or us," he said.

<http://thestar.com.my/news/story.asp?file=/2010/1/9/nation/5441711&sec=nation>

- **Economic Front**
- **Malaysian deals to rise with development of knowledge-based economy and increased foreign investment**

M&A activity is expected to pick up in Malaysia this year with continued low interest rates, easier access to financing and a stronger currency (MYR), industry sources interviewed by merger market said. Furthermore, Prime Minister Najib Tun Razak, who was elected to office last year, is expected to take increased measures to move the traditionally agricultural and manufacturing-driven economy towards a more services-oriented direction.

The services sector, ranging from financial, healthcare and education to IT, is therefore expected to receive increased investment, said Brian Chia, Partner and Head of Corporate and Commercial Practice at Wong and Partners, the Malaysian member firm of Baker & McKenzie. The manufacturing sector may also experience a shake-up, said a corporate finance executive at an international advisory firm, with Japanese clients expressing interest in the space.

Big bank mergers may also be on the cards with increased liberalization and foreign interest in the financial services sector, said Chia, pointing to insurance, banking and finance as fields that will see consolidation. Munir Aziz, a partner at Wong and Partners, also noted that local banks continue trying to attract foreign issuers for MYR-denominated sukus – an Islamic financial certificate similar to a bond – particularly from Korea. This is in line with the country's ambitions to become a global center for Islamic finance.

Consolidation may also be imminent for the oil and gas support services, noted a financial advisor at a local firm, as bigger players take the opportunity to snap up smaller ones which were listed in the past few years.

The agriculture and plantations sector, meanwhile, will continue outbound acquisitive activity, said Chia. Companies such as Sime Darby, IOI and KLK, flushed with cash, may continue to diversify holdings. Aziz noted Felda, the Federal Land Development Authority, as a sleeping giant that has stated its attention to increase its presence globally through its commercial arm Felda Global Ventures. As reported, Felda Global Ventures plans to invest MYR 6bn (USD 1.8bn) internationally in the coming five years.

Telecommunications powerhouses Maxis and Axiata may continue to look at outbound investments to increase revenue base, especially as the relatively small Malaysian population of 28 million is already heavily user penetrated, said Aziz.

China will emerge as a significant investor into Malaysia this year, said the financial advisor, noting the overtures the Malaysian government has made to its Chinese counterparts in recent months – the first foreign bank license was awarded to China's largest bank ICBC last November. Less activity may be seen from traditional investors such as the US, Europe, Singapore and Japan due to domestic economic conditions, the

advisor noted. Excitement was roused in the market last year with rumors of a 10% stake sell in government-linked Sime Darby to Chinese investors, Chia said.

This is in line with the new administration's measures to reduce state holding in government-linked companies to make way for private and foreign investment, continued Chia, which could trigger non-core asset divestments and spur dilution of shares. Malaysia's Sovereign Wealth Fund Khazanah and Employee Provident Fund have been encouraged by policy-makers to decrease holdings to 30-40% from 60-70% in some strategic corporations, Aziz added. Also, as reported, the government has been hoping to attract strategic investment in its automotive company Proton, Chia said.

Chinese companies are also expected to contribute to a jump in IPO activity this year, said the financial advisor, with many listings having been approved but delayed by cautious underwriters last year. Domestic companies privatized in the past few years are also likely to turn back to public markets, led by Maxis' USD 3.6bn re-debut late last year. Eased Bumiputera requirements – Malaysia relaxed its affirmative action policy on its indigenous population's corporate equity ownership for certain sectors in June 2009 - could also be a boon to public markets, added the corporate finance executive.

The 10th Malaysia Plan, set to be announced this year, is also expected to offer some large scale public infrastructure investment opportunities, some of which are already underway, Chia said. He named as examples the construction of the Bakun Dam hydroelectric project, the development of the light rail transit line and the rollout of high speed broadband by incumbent telecoms giant Telekom Malaysia.

The political landscape remains an important economic driver in politically charged Malaysia, Chia added, and although restrictions on foreign holding of shares in listed companies have been somewhat loosened, strict regulations still exist, for example, foreign ownership caps on sectors such as telecommunications. This is especially stark when compared to the rest of the region, and may hinder international deal flow and transformational private equity buy-outs. Another challenge is the tightly held nature of many Malaysian corporations, added Aziz, some of which are controlled by powerful families who may not wish to relinquish control.

<http://www.ft.com/cms/s/2/769e8742-fca3-11de-bc51-00144feab49a.html?>

- **Economy expected to grow by 5% this year**

Malaysia intends to attain economic growth of 5% this year by stimulating domestic demand, Second Finance Minister Datuk Ahmad Husni Hanadzlah said.

The Government believes the country would surpass both the International Monetary Fund's projection of 3% economic growth and the World Bank's prediction of 4.3% for Malaysia in 2010.

Ahmad Husni, however, de-clined to reveal how the Govern-ment would stimulate domestic demand.

He said the Government's other strategy was to encourage domestic growth via the implementation of development programmes.

"This was why the tender process for projects was speeded up," he said after opening a Muslim business seminar at Universiti Malaysia Sabah here yesterday.

Ahmad Husni said the Govern-ment was also relying on sectors such as tourism that had emerged relatively unscathed from the global economic slowdown.

He also said Malaysia was on track for its projected economic growth of 7% in 2011.

Major international bio-technology firms were also looking at setting up shop in the country to take advantage of the different ethnicities of Malaysians.

"The Malays, Indians and Chinese are from the same ethnic background of about 40% of the world's population. This is why bio-technology firms are keen to establish their operations here to do clinical trials of their products."

Malaysia's racial diversity was one of the comparative advantages the country had in its bid to transform to a higher income economy, he added.

He also said Malaysia had much to learn from China's state-owned government-linked companies (GLCs) which bought over foreign firms and acquired their technology. They then adapted it to produce cheaper products

- **India-ASEAN free trade pact comes into effect news**

An Asian free-trade agreement between India and three key countries of the Association of South East Asian Nations (ASEAN), Singapore, Thailand and Malaysia as also a comprehensive economic partnership agreement with South Korea came into effect today.

Under the FTA, the parties will slash import duties on several products like seafood, chemicals and apparels among others.

China has also concluded a free-trade agreement with the ASEAN, which comes into effect today.

India and the ASEAN signed a free-trade agreement in August 2009, aimed at breaking duty barriers on goods traded. However, only Malaysia has ratified the agreement so far.

The FTA would result in elimination of tariffs on more than 4,000 products, ranging from electronic goods and textiles to chemicals and capital goods over six years.

Bilateral trade between India and the 10-member ASEAN now stands at \$48 billion annually.

[http://www.domain-b.com/economy/trade/20100101\\_free\\_trade\\_pact.html?](http://www.domain-b.com/economy/trade/20100101_free_trade_pact.html?)

- **Social Front**

- **Serious blow to our religious harmony**

THE Malaysia Foundation expresses its grave concern over the attacks on three churches in the Klang Valley and condemns the despicable act of those responsible.

Such heinous attacks are a serious blow to religious harmony in our multi-racial and multi-religious Malaysia. The relevant authorities must leave no stone unturned to investigate and bring those responsible to book.

The public must give their fullest cooperation to the authorities to track down those responsible.

We call on Malaysians to remain calm and leave it to the authorities to take whatever action deemed fit to ensure that there will not be a repetition of such a dastardly act.

The relevant authorities should also beef up security of churches and all other places of worship to prevent a recurrence of the incident.

The gathering of intelligence is vital in this regard and every effort must be made to address the problem with a sense of utmost urgency.

In a multi-racial and multi-religious country like Malaysia, issues concerning religion should be discussed and settled through dialogue and discussion and not through violent and unlawful means.

<http://thestar.com.my/news/story.asp?file=/2010/1/9/focus/5440085&sec=focus>

- **An uproar among Muslims over the use of the word Allah**

An uproar among Muslims over the use of the word Allah by Christians spread over the weekend with the firebombing and vandalizing of several churches, increasing tensions in a country that is in the midst of far-reaching political changes.

Malaysian Christians prayed at a temporary location after their church was set ablaze by the unidentified attackers in Kuala Lumpur.

Arsonists struck three churches and a convent school early Sunday and splashed black paint on another church. This followed the firebombing of four churches on Friday and Saturday. No injuries were reported, and only one of the churches, Metro Tabernacle in the capital, Kuala Lumpur, suffered extensive damage.

The attacks, unlike anything Malaysia has seen before, have shaken a country where many Muslims are angry over a Dec. 31 court ruling that overturned a government ban on the use of the word Allah to denote the Christian God.

Though that usage is common in many countries, where Arabic- and Malay-language Bibles describe Jesus as the “son of Allah,” many Muslims here insist that the word belongs exclusively to them and say that its use by other faiths could confuse Muslim worshippers.

That dispute in turn was described by some observers as a sign of political maneuvering

as the governing party struggles to maintain its dominance following its worst setbacks in national and state elections last March.

Some political analysts and politicians accuse Prime Minister Najib Razak of raising racial and religious issues as he attempts to solidify his Malay base. In a difficult balancing act, he must also win back Chinese and Indian voters whose opposition contributed to his party's setback last year.

"The political contestation is a lot more intensified," said Elizabeth Wong, a state official who is a member of the opposition Parti Keadilan Rakyat. "In Malaysia the central theme will always be about the Malay identity and about Islam. The parties come up with various policies or means to attempt to appeal to the Muslim Malay voters."

In an interview, the main opposition figure, Anwar Ibrahim, implied that the government was behind the current tensions. "This is the last hope — to incite racial and religious sentiments to cling to power," he said. "Immediately since the disastrous defeat in the March 2008 election they have been fanning this."

The government has appealed the December court decision and has been granted a stay, and the dispute has swelled into a nationwide confrontation, with small demonstrations at mosques and passionate outcries on the Internet. More than 180,000 people have joined a Facebook group called "Protesting the use of the name Allah by non-Muslims."

The tensions are shaking a multiethnic, multiracial state that has attempted to maintain harmony among its citizens: mostly Muslim Malays who make up 60 percent of the population, and minority Chinese and Indians, who mostly practice Christianity, Hinduism and Buddhism.

About 9 percent of Malaysia's population of 28 million people are Christian, most of them Chinese or Indian. Analysts say this is the first outright confrontation between Muslims and Christians.

But race has become a staple of political discourse in recent years, and religion has been its vehicle, said Ooi Kee Beng, a fellow at the Institute of Southeast Asian Studies in Singapore.

"Religion has become a much more useful tool for parties who depend on playing on ethnic divisions," said Mr. Ooi. "They find it difficult to talk about racial issues but possible to talk about religious issues. We are seeing the result of that political opportunism over the last two decades." The line between race and religion is blurred in a country where the Constitution equates Muslim and Malay identities, said Jacqueline Ann Surin, editor of The Nut Graph, an analytical Malaysian news site that covers political Islam extensively.

"Malaysia is peculiar in that we have race-based politics and over the past decade or so

we have seen an escalation of this notion that Malay Malaysians are superior,” she said. “That has been most apparent from consistent attempts by the U.M.N.O. leadership to promote the notion of ‘ketuanan Melayu,’ or Malay supremacy or dominance.” The United Malays National Organization is the full name of the governing party.

“So it’s a logical progression that if the Malay is considered superior by the state to all others in Malaysia, then Islam will also be deemed superior to other religions,” she said.

<http://www.nytimes.com/2010/01/11/world/asia/11malaysia.html?partner=rss&emc=rss>

- **Poverty is not to be inherited**

Malaysia believes in providing balanced development to all citizens. This is to maintain social harmony and political stability. Only then can the economic fundamentals be attained and growth with balanced distribution achieved.

Malaysia is way ahead in meeting the target of the Millennium Development Goals to halve poverty incidence.

Under the economic stimulus packages (PRE I and PRE II), priority was given to people-centric programmes. Elements for assistance for the most affected groups are made easily accessible, such as funds and licences to start new ventures into business.

Abject poverty: A file picture a hardcore poor family’s home in Shah Alam. The private sector is encouraged to build more low and low-medium-cost houses while the public sector concentrates on low-cost houses.

For the past three and a half decades, poverty rates have declined dramatically.

Since the 1970s, Malaysia has reduced the poverty of nearly half the population (49.6%). The incidence of poverty declined from 5.7% in 2004 to 3.6% in 2007. The incidence of urban poverty decreased from 2.5% in 2004 to 2.0% in 2007 while in rural areas, it declined from 11.9% to 7.1%.

The target of the 9th Malaysia Plan (2006-2010) is to further reduce the incidence of poverty to 2.8% by 2010 and totally eradicate hardcore poor families.

The number of poor households dropped from 311,300 to 209,000 (33%) during the corresponding period. The decline was due to both positive growth and the implementation of various poverty eradication programmes.

Urban household incomes increased at 3.3% per annum from RM3,956 in 2004 to RM4,356 in 2007 while the corresponding rural household income increased at 6.8% from RM1,875 to RM2,283.

Mean household income has increased from RM3,249/month in 2004 to RM3,686/month in 2007, registering an average annual growth of 4.3%. The higher growth rate of income among rural households was mainly due to better commodity prices, particularly rubber and palm oil. Malaysia has conducted a census and registered poor households and



developed a common user data bank on poverty called eKasih.

The Implementation Coordination Unit (ICU) of the Prime Minister's Department coordinates all inter-Ministry and agency poverty eradication programmes.

The thrust of poverty eradication strategies focuses on eradicating hardcore poverty and sustaining them with social safety net programmes. In addressing these issues, groups are categorised into two strata – urban and rural. Common PLI with the number of members of household, age groups and gender will determine the per capita poverty line income within different strata were developed and applied. Each and every member of a household has their own per capita income based on age, gender and special nutrient requirement based on calory intake to sustain a healthy and productive life.

People's Housing Programme (PPR) run by the Ministry of Housing and Local Authorities (KPKT) rents houses to target groups for a monthly rental of RM124.00.

Housing programmes are undertaken by both the public and private sectors.

The private sector is encouraged to build more low and low-medium-cost houses in their mixed-development projects while the public sector concentrates on building low-cost houses in urban and rural areas. Focus is also given to building more low-cost units for lower income groups.

Housing Assistance Programme (PBR) is also provided to the poor in rural areas mainly by the Ministry of Rural and Regional Development (KKLW). In 2006, 2,136 hardcore poor households in rural areas were provided home reconstruction assistance, which benefited 10,680 household members. In 2007, housing assistance was provided to 1,942 hardcore poor households. The social safety net programme of the Ministry of Woman, Family and Community Development (KPWK) focuses on assistance for vulnerable groups such as the aged, disabled, single parents and disaster victims.

Incentives are provided to encourage these groups for their right to development.

Income generating projects had been a concern of the Government especially in rural areas.

In addressing these issues, the Ministry of Agriculture and Agro-based Industry (MOA) provides support with the implementation, networking, management and marketing services for the poor. Initiatives have been taken to boost women's participation in business through the creation of funds for entrepreneurs, especially so in the micro-credit programme implemented by Amanah Ikhtiar Malaysia (AIM) where almost 100% of the borrowers are women. As for the private sector, incentives deductible from corporate tax are given to centres established within the workplace.

Corporate Social Responsibility (CSR) from the private sector contributed to the whole mechanism. Malaysia is home to a number of indigenous groups.

In line with this, comprehensive policies and strategies have been created for the development of indigenous groups focussing on uplifting their quality of life.

The Ministry of Education had extended various forms of assistance to these communities which includes school uniforms, bags, books, school fees and transportation. These measures have encouraged students to attend school and hence, improve academic excellence. The Government also provides clean water to these communities through a gravity-feed system as an alternative supply. The Department of Agriculture provides input and agricultural extension services.

These services have increased productivity and hence, they are able to produce sufficient food for their own consumption and income.

Poverty eradication is an ongoing vision and effort. It is an effort which must be shared and led both by the private and public sector.

Kemiskinan bukan untuk diwarisi. (Poverty is not to be inherited).

<http://thestar.com.my/news/story.asp?file=/2010/1/10/focus/5422765&sec=focus>

- **Malaysian churches attacked with firebombs**

Muslims protest against a court decision that allows a Catholic newspaper to use the word 'Allah' to describe the Christian God in its Malay language editions.

Three Malaysian churches were attacked with firebombs, causing extensive damage to one, as Muslims pledged today to prevent Christians from using the word "Allah", escalating religious tensions in the multiracial country.

Many Malay Muslims, who make up 60% of the population, are incensed by a recent high court decision to overturn a ban on Roman Catholics using Allah as a translation for God in the Malay-language edition of their main newspaper, the Herald.

The government had said that Allah, an Arabic word that predates Islam, was exclusive to the faith. It refused to make an exception, even though the Herald's Malay edition is read only by Christian indigenous tribes in the remote states of Sabah and Sarawak.

At Friday prayers at two main mosques in downtown Kuala Lumpur, young worshippers carried banners and vowed to defend Islam.

"We will not allow the word Allah to be inscribed in your churches," one shouted into a loudspeaker at the Kampung Bahru mosque. About 50 other people carried posters reading "Heresy arises from words wrongly used" and "Allah is only for us".

"Islam is above all. Every citizen must respect that," said Ahmad Johari, who attended prayers at the National Mosque. "I hope the court will understand the feeling of the majority Muslims of Malaysia. We can fight to the death over this issue."

The demonstrations were held inside the mosque compounds to follow a police order against protests on the streets. Participants dispersed peacefully afterward.

Malaysia is often held up as a model for other Islamic countries because of its economic development, progressive society and generally peaceful coexistence between the Malay majority and the ethnic Chinese and Indian minorities who are mostly Christians, Buddhists and Hindus.

The Allah controversy has the potential to shatter that carefully nurtured harmony, drive a deep racial wedge and scare away foreign investment as the country struggles to emerge from the global financial crisis.

The prime minister, Najib Razak, condemned the attacks on the churches by unidentified assailants, who struck before dawn in different suburbs of Kuala Lumpur. He said the government would "take whatever steps it can to prevent such acts".

The home minister, Hishammuddin Hussein, said the country's leaders were very concerned about the situation. "We don't want this to spread out into something else ... I am not only assuring the minorities, I am assuring all Malaysians – anybody who is in Malaysia – that they are safe," he told reporters.

In the first attack, the ground-level office of the three-story Metro Tabernacle church was destroyed in a blaze set off by a firebomb thrown by attackers on motorcycles soon after midnight, police said. The worship areas on the upper two floors were undamaged and there were no injuries.

Two other churches were attacked hours later, with one sustaining minor damage while the other was not damaged.

The tribespeople of Sabah and Sarawak, who speak only Malay, have always referred to God as "Allah," an Arabic word used not only by Muslims but also by Christians in Muslim-majority countries such as Egypt, Syria and Indonesia.

Many Malaysian Muslims say its use by others could mislead people, tempting them to convert to Christianity.

Since the verdict, threats against Christians have been posted widely on the internet.

The backlash against the court verdict has reinforced complaints by minorities that they face institutional discrimination. They say it is almost impossible to get permission to build new churches and temples. Some Hindu temples have been demolished in the past. Court verdicts in religious disputes usually favour Muslims.

<http://www.guardian.co.uk/world/2010/jan/08/malaysia-churches-firebomb-attack?>

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- **Environmental**

**Philippine**

- **Political Front**
- **Economic Front**
- **Social Front**

- **Massive clean-up as Philippine volcano calms down**

Tens of thousands of Filipinos evacuated from the shadow of a volcano that began spewing ash and lava prepared to head home on Saturday after the alert level was lowered. The lowering of the alert level for the Mayon Volcano on the main island of Luzon means that people evacuated from an eight-kilometre (five-mile) danger zone can return home, the Philippine Institute of Volcanology and Seismology said. Around 50,000 people around Mayon were evacuated after the alert was raised to four on a five-point scale on December 20, signaling that a major volcanic eruption could be imminent in the disaster-prone Philippines. "Definitely it is over... for now," said Joey Salceda, governor of Albay province, which includes Mayon. However the institute warned that the "overall state of unrest remains relatively high," and that people should remain outside a six-kilometre "permanent danger zone".

"The situation could change and we could raise the alert level again. This is what happened in 2001 when Mayon paused for a long time and then resumed erupting," said institute director Renato Solidum. Solidum warned there were still signs of magma rising in the volcano and that rocks, lava and volcanic ash already on the slopes could come crashing down in avalanches or mudslides. An August 2006 eruption caused no immediate deaths but the following December a passing typhoon unleashed an avalanche of volcanic mud from the mountain's slopes that left 1,000 dead. More than 46,000 people living some seven to eight kilometres around Mayon will be allowed to return home while over 3,000 who live in a six-kilometre zone will have to remain in evacuation centres, Salceda told AFP.

On Saturday the institute lowered the alert level to three, meaning "there is less probability of a hazardous explosion." Salceda said all families leaving evacuation centres would be provided with food rations for three days and cash for home repairs. Many evacuees were eager to leave, complaining that the evacuation centres -- mainly government schools -- did not have enough facilities or food supplies. "Some bathrooms could not be used and the place was overcrowded. Sometimes the relief goods were not enough. We did not even get any food yesterday," said 20-year-old Rosa Mantes, whose parents have a farm in the foothills of Mayon.

"We wanted to go back earlier but the government really tightened security in the danger zones." Elba Bana, 60, said she was happy to go home but added: "We are always afraid, especially when the rain is strong and there may be lahar," a kind of volcanic mudflow. "If there is strong rain, then we may be evacuated again." Salceda said the evacuation had shown the country was well prepared in the case of a future eruption. "We have proven already that we can easily bring them back to the evacuation centres." Located about 330

kilometres (200 miles) southeast of Manila, Mayon has erupted 48 times in recorded history. In 1814, more than 1,200 people were killed when lava flows buried the town of Cagsawa.

- **Abu Sayyaf steps up recruitment in Mindanao**

A military commander on Wednesday admitted that the Abu Sayyaf terrorist group remains a threat in southern Philippines despite continuous decline in its strength over the years.

The admission made by Maj. Gen. Benjamin Dolorfino, the commander of the Western Mindanao Command (Wesmincom) of the Armed Forces of the Philippines, practically wrote off President Gloria Arroyo's order for the military to wipe out the terrorist group before her term ends in June 2010.

Dolorfino said that continuous military operations against the Abu Sayyaf have reduced the strength of the group by 18 from 409 in July to 391.

However, he said the Abu Sayyaf has been actively recruiting to replace its members who have died in battle.

President Gloria Arroyo in August 2009 ordered the military to step up its operations against the Abu Sayyaf immediately after the release Eugenio Vagni, an Italian volunteer from the International Committee of the Red Cross (ICRC). The three volunteers belonged to a long list of local and foreign civilians who had been abducted for ransom by the Abu Sayyaf, tagged as a foreign terrorist organization by the US State Department. The Abu Sayaff, originally a separatist group based in Mindanao that has deteriorated into a band of bandits engaged mainly in kidnapping, has also been blamed for deadly bombings in Mindanao and Luzon, the Philippines' main group of islands.

Dolorfino said that their mission for 2010 is to neutralize the bandit group while giving protection to the people and securing vital installations.

"The center of gravity of our mission is to neutralize [the Abu Sayyaf] leaders, we'll focus on that. We expect that once we neutralize the leaders the [terrorist group] will crumble," he added.

Among the targets for neutralization are Parad, Dr. Abu Pula, Isnilon Hapilon and Radullan Sahiron, who are all based in Sulu province in Mindanao.

Besides the Abu Sayyaf bandits, the military is also hunting down 23 Jemaah Islamiah members, including Omar Patek, Dulmatin, Marwan and Mawiya.

Jemaah Islamiah is based in Southeast Asia and was behind the Bali bombings a few years ago and many other deadly attacks on civilians.

<http://www.manilatimes.net/index.php/news/nation/9149-abu-sayyaf-steps-up-recruitment-in-mindanao?>

- **Massacre trial a test for Philippines**

The murder trial of the key suspect in November's massacre of 57 people in the Philippines is not just another courtroom drama followed by an angry public.

With the main defendant being a scion of a powerful and wealthy political clan in an impoverished southern Philippine province, the trial is a crucial test for the country's justice system, analysts said.

"This trial is very crucial because this will show whether the justice system in the Philippines works," said Maria Socorro Diokno, secretary general of the Free Legal Assistance Group, an organisation of human rights lawyers.

"It will show whether or not justice is really for all or whether people with money or people with power will be above the system," she said.

Andal Ampatuan Junior, mayor of Datu Unsay town in Maguindanao province, 930km south of Manila, pleaded not guilty to 41 counts of murder on the first day of the trial on January 5. He is expected to face an additional 16 counts of murder.

Ampatuan Junior's family is not just moneyed, but also closely allied with President Gloria Macapagal Arroyo. What is more, the Ampatuans are warlords in the southern Philippines, where they have thousands of loyal armed supporters.

State prosecutors said they have an airtight case but the defence is undaunted and filed a petition for bail on the first day of the trial, noting that there was no strong evidence against their client.

Prosecutors said witnesses would positively identify Ampatuan Junior as the person who led more than 100 militiamen and police officers in slaughtering the relatives of a rival politician and 30 journalists on November 23 in Ampatuan town.

Diokno said the trial puts a spotlight on the way justice is dispensed in the Philippines, where the judiciary is widely perceived to be corrupt and favour the rich, despite reform efforts by the Supreme Court.

"If the perpetrators are not held accountable for their acts, what this means is that everybody who has power, who has money, will get away literally with murder," she said. "The problem here will be political will," he added. "The justice system is in place, there are rules and laws. The only requirement is that these rules and laws are implemented and that requires political will given the circumstances."

Casiple said the judiciary must ensure the transparency of the proceedings with no loopholes that could be exploited by the defence to get their client off the hook.

Diokno agreed that the trial places a burden on the judiciary, including prosecutors, investigators, defence counsel and even prison officials, "to be effective, efficient and professional in following the rule of law."

“This means there will be no corruption, no shortcuts, nothing that people believe is normally attached to a case.”

The trial could prove daunting for the country’s graft-prone judicial system considering the influence wielded by the Ampatuan clan over Arroyo, Diokno added.

The Ampatuans were suspected to have played key roles in the alleged rigging of the 2004 presidential elections to ensure Arroyo’s victory.

Diokno said that while Arroyo has publicly disowned the Ampatuans, the 62-year-old president would likely not abandon loyal allies who propped her up.

Casiple said Arroyo’s successor, who is to be elected in general elections in May, would play a key role in ensuring that the victims of the massacre get justice.

“I’m not that optimistic under the Arroyo administration,” he said.

Arroyo has been accused in the past of dispensing legal favours to high-profile convicts to buy their loyalty, including her failed attempt to win the support of former president Joseph Estrada, who was convicted of massive corruption in 2007 after a six-year trial.

While Estrada was sentenced to life imprisonment, he did not spend a single day in jail due to Arroyo’s pardon.

The pardon was widely perceived as a political move aimed at getting Estrada on Arroyo’s side and appeasing his army of impoverished supporters. Estrada, however, remained critical of Arroyo even after he was freed from detention at his sprawling estate east of Manila.

Arroyo has also pardoned other convicts from wealthy and influential families, such as a former lawmaker convicted of statutory rape and a son of a former Supreme Court chief justice jailed for murder.

Diokno said she was hopeful that members of the judiciary would be able to withstand whatever pressure is put on them and would serve the ends of justice.

“There are decent prosecutors, there are decent judges,” she said. “I’m banking on that sense of decency, that sense of patriotism, that sense of responsibility that still reside in some of the members of our judicial system.”

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=336171&version=1&template\\_id=46&parent\\_id=26](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=336171&version=1&template_id=46&parent_id=26)

- **66 Filipinos face death in China**

AT LEAST 66 Filipinos face the death penalty in China for drug smuggling, the Philippine foreign ministry said on Sunday. The ministry revealed the statistics following China's controversial December 29 execution of a British national convicted of drug smuggling.

Nine of the Filipinos face execution with no chance of reprieve while 57 were sentenced with possible reprieve, said Foreign Under-secretary Esteban Conejos.

Another 30 Filipinos are serving life imprisonment, while 44 are serving lesser terms of up to 50 years on drug charges. Another 55 still have cases pending, he added.

He said that under Chinese law, smuggling of 50 grams (1.76 ounces) or more of any illegal narcotic drug into the country was punishable by death. However he said Chinese judicial authorities in the past had 'demonstrated remarkable forbearance and accommodation' towards Filipinos charged with drug smuggling.

He said the Philippines also had to show it was making an effort to stem cases of Filipinos being used as 'drug mules' to smuggle narcotics into China. 'We have to take this very seriously. It is important for us to demonstrate that we continue to address this problem,' he said.

[http://www.straitstimes.com/BreakingNews/SEAsia/Story/STISStory\\_475704.html?](http://www.straitstimes.com/BreakingNews/SEAsia/Story/STISStory_475704.html?)

- **Environmental front**

#### **Thailand**

- **Political Front**
- **Abhisit: Reshuffle will be a minor one**

The first Abhisit Vejjajiva cabinet reshuffle is the direct result of the public health minister's resignation and should not affect more than three seats, the prime minister says. Prime Minister Abhisit Vejjajiva, who is also the Democrat Party leader, said yesterday the reshuffle would be a minor one and that it was necessitated by the resignation of Witthaya Kaewparadai, a Democrat, as public health minister.

Mr Witthaya is one of 11 people implicated in alleged irregularities involving the ministry's planned purchases of medical equipment under the Thai Khem Khaeng economic stimulus scheme. Democrat executives and MPs are scheduled to meet tomorrow to pick Mr Witthaya's successor. Deputy Public Health Minister Manit Nopamornbodee, of the coalition Bhumjaithai Party, who is among the 11 implicated in the scandal, has so far not shown any sign that he also would quit his post. Mr Abhisit said yesterday Bhumjaithai should listen to the voice of society.

Bhumjaithai leader Chavarat Charnvirakul said yesterday his party would not bow to any pressure and its key figures would decide on the issue.

Mr Chavarat said his party would meet today. Somsak Thepsuthin, a key figure in the Matchima faction, of which Mr Manit is a member, would join the session.

Mr Witthaya resigned as public health minister on Dec 29, one day after an independent panel headed by Banlu Siripanich, former deputy permanent secretary for public health, alleged there was mismanagement of a 86 billion baht budget the Public Health Ministry



received under the government's "Thailand: Investing from Strength to Strength", also known as Thai Khem Khaeng.

Mr Manit is alleged to have abused his authority under the Thai Khem Khaeng scheme, especially in the allocation of health funds to Ratchaburi, his home province.

There have been reports Bhumjaithai might swap cabinet portfolios to let Mr Manit keep his ministerial post.

Thepthai Senapong, the Democrat leader's spokesman, said Mr Abhisit would call a meeting of Democrat executives at 3.30pm tomorrow to select Mr Witthaya's successor.

Democrat MPs would meet at 4.30pm on the same day to consider the selection, he said.

He also quoted Mr Abhisit as saying that after the next censure debate, there could be another cabinet reshuffle.

<http://www.bangkokpost.com/news/politics/30470/abhisit-reshuffle-will-be-a-minor-one?>

- **A peep into Thailand's future**

A fortune teller has predicted another coup in Thailand. But even if Prime Minister Abhisit Vejjajiva discounts it, he should familiarise himself with a 'must read' article published in a Thai journal on Dec 28.

A THAI fortune-teller predicted that "after a coup the country would have a new prime minister whose name begins with the Thai letter pronounced "Awe", according to The Nation.

In response to that prediction, Thai Prime Minister Abhisit Vejjajiva said: "There are people who want to bring about violence but it is my and the government's duty not to let that happen. I reiterate that whoever thinks violence is an answer to this society is thinking wrong."

Probably Abhisit could dismiss the prediction as it came from a fortune teller. But perhaps he should also read an article suggesting Thailand was in the early stages of a civil war that appeared in Naew Na daily (a Thai journal) on Dec 28.

It is a must-read because Prem Tinsulanonda, the 88-year-old adviser to the Thai King, says it is a must-read. And General Prem, a former unelected Prime Minister and army chief, is a puu yai (Thai for "senior elder") whose words and action are taken seriously.

For example, when General Prem donned military attire to meet military leaders in his Bangkok residence on Dec 28, Thai political watchers speculated why the retired army chief was in uniform.

We love you: Supporters of ousted Thaksin cheering for him during an anti-government demonstration on Dec 10, 2009, in Bangkok, Thailand. — AP

For some it was a hint that a coup was in the making. The last time the retired general appeared in military gear in public was when talking to military cadets in July and

August 2006, lecturing them on their role to serve the King and the nation.

And then ... the Sept 19, 2006, coup which ousted Prime Minister Thaksin Shinawatra happened.

However, Admiral Phajun Tamprateep, personal secretary to Gen Prem, insisted that “there is nothing to interpret”, as reported by the Bangkok Post.

“Gen Prem is a soldier and he loves the military profession. He likes to wear the uniform on occasion, and he does so when he deems it appropriate,” Phajun explained.

On the day Gen Prem was in military uniform he told military leaders that an article published in Naew Na daily was “important and a must-read”.

The article, headlined We are in a period of civil war, was written by Chirmsak Pinthong, a critic of Thaksin.

Chirmsak contended that Thailand was in the initial stages of civil war. “On one side is the ‘legitimate government’ of the kingdom of Thailand and on the other side there are the Thaksin forces,” he said, as translated by [thaipoliticalprisoners.wordpress.com](http://thaipoliticalprisoners.wordpress.com) (a blog on Thai politics).

“They aim not just to overthrow the Abhisit government but to also radically change the system of government, eventually establishing a republic and a dictatorship.”

Chirmsak painted a scenario on how Thaksin would ignite a civil war.

The Thaksin forces, according to Chirmsak, would reject the authority of the Abhisit-led government (which it accused of being illegitimate). For example, ministers could not perform their duties in certain part of Thailand due to hostilities from the pro-Thaksin Red Shirts.

He wrote about the soldiers for hire in the Thaksin forces, referring to Gen Chavalit Yongchaiyudh (a former army chief and Prime Minister who recently joined the pro-Thaksin Pheu Thai party) and the Class 10 army officers (who are Chavalit’s classmates).

“They are a minority, unlike the police who remain loyal to Thaksin, as evidenced by their failure to investigate the attacks on ‘peaceful PAD rallies, causing several deaths’,” said Chirmsak, a diehard supporter of the PAD (People’s Alliance for Democracy, an anti-Thaksin movement popularly colour-coded as the Yellow Shirts).

Chirmsak, as [thaipoliticalprisoners.wordpress.com](http://thaipoliticalprisoners.wordpress.com) colourfully translated, forecast: “The ‘big boss’ is firing off the ‘intercontinental missiles’ that ‘drop from the skies on the Kingdom of Thailand’. Some Red Shirts are the ‘infantry’ creating all the problems in the country.

“Others are the ‘artillery’, using television as their weapon. The Pheu Thai Party in parliament are the ‘cavalry in tanks’, protected by their parliamentary position but causing confusion. The ‘spies’ are the senior government officials who provide secret

information, impede and disrupt.

“The civil war has begun but the outcome is not certain, so what can be done? The government is not going to be able to administer the country in any normal manner.

“The government needs to be more aggressive in maintaining the state’s power. The constitution has to be maintained. The power of the judiciary has to be protected so that it can enforce the law.”

- **Reds ready to rumble in Thailand**

Thailand's United Front for Democracy against Dictatorship (UDD) red-shirted protest movement is poised to launch a renewed campaign to topple Prime Minister Abhisit Vejjajiva's wobbly coalition government. The protests promise new rounds of instability after a period of relative political calm and threaten to derail the country's still tentative economic recovery.

The new push will commence on Monday with a planned rally of 10,000 protesters around a royal privy councilor's allegedly ill-gotten land in a provincial forest reserve and eventuate in what UDD leaders contend will be a "decisive" mass rally in Bangkok later in the month. The UDD's symbolic leader, exiled former premier Thaksin Shinawatra, wrote in a Twitter message to his supporters on Friday that soothsayers he had consulted foresaw violence on the horizon in 2010.

Since last April, when the UDD stormed and disrupted an Asian summit meeting with global leaders in attendance in Pattaya and later fought running street battles with Thai security forces in the capital, Bangkok, the movement has undergone what its proponents claim has been a major transformation. The overhaul aims to establish a better-organized and more unified movement, in part to avoid freelancers acting independently, as UDD leaders claim occurred during April's mayhem in Bangkok, and also to bolster its support from the general population after losing popularity in the wake of that meltdown.

The changes have entailed a more organized leadership structure, a formalized membership system, a fundraising program, weekend training sessions in the provinces on democratic participation and a growing media network that includes 30 community radio stations, 10 newspapers, numerous websites and a television station that boasts 10 million regular viewers.

According to the UDD's international spokesman, Sean Boonpracong, the new leadership and organizational structure have been designed as a "big tent" in which regional red-shirted associate groups and others sympathetic to the movement's call for social justice are all accommodated under one unified UDD banner. While various groups' ideologies and strategies may differ, they are now purportedly united in a common struggle to topple the Democrat Party-led coalition, which many of them point out was not directly elected

by the people.

The new structure, Boonpracong said, aimed to widen the UDD's support base while distancing the movement from the actions of certain associate groups, including the Rak Chiang Mai 51, a red-shirted group known for its thuggish actions, including the violent disruption of a gay-rights parade and alleged murder of a rival yellow-shirted People's Alliance for Democracy (PAD) supporter's father.

Although the UDD's main support base is drawn from the northeastern and northern region's rural poor, who benefited under the populist policies of Thaksin during his six-year premiership, certain factions are bidding to disassociate the movement's professed wider democratic aims from Thaksin's personal political agenda. Boonpracong, for one, claimed that the UDD was fast becoming a more independent grassroots political and social movement.

Certain academics and analysts agree. "They have tapped the sentiments of tens of millions of Thais, in both Bangkok and the provinces, and their message captures those Thais' aspirations to see a very different Thailand emerge," said Michael Montesano, a visiting research fellow and Thailand specialist at the Institute of Southeast Asian Studies in Singapore.

The UDD's expanding media network now regularly spreads messages of democratic disenfranchisement, economic inequality and judicial discrimination, ills it believes a Thaksin-aligned government could resolve if allowed to govern. Critics note such claims conveniently overlook Thaksin's less than democratic record and his own alleged judicial interventions during his six controversial years in power.

"Our main message is that there is no justice - that there are more than two standards used," said Kwanchai Poipana, a UDD leader from Udon Thani who runs the pro-Thaksin community radio station 97.5 FM. "When the red-shirts do something we are always guilty, when the yellow-shirts do something they are never guilty," he said.

UDD supporters frequently point to the PAD's seizure of Bangkok's two airports in 2008 and the fact that the group's leaders have yet to be charged, while UDD leaders were arrested and detained after the military put down their violent April revolt. "Taking over an airport is a crime anywhere in the world," Kwanchai said.

As the UDD flexes its new organizational muscles, the specter of a violent rerun of April's mayhem looms. The UDD now has about 1,000 security guards, including a group of Bangkok-based Ramkhamhaeng University students trained by the UDD to maintain order and protect their protesters from outside attack, according to Boonpracong. It is also clearly bidding to create splits in military unity.

War and peace

At previous UDD rallies, uniformed paramilitary rangers, or *thahan phran*, have also acted as guards. Some of these soldiers are known to hail from Pak Thong Chai in central Nakorn Ratchasima province and have ties to controversial army specialist Major-General Khattiya Sawasdipol, known more commonly as Seh Daeng.

During the PAD protests of 2008, Seh Daeng accurately predicted bomb attacks against PAD security guards and trained dozens of youths in combat to counter the PAD. After a grenade was launched at the PAD's most recent rally in November, Seh Daeng said the attack was carried out by an "unidentified" armed group and that it was only intended as a deterrent, not as an attempt to cause violence.

He has consistently denied involvement in the various bomb attacks and no evidence has linked him directly to the blasts other than his timely warnings. In 2008, he was relegated to a military position promoting public fitness at marketplaces and is currently embroiled in numerous court battles for disciplinary violations, including an unauthorized trip to Cambodia in November to meet with Thaksin.

That trip was especially sensitive in light of unconfirmed reports of arms-smuggling from Cambodia to UDD supporters in bordering northeastern provinces - reports UDD leaders have denied. Nonetheless, they have fueled speculation that the UDD may be preparing for an armed struggle in the provinces if their next round of protests in Bangkok is violently suppressed by the armed forces. A high-ranking Thai military official, speaking on condition of anonymity, would neither deny nor confirm the accuracy of such reports, saying, "It's a very porous border, it's easy to get things across."

While core UDD leaders deny they are planning armed struggle, international spokesman Boonpracong admits that radical elements may be emerging which "may not agree with the UDD's peaceful measures". After April's failed uprising, UDD co-leader Jakrapob Penkair, who has since fled into exile, told news agencies that the UDD was willing to launch an "armed struggle" to achieve its goals.

While the UDD prepares to ramp up its protests, Abhisit's government is holding firm, despite perceptions that his Democrat party-led coalition would - despite signs of economic recovery - still come up short in new elections against the Thaksin-aligned Puea Thai party. His government is expected to vigorously resist the protests, as it did last year through frequent invocations of the Internal Security Act, which gives authorities the power to deploy troops, ban gatherings and impose curfews in the name of law and order.

The military effectively suppressed April's UDD protest, but questions are emerging about possible cracks in the chain of command. While Thailand's military has long been factionalized along graduating class lines, it is now also believed to be divided among

competing units, according to experts. The 21st Infantry Regiment of the Royal Armament, more commonly known as the Queen's Guard, is now perceived as the dominant unit and is led by its former commander, army commander in chief General Anupong Paochinda.

"The cause of the current fracture derives from an upset in the promotion line - denying certain senior military deemed to be close to Thaksin their right to be promoted," said Paul Chambers, a senior research fellow specializing in Thai military affairs at Heidelberg University. "The new phenomenon with regard to [Thai] military factions is that unit, rather than class, dominates the military," he added.

Anupong and his Queen's Guard clique, including Defense Minister Prawit Wongsawan and the deputy army chief, General Prayuth Chan-ocha, are expected to maintain their backing for Abhisit and steer clear of another coup, according to analysts. This is in part to ensure a smooth succession at the army's top from Anupong to Prayuth when the former faces mandatory retirement in September 2010.

At the same time, the UDD is playing up the prospect that factions inside the military could break the chain of command if the UDD's rally is forcibly dispersed. "If the army starts to suppress us, there are factions of the military that will fight back," claimed one UDD leader who spoke on condition of anonymity. "If there is another coup, it will be violent."

As an indication of those fissures, the UDD points to the dozens of retired military officials, including more than 50 Thaksin classmates from the Armed Forces Academies Preparatory School and special forces soldiers, who recently joined the Puea Thai party. "The moves by soldiers into Puea Thai [and other parties] can only further destabilize Thailand," said Chambers. Other analysts note that Anupong has strategically placed known loyalists in top command positions, including those who were instrumental in past coups.

While UDD leaders insist their campaign will be peaceful, they also indicate that their protest movement is near a breaking point over what they perceive as a series of non-democratic power grabs and partisan judicial decisions. "We fight through peaceful means," explained pro-UDD radio broadcaster Kwanchai, while suggestively placing a pistol on a nearby table. "But if the government uses force, we will fight back."

[http://www.atimes.com/atimes/Southeast\\_Asia/LA09Ae01.html?](http://www.atimes.com/atimes/Southeast_Asia/LA09Ae01.html?)

- **Sri Lanka denies appointing former Thai PM**

Sri Lanka here Thursday denied speculation that former Thailand Prime Minister Thaksin Shinawatra has been appointed its economic advisor.

"The government would like to categorically deny the information that Thaksin

Shinawatra will be appointed as an economic advisor", a Colombo foreign ministry statement said.

Sri Lankan Foreign Minister Rohitha Bogollagama had telephoned his Thai counterpart Kasit Piromya on Wednesday regarding the matter, the statement added.

[http://www.chinadaily.com.cn/world/2009-12/31/content\\_9253042.htm](http://www.chinadaily.com.cn/world/2009-12/31/content_9253042.htm)

- **Geo-strategic Front**
- **Economic Front**
- **Economy most worried for next year in Thailand: poll**

Thailand's economic situation is the most worried issue for the country's people next year, according to a poll by Bangkok University, Thai News Agency reported Thursday. It is discovered that some 39.7 percent of the total 1,123 respondents in Bangkok are concerned that the country's economy will not recover, the poll said.

The second most worried is the country's political problem, according to the poll, which asked the residents aged above 18 in various careers. Hence, concretely solving the country's economic problem is the New Year's gift they wish from the Thai government, the report said. The respondents also want the government to ensure national peace, security and unity, and to work for the benefit of the people.

The Bangkok University's poll was conducted during Dec. 11-14.

<http://www.newsnw.co.uk/h/World+News/Asia/Thailand/Economy?JavaScript=1&searchheadlines=&search=&Period=4&Page=1>

- **Thailand Ready To Cope With AFTA Impacts: PM Abhisit**

Thai Prime Minister Abhisit Vejjajiva on Thursday said the government has set a plan to deal with impacts on Thai economy after ASEAN Free Trade Area (AFTA) is effective in 2010,

In his speech on the AFTA at a Bangkok's hotel, the prime minister said the AFTA agreement will affect Thai economy both negatively and positively but there will be more positive than negative impacts.

It is expected that Thailand will enjoy more trade surplus, amounting to US\$10 billion, compared to other ASEAN countries, and Thailand can definitely compete with other countries in the region. Agricultural produce, forest cultivation industry and some entrepreneurs may be affected but the government has mapped out assistance measures through fundings in relevant ministries, he said.

He called on entrepreneurs to adjust themselves to become more competitive and lessen the negative impacts. Meanwhile, Deputy Commerce Minister Alongkorn Ponlabutr said ASEAN countries are the core market for Thailand's exports and it is expected that the growth will be continuous.

In 2009, Thailand's total export to ASEAN countries was US\$40 billion while import value amounted to US\$30 billion. The country's trade surplus was US\$10 billion.

Alongkorn said a combined ASEAN population of 580 million and US\$1.5 trillion Gross Domestic Product (GDP) will be a key factor for Thailand to enhance its trade and investment. ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

<http://www.bernama.com/bernama/v5/newsworld.php?id=464357>

- **Open trade with ASEAN, Korea to begin today**

India will liberalise its trade with South Korea and three key ASEAN countries — Singapore, Thailand and Malaysia — from Friday by slashing duties on several products like seafood, chemicals and apparel among others.

The country's market-opening pacts with three of the 10 members of the Association of Southeast Asian Nations (ASEAN) and South Korea will be operational from January 1. The remaining seven ASEAN members will take a few more months to get the India-ASEAN trade pact, which needs to be "internally approved or ratified by their parliaments," an official said.

Indian exports to Singapore, Thailand and Malaysia accounting for over 90 per cent of the India-ASEAN \$44-billion trade, would also be given easy access on about 4,000 tariff items.

Under the Indo-Korean Comprehensive Economic Partnership Agreement (CEPA), which includes services, Indian professionals from as many as 163 sectors, including IT, English teaching, consultancy and engineering, would be eligible for temporary visas up to one year in Korea. Under this agreement, customs duties will also be reduced or eliminated on as many as 93 per cent of Korea's tariff lines which include tyres, electrical goods, vehicle parts and petroleum products.

- <http://www.hindu.com/2010/01/01/stories/2010010151171400.html>
- **World economy will have a brighter future, says study**

THE Bank of America/Merrill Lynch's latest study is very optimistic because it is predicting a surprising uplift of 4.4 per cent in global economic growth this year, compared to International Monetary Fund's less-bright forecast of 3.1 per cent growth.

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China will lead the pack with a 10.1 per cent GDP growth, while the yuan will likely appreciate 5 per cent in the first half of this year, according to the research.

As a result, the 1.3 billion Chinese consumers will be slightly richer.



The research also forecasts a relatively low inflation rate, while suggesting that the massive economic stimulus packages would be withdrawn gradually to avoid disrupting the recovery.

On interest rates, the US Federal Reserve is not expected to jack up rates until next year so equities and credit will outperform government bonds and cash.

Global stocks have another 20 per cent upside potential while US equities' advantage is about 15 per cent, according to the positive forecast.

On commodities, the Bank of America/Merrill Lynch study said oil could break US\$100 (Bt3,314) per barrel by late 2010, while gold could reach \$1,500 per ounce in the next 18 months.

The US dollar will likely strengthen by 4 per cent against the euro, but will likely decline 5 per cent against the Chinese yuan.

In the big picture, investors are being told to position for government balance sheet risks as the IMF forecast of total public debt as a percentage of GDP will exceed 100 per cent in advanced economies this year.

The soaring US budget deficit and China's currency revaluation will drive 10-year US Treasury yields above 4 per cent.

Hence, investments in US Treasuries, which will suffer from the worsening government balance sheet, should be shifted into investment grade corporate credit that will gain from stronger balance sheets.

Secondly, the various massive economic stimulus packages implemented last year will continue supporting global growth that would be led by emerging markets.

However, the US contribution to global GDP will continue to decline when compared to emerging markets, with its contribution standing at just 16 per cent next year.

As a result, investors should focus on large-capitalisation multinational companies with a large presence in emerging markets in Asia and elsewhere.

With the Chinese currency forecast to be revalued by 5 per cent this year, profit opportunities abound in the huge Chinese market of 1.3 billion people who will be effectively richer with higher purchasing power.

On alternative energy, 2010 will continue to remain being a strong year for investments in this field, even though the world is still years away from truly economical renewable energies.

For example, higher oil prices will prompt ongoing interest in alternatives to fossil fuel.

As the complex geology of new oil discoveries and resource nationalisation place further constraints on the supply of oil, there will be more capital flow into renewable energy technologies, according to the Bank of America/Merrill Lynch forecast.

In emerging markets, demographic and rising wealth factors will also lead to higher additional demand for low-carbon renewable energy.

Large energy firms have also announced that they will be expanding their investments in alternative energy technology recently. However, the trend will not benefit old technology energy stocks and utilities.

[http://www.nationmultimedia.com/2010/01/09/opinion/opinion\\_30120001.php?](http://www.nationmultimedia.com/2010/01/09/opinion/opinion_30120001.php?)

- **Explores co-productions with international firms**

Thailand's government wants to promote animation as a creative industry and the Thai animation and computer graphics association (TACGA) is supporting their efforts.

This association has proposed a US\$25 million government fund for co-productions with international firms in five countries to gain global recognition, according to Suchit Leesa from Bangkokpost.com.

Co-production between five nations

Thailand is now taking interest in its animation industry and searching options to lift it from its current form. Hollywood is known world over for its creativity and apparently this is has encouraged deputy commerce minister Alongkorn Ponlaboot to lead a Thai delegation to the United States for exploring the possibility of developing world-class features with US producers.

TACGA intends to present a proposal for the government to subsidise co-productions between China, the US, India, France and Thailand. But these features will not need the same investment required by high budget Hollywood movies.

Suchit notes that the cost of a typical Hollywood animated feature is around US\$75-100 million and says the initial budget for co-produced movies will be around US\$25 million.

Boost Thai brands visibility

This co-production model will boost the visibility of Thai brands in international markets. These funds will also be used for subsidising TV airtime costs for animation companies. Last year was tough for Thailand animation and its airtime on TV channels was reduced by 20-30 per cent because of the economic crisis.

Most animation companies are small and medium-sized enterprises (SMEs) that find it difficult to pay the airtime costs. They will be able to operate on a revenue-sharing basis with the government, provided they get a 50 per cent subsidy on airtime costs. The remaining 50 per cent will be generated from advertising.

Thailand's animation industry lacks support from the government. This sharply contrasts with the governments of neighbouring countries such as Malaysia, Singapore, Vietnam and Cambodia. The animation industry in these nations is supported by the governments to aggressively promote their art. Suchit adds that they are encouraged to attract big

studios to invest in the country as well as staging animation exhibitions.

Tags: Government

[http://mis-asia.com/news/articles/thailand-mulls-injecting-us\\$25-million-in-its-creative-economy?](http://mis-asia.com/news/articles/thailand-mulls-injecting-us$25-million-in-its-creative-economy?)

- **Thai unemployment drops with economic recovery**

Unemployment in Thailand stood at 400,000 in December, or 1.1 percent of the working population, down by half from nearly 800,000 last April, or 2.1 percent, the Labour Ministry said on Wednesday.

The ministry's statistics, in a report to the cabinet, showed that the number of Thais seeking state help after being laid off by employers fell to 40,638 in November from 101,939 in February 2009, when the economy was in recession.

The latest unemployment figure compares with up to 2.5 percent projected for 2009 in the second quarter of last year by the state planning agency, the National Economic and Social Development Board.

Helped by government stimulus measures, record low interest rates and a recovery in some export markets, the economy pulled out of recession in the second quarter of 2009 and has continued to grow since.

In December the private sector had 120,000 vacant jobs to be filled, a 6.5 percent rise from a year before, government spokesman Vachara Kannika told reporters, adding that electronics and auto-part plants started facing labour shortages in late 2009.

The Bank of Thailand forecasts that the economy will return to growth of between 3.3 and 5.3 percent in 2010, after a 3.0 percent contraction in 2009.

<http://www.iii.co.uk/news/?type=afxnews&articleid=7694405&subject=companies&action=article>

- **Thailand's Inflation Rate Climbs to 14-Month High (Update3)**

Thailand's inflation accelerated to a 14-month high amid rising food and commodity prices, adding to signs the nation is emerging from its yearlong recession.

An index of consumer prices rose 3.5 percent from a year earlier last month after climbing 1.9 percent in November, the Commerce Ministry said today. That marks the third month of gains. The median estimate of 11 economists in a Bloomberg News survey was for a 3.6 percent increase.

"The continued rise in prices is a good sign that the economy has returned to normal," Permanent Secretary for Commerce Yanyong Phuangrath told reporters outside Bangkok. "Confidence has improved, and the cost of living isn't that high. This will help spur consumption."

Thailand's consumer prices fell in the nine months through September as the global

slowdown pushed the Southeast Asian nation into a recession. Bank of Thailand Governor Tarisa Watanagase said today there's no need to "panic" even as inflation is forecast to accelerate in the first half of 2010 on higher oil costs.

"We will continue to see accelerating inflation early this year," Pimonwan Mahujchariyawong, an economist at Kasikorn Research Co. in Bangkok, said before the report. "But economic recovery remains fragile, so we don't think the central bank will make any move until the middle of the year."

Bank of Thailand Deputy Governor Bandid Nijathaworn said Dec. 25 the central bank will consider exiting monetary stimulus when the economy recovers as it seeks to balance between spurring growth and taming inflation.

#### Oil Fluctuations

The central bank kept its benchmark interest rate unchanged at a five-year low of 1.25 percent for a fifth straight meeting last month after cutting borrowing costs by a total of 2.5 percentage points from December 2008 to April last year.

"The rate is expected to be unchanged in the first quarter," Yanyong said. "When the economic recovery is sustained, the rate can be adjusted accordingly."

Inflation may accelerate to between 3 percent and 4 percent in the first quarter, the Bank of Thailand said Dec. 25. The increase will be temporary as it's mainly due to oil-price fluctuations, and doesn't reflect "price pressure" from rising demand, the central bank said.

"There won't be much pressure from rising product prices," Tarisa told reporters in Bangkok today. "We don't see rising inflation expectations yet. When we set policy, we don't look only at the situation now; we look ahead."

#### Inflation Target

The Thai Cabinet last month approved the central bank's 2010 inflation target of between 0.5 percent and 3 percent, unchanged from last year's goal. The target is based on an average of core inflation, excluding fresh food and fuel prices.

"There is no inflationary pressure now," Bank of Thailand Deputy Governor Atchana Waiquamdee told reporters after the inflation release today. "Rising oil prices won't cause the inflation to exceed our target this year."

Thailand's core inflation index rose 0.2 percent last month from a year earlier, the Commerce Ministry said. The median forecast in a Bloomberg survey of nine economists was for a 0.3 percent increase.

The central bank last month forecast that core inflation will accelerate to as much as 2 percent in the first half of this year after a government subsidy program for low-income earners expires.

<http://www.bloomberg.com/apps/news?pid=20601068&sid=aeznYo3Eiii8>

- **Social Front**

#### **Cambodia**

- **Political Front**
- **Geo-Strategic Front**
- **Preah Vihear resolution overturned**

The Administrative Court has ruled against a cabinet resolution approving a Thai-Cambodian memorandum of understanding on the listing of Preah Vihear temple as a World Heritage site.

The court yesterday quashed the June 17, 2008, resolution on the grounds that the government of the day, led by Prime Minister Samak Sundaravej, had failed to follow procedures required by Section 190 of the constitution.

The section requires all agreements involving issues of sovereignty to be approved by parliament.

The memorandum was not scrutinised by parliament before it was signed by then foreign affairs minister Noppadon Pattama on May 22, 2008.

Thailand pledged in the memo to support Cambodia in nominating the Preah Vihear temple to the United Nations Educational, Scientific and Cultural Organisation (Unesco) as a World Heritage site.

Attached to the document was a map of the overlapping border area surrounding the temple.

The case was filed by the People's Alliance for Democracy which campaigned against the listing of the Khmer ruins.

PAD lawyer Nitithon Lamlua yesterday said the group would submit the ruling to the National Anti-Corruption Commission which is investigating Mr Noppadon for alleged malfeasance in his handling of the matter. He said Mr Noppadon had 30 days to appeal against the ruling.

PAD secretary-general Suriyasai Katasila hailed the verdict as a New Year's gift for all Thais. The government should tell Unesco that Thailand no longer supports Cambodia's bid to list the temple, he said.

"The government must inform Unesco of the court's ruling as quickly as possible to put a halt to any activities which could affect Thai interests," he said.

<http://www.bangkokpost.com/news/local/30275/preah-vihear-resolution-overturned?>

- **Economic Front**
- **Cambodia Aims for 700,000 Tonnes 2010 Rice Exports**

Cambodia could export as much as 700,000 tonnes of rice this year, exporters and government officials said on Wednesday, as the country steps up its efforts to become a

leading shipper of the grain.

"I think we have the ability. We can do it," Chan Tong Yves, a secretary of state at the Agriculture Ministry, told Reuters, referring to the capacity to ship that volume of milled rice.

After decades of upheaval, the Southeast Asian country enjoyed a decade of relative stability and strong economic growth until the global crisis caused an economic contraction last year.

According to the U.S. Department of Agriculture, Cambodia exported 500,000 tonnes of rice in 2008. No figures are yet available for 2009.

Demand for Southeast Asian rice is growing from the Middle East and big importers such as the Philippines. Thailand is the world's biggest exporter, followed by Vietnam since India enforced a ban on rice exports in late 2007.

Ny Lyheng, deputy general manager of Cambodian rice export firm Baitang (Kampuchea) PLC, said efforts were being made to improve the quality of local rice in order to sell more, seeing potential in the European Union, United States, Canada, Australia, the Philippines and Russia.

He said the European market had been duty-free for Cambodian rice since last September, under the EU's "Everything But Arms" initiative aimed at supporting exports from poor countries. "The world is paying attention to us because Cambodia is becoming an emerging rice market," Lyheng said.

He estimated that his Baitang company could contribute about 300,000 tonnes of the 700,000 tonnes Cambodia was forecast to export this year.

<http://www.flex-news-food.com/pages/27752/Cambodia/rice/cambodia-aims-700000-tonnes-2010-rice-exports.html?>

- **Maybank plans to expand in Cambodia**

Maybank plans to expand overseas loan growth to 40 percent of its overall portfolio, Chief Executive Officer Abdul Wahid Omar said Thursday, adding that the Malaysian lender would plan to add five more branches in Cambodia.

Speaking at an event to Mark Malayan Banking Bhd's 50th anniversary, Omar told reporters in Kuala Lumpur that as the bank looks to expand its focus would remain within South and Southeast Asia.

"Our 1,750 branches globally will expand above 2,000 branches over the next few years," he said. "In the case of Cambodia, the plan will be to increase the branch network from seven to 11."

Omar did not give a time frame for the expansion.

Maybank would focus on organic growth rather than acquisitions, he added.

“Our primary focus is to strengthen our presence in the respective countries where we already have a presence as we’re able to get traction in those countries,” Omar said. “We’ll then look at other opportunities.

The Kuala Lumpur-based lender operates in 14 countries including Malaysia, Cambodia, the Philippines and Indonesia. Of the firm’s total lending, 33 percent of loans are issued overseas, while about one quarter of profits are generated outside of Malaysia, Omar said, but “the rate of growth in our overseas operations will be faster than our domestic growth”.

Maybank first began operating in the Kingdom in 1993 although it did not establish its first branch outside of Phnom Penh until June when it announced the opening of a Siem Reap branch.

At the time, new Branch Manager Chou Teong Boon said that Maybank planned to further expand outside of the capital to Battambang and Kompong Cham provinces, as well as Sihanoukville.

<http://www.phnompenhpost.com/index.php/2010010830744/Business/maybank-plans-to-expand-in-cambodia.html>

- **Govt in process of setting up halal certification body**

CAMBODIA’S government could set up a body to certify halal food in the country as early as this year, the official in charge of the proposed Cambodian Halal Institute said.

The Ministry of Commerce is working in consultation with the Cambodian Muslim Development Foundation under orders from Prime Minister Hun Sen on a certification body, which will most likely be set up by sub-decree, Sop Ra, deputy director general of domestic trade at the Ministry of Commerce said.

No official launch date had been set, and progress has been slow to date due to a lack of resources.

“We have plans to create the body, but now we have only a small taskforce,” Sop Ra said. “We are in a slow process of writing books about the definition of Islam and a directory of Islamic food in Cambodia.”

In the absence of a certification agency, Cambodia’s Muslims have to rely on faith alone to ensure the food they eat is prepared according to Islamic dietary laws, said Othman Hassan, president of the Cambodian Muslim Development Foundation and a secretary of state at the Ministry of Labour.

“Now we don’t have a proper law to certify halal food, which is why some people put the word halal on their products, but sometimes Islamic people still don’t eat their products because they don’t trust the label,” he said.

One of the most widely recognised products made in Cambodia bearing the halal label is

the Mee Yeung (Our Noodle) brand of instant noodles produced by Men Sarun Co. The company produces four varieties of noodles. The chicken, seafood and beef variants are labelled halal, while the fourth – pork – does not carry the label, given that it is not eaten under Islamic law.

A Men Sarun representative said he was not authorised to speak to the media Thursday and referred questions as to the halal status of the company’s products to another company employee who could not be reached.

Sources within the Cham Muslim community say Othman Hassan was initially charged with setting up the certification body through the Muslim foundation, but Commerce Minister Cham Prasidh successfully lobbied Hun Sen to transfer authority to the ministry. Othman Hassan denied there was any conflict between the foundation and the ministry. Ministry of Culture and Religion Secretary of State Jakya Adam admitted that Cambodia was taking a different approach to establishing the certification body than most other countries, where halal certification was traditionally the role of local Islamic communities.

“In most other countries, this is completely the work of Islam,” he said. “But for Cambodia, we don’t want to do it that way. We want cooperation between Islam and the government.”

Sop Ra said he has attended courses on halal food in Brunei, India, Malaysia and Thailand and was currently researching halal products sold in Cambodia. Ihab Mattar, general manager and chef of Phnom Penh’s Le Cedre restaurant, which serves halal food, said he imports most of his products from Lebanon. He also sourced meat locally from Cambodian Muslims, trusting them that it was prepared according to halal methods.

<http://www.phnompenhpost.com/index.php/2010010830745/Business/govt-in-process-of-setting-up-halal-certification-body.html>

- **Social Front**

#### **Singapore**

- **Political Front**
- **Economic Front**
- **Economy shrinks 6.8% in Q4: MTI flash estimates**

Latest government figures from the Ministry of Trade and Industry show the economy shrank 6.8 per cent in the fourth quarter of last year, compared to the third quarter. The main culprit was manufacturing, which contracted 38.4 per cent - led mainly by falls in the biomedical and transport engineering output.

Construction grew by over 4.3 per cent, while retail services eased to about 7.2 per cent, down slightly from the previous quarter.



On a year-on-year basis, the Singapore economy expanded 3.5 per cent in the fourth quarter of 2009. This brings the full year contraction to 2.1 per cent.

Although manufacturing as a whole was down in the fourth quarter, the key industries that employ the most workers, such as electronics, continued to grow.

Observers said workers can expect to keep their jobs, and it is unlikely that companies will step up hiring.

Josephine Teo, assistant secretary-general, National Trades Union Congress said: "For some companies, they see the return of orders, but for some other companies, the return of orders is accompanied by price reductions, as well as greater uncertainty as to whether those orders will be repeated."

The Singapore Manufacturers' Federation said new positions will most likely be filled on a contract basis. And if there are lull periods, employers may opt to train their workers instead of taking on new hires.

The federation has about 2,600 member companies across 11 industries.

Industry players are also watching other sectors for signs of what to expect.

The performance of the chemicals industries is closely linked to that of the electronics sector. And while the electronics sector has generally done well in the last few months, the concern is that this may not hold up very long, thus, triggering a chain reaction in the related sectors - most notably plastics and specialty chemicals.

Rajendran Govindarajoo, president, Chemical Industries' Employees' Union said: "People feel if the electronics is really going to pick up, then the specialty and plastics sectors will benefit because they are going into full production, and more overtime, they will see increment, bonus. "This first quarter, if we see no electronics company closing, then we will be very happy." Observers said the last three months of the year are generally quiet for manufacturing activity. And compared to the spike in demand in the third quarter, the latest figures suggest that the industry is returning to normal.

Manufacturing grew by 26.6 per cent in the third quarter, compared to the previous three months.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1028506/1/.h>

- **Environmental Front**

- **Vietnam**

- **Political Front**

- **Vietnam invites Obama to visit**

Vietnam has invited President Barack Obama to visit the Southeast Asian country later this year for a regional summit.

Vice Foreign Minister Dao Viet Trung told reporters Thursday that Vietnam was hopeful

Obama would attend the Association of Southeast Asian Nations summit, which will be held in Hanoi in October.

Vietnam took over the ASEAN chairmanship from Thailand this year. Heads of state from the 10 ASEAN nations will also meet with leaders from China, Japan, South Korea, India, Russia and the United States at the summit.

A US Embassy spokesman said it was too early to know whether Obama would accept the invitation.

<http://www.thejakartapost.com/news/2010/01/07/vietnam-invites-obama-visit.html?>

- **Cambodian parliament passes controversial land law**

Cambodia's parliament passed a controversial law on Tuesday allowing the government to expropriate land for development, raising concerns about a surge in forced evictions in the Southeast Asian country.

The National Assembly, which is dominated by the ruling Cambodian People's Party, voted to allow the authorities to seize land to develop infrastructure and pursue other projects deemed to be in the public interest.

Critics and opposition lawmakers said the legislation was vaguely worded and were concerned it would be abused to evict people from prime real estate.

"It will leave even more room and a legal framework to take away land," said opposition lawmaker Mu Sochua.

Land ownership is a controversial issue in Cambodia, where legal documents were destroyed and state institutions collapsed under the Khmer Rouge regime of the 1970s and the civil war that followed.

A period of unprecedented growth since 2004 has boosted land prices, particularly in the capital, Phnom Penh, leading to a jump in the number of evictions and triggering fierce criticism of the government from aid donors.

In September, Cambodia said it was pulling out of a project sponsored by the World Bank aimed at settling land disputes, adding to international concern about the livelihoods of tens of thousands of impoverished city dwellers.

Eang Vuthi of land rights group Bridges Across Borders said civil society organisations had been hoping for a law that would help to prevent forced evictions by clearly stating when land expropriation was justified, but they failed to get changes made to the draft legislation.

"We wanted them to clarify the language," he said. "This law won't benefit the people. It will benefit only powerful people."

Government spokesman Phay Siphon described the law as a major step in the country's development.

"Nothing is perfect in this world," he said. "The law is a milestone for the country, a turning point. We have never had such a law before.

[http://thestar.com.my/news/story.asp?file=/2009/12/29/worldupdates/2009-12-29T173052Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-450395-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2009/12/29/worldupdates/2009-12-29T173052Z_01_NOOTR_RTRMDNC_0_-450395-1&sec=Worldupdates)

- **Vietnam condemns China's island tourism plans**

Foreign Ministry's spokesperson Nguyen Phuong Nga Vietnam has condemned China's plan to develop tourism on the Hoang Sa (Paracel) archipelago, demanding preparations be halted and scrapped forever.

Ministry of Foreign Affairs spokeswoman Nguyen Phuong Nga said Vietnam demanded that China immediately toss out the plan that includes Hoang Sa in a scheme to develop Hainan Island into an international tourist site, according to a statement released on January 4.

According to the statement, the scheme was announced by the Chinese State Council on December 31 last year.

Vietnam reiterated its undisputable sovereignty over the Hoang Sa and Truong Sa (Spratly) archipelagos, Nga said, adding that "the scheme by the Chinese side has seriously violated Vietnam's sovereignty."

She said the plan "causes tension and further complicates the East Sea situation."

Vietnam and China have a longstanding dispute over sovereignty of the Hoang Sa Archipelago and the more southerly Truong Sa Archipelago, both are in the East Sea.

In a recent action, Vietnamese border guards on January 3 chased off nearly 20 Chinese fishing boats that were fishing in Vietnam's waters off central Thua Thien-Hue Province. The border guards said it was not the first time Chinese fishing boats violated Vietnamese water borders.

On November 10 last year, border guards in the same province detected 17 Chinese boats fishing just 24 nautical miles off its Thuan An Port. Sixteen of the boats were chased off Vietnamese waters while one was seized with 13 fishermen onboard. However, it was released soon after with a warning.

<http://www.thanhniennews.com/politics/?catid=1&newsid=54554>

- **Geo-strategic Front**
- **Economic Front**
- **Vietnam's economy grows 6.9 pct, fastest pace this year**

Vietnam's economy expanded at the fastest pace in more than a year in the fourth quarter as lending growth fueled construction and consumer sales.

Gross domestic product grew 6.9 percent from a year earlier after a revised 6.04 percent gain in the third quarter, the General Statistics Office said in Hanoi Thursday. For 2009

overall, the economy expanded 5.32 percent, down from 6.18 percent in 2008 and the slowest pace since 1999.

In the past decade, the nation of 86 million people has averaged 7.3 percent economic growth, boosted its per-capita income past \$1,000, opened two stock markets, and joined the World Trade Organization. Thursday's GDP figures demonstrate Vietnam's resilience amid a global recession, said Kevin Snowball, chief executive of PXP Vietnam Asset Management.

"Overheating is always a risk, but the government has anticipated that by diverting the focus away from growth to concentrating on controlling inflation," said Snowball, who's based in Ho Chi Minh City. "The trade figures are improving with the global economy, and hopefully are sustainable."

Vietnam's trade deficit narrowed 38 percent to \$1.3 billion in December from a revised \$2.08 billion in the previous month that was the biggest since April 2008, according to a separate report Thursday.

#### 'Impressive' growth

The full-year trade gap shrank 32 percent from 2008 to \$12.25 billion, which may help the Vietnamese dong, which had weakened amid a recent widening in the monthly shortfalls. The fourth-quarter economic growth rate marks a quickening from 5.89 percent in the last three months of 2008, the Statistics Office said in a report accompanying Thursday's GDP figures.

"They've shown an acceleration in economic growth each quarter this year, which is impressive," Lawrence Wolfe, director of business development at DongA Securities Co. in Ho Chi Minh City, said before the report. "There may be a slight first-quarter dip, but exports should recover along with world markets, so 7 percent for 2010 is achievable."

Vietnam's government unveiled stimulus worth about \$8 billion to boost an economy that expanded 3.14 percent in the first quarter, the slowest pace on record. Measures included subsidies to encourage banks to offer loans, a program due to be scaled back in 2010.

"Fiscal stimulus played a huge role in supporting growth," Tai Hui, head of Southeast Asian economic research at Standard Chartered Plc in Singapore, said before the report. "There are pockets of concern, such as the extremely rapid lending growth."

#### Risk of overheating

Vietnam's economy may be overheating, Nomura Holdings Inc. said this month, citing concerns that growth in lending is leading to imports that may not ultimately result in exports. Credit growth is expected to reach about 38 percent this year, according to the central bank.

The economy is "growing too fast for the infrastructure and investment to repay itself,"

wrote Sean Darby, a Hong Kong- based strategist for Nomura, in a report this month that predicted inflation would reach 14.2 percent by the third quarter of 2010 and that the economy would expand 6.8 percent for the full year.

With inflation accelerating, the Vietnamese government said this month it would move away from a “loose monetary policy” and focus on economic stability. The central bank increased its benchmark interest rate to 8 percent as of Dec. 1 from the 7 percent level in place since February.

Construction, services

Industry and construction, which accounted for 40 percent of the Vietnamese economy this year, grew 5.5 percent in 2009 compared with 2008, according to Thursday’s report. The sub- category measuring construction alone gained 11.4 percent this year. The country’s construction industry is “booming,” Barclays Plc said this month.

Services, which made up 39 percent of GDP, rose 6.6 percent for the full year. Domestic demand had experienced a “full recovery” in Vietnam, Goldman Sachs Group Inc. said this month.

Agriculture, forestry and fisheries, which account for 21 percent of the economy, grew 1.8 percent in 2009. Vietnam is the world’s second-biggest exporter of rice and coffee.

Faster growth may help sustain a recent rally in the Ho Chi Minh City Stock Exchange’s VN Index, which has gained 14 percent in the past two weeks, and buoy profit outlooks for the bourse’s biggest companies, such as Vietnam Dairy Products Joint-Stock Co. and property developer Hoang Gia Lai Joint-Stock Co.

Investors should “focus on the positive performance of Vietnamese companies,” DWS Vietnam Fund Ltd. said in a note this week that cited an average net profit increase this year of more than 50 percent for the country’s biggest corporations. “Vietnam continues to have one of the fastest growth rates in the region.”

<http://www.thanhniennews.com/business/?catid=2&newsid=54434>

- **Nigeria, Philippines, Vietnam and Turkey - New High Potential Growth Markets for Alcoholic Drinks**

Market research firm Euromonitor International has identified four new high potential growth markets for alcoholic drinks. These are Nigeria, the Philippines, Vietnam and Turkey.

In addition to the fact that these markets were less impacted by the economic downturn than other nations, they share four primary denominators: the emergence of westernisation trends, large numbers of legal age drinking consumers, the advancement of middle classes and the rise in populations, said Euromonitor International analyst for Alcoholic Drinks, Spiros Malandrakis.

Looking at each country, Malandrakis believes that key drivers include:

- the ongoing urbanisation trend in Nigeria which will play a part in the increase of stout consumption over the next 5 years.
- the large number of legal age drinking consumers and the importance of tourism in the Philippines, which will help brandy and rum sales in the next 5 years.
- the change of consumer attitudes in Vietnam, which has proved beneficial for wine sales. the growth of urbanisation in Turkey and the success of beer, which is expected to spearhead growth in the next 5 years.

The Euromonitor analyst added that the key challenges for these markets are the legislation limitations in tax hikes, contraband or black market sales, dependency on tourism, and the need for promotional campaigns.

<http://www.flex-news-food.com/pages/27713/Spirits/nigeria-philippines-vietnam-turkey--new-high-potential-growth-markets-alcoholic-drinks.html?>

- **Vietnam seeks closer ties with Kazakhstan**

Kazakhstani Deputy Foreign Minister, Nurlan Ermekebaev recently paid a visit to Vietnam to attend the fourth meeting of the Vietnam-Kazakhstan Intergovernmental Committee for Economic, Trade, Scientific and Technological Cooperation in Hanoi, Gazeta.kz reported. The minister was welcomed by Vietnamese Prime Minister Nguyen Tan Dung. While receiving the guest, Dung said that his country will do its utmost together with Kazakhstan to continue carrying out their signed agreements and deals successfully for mutual benefit. He expressed satisfaction at the growing relations between the two countries in every field and also thanked the government of Kazakhstan for facilitating the Vietnam Oil and Gas Group's exploration and exploitation activities in Kazakhstan. He assured the Kazakh minister of his country's support to Kazakhstan in creating conditions for the Kazakhstani Oil and Gas Group to explore and exploit oil and gas on Vietnam's continental shelf. It was recalled that both countries have signed numerous important cooperation agreements in various areas during his visit to Kazakhstan in September, creating a legal framework for boosting bilateral wide-ranging ties.

Read more: <http://www.neurope.eu/articles/98287.php?#ixzz35eSylPCu>

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<http://www.neurope.eu/articles/98287.php?>

- **Vietnamese businesses as optimistic as ever**

Vietnamese private businesses are the fourth most optimistic in the world on their 2010 outlook, according to a Grant Thornton survey released Monday.

The International Business Report survey said local businesses scored 72 percent on the

survey's optimistic balance index, behind Chile, India and Australia with 85, 84 and 79 percent.

The percent balance is the difference between the percentage of respondents who were optimistic scoring from 1 to 100 percent and those who were pessimistic with negative scores. The survey, conducted of 7,400 privately held businesses across 36 economies, said Vietnam was among the economies that avoided a recession and so its businesses were more optimistic than those in the throes of economic contraction or stasis.

Optimism among private businesses around the world has bounced back to give the index for 2010 an optimism balance of 24 percent, compared to its lowest ever score of minus 16 percent at this time last year, according to the survey. Spain, with minus 56 percent, and Japan's minus 72 percent kept their places as the most pessimistic economies in the world.

The survey also highlighted a group of ten economies where businesses were more optimistic about the outlook for their economies than International Monetary Fund forecasts might suggest.

Vietnam is the most optimistic, with 95 percent of respondents forecasting an increase in revenue and 91 percent an increase in profitability this year, according to the survey.

It said that due to the global recession, businesses expected average selling prices in Vietnam to decrease by 13 percent.

When asked about employment expectations in 2010, Vietnam is still placed number 1 with 60 percent of the respondents expecting higher levels of employment this year. There was no change in Vietnam's sentiment towards employment from last year.

When respondents were asked to rank likely business trends in 2010, 40 percent in Vietnam said they expected increased revenues. Increased turnover was followed by the surprisingly positive view shared by 31 percent of respondents that investment in factories and machinery would increase, while 29 percent expected higher profitability.

Businesses were much less hopeful about selling prices with 21 out of 36 economies less optimistic about increasing their prices than they were last year.

All countries who recorded negative balances for employment were European, led by Ireland and Italy, both minus 14 percent, compared to balances of 33 percent and 42 percent in Asia Pacific and Latin America respectively.

<http://www.thanhniennews.com/business/?catid=2&newsid=54551>

- **Environmental Front**
- **Social Front**
- **Large gap between HCMC rich, poor**

Urbanization has hurt the poor in Ho Chi Minh City, the first-ever survey on incomes has

found, while workers' minimum and maximum wages differ by a factor of almost seven. Nguyen Quang Vinh, a senior researcher at the Ho Chi Minh City Institute for Development Studies (HIDS), said the creep of urbanization has forced the poor to the outskirts and less developed areas.

"Many poor have become migrants in their own city," he told a conference that was held Wednesday to announce the start of another research project, this one on the urban poor, by the institute, the city's Statistics Agency, and the United Nations Development Program.

According to government statistics, around 80,000 people in HCMC live under the poverty line, which is set at VND12 million (US\$650).

The survey, done by HIDS researcher Le Van Thanh of 720 workers in 12 districts, found the city's average per capita income has risen to \$2,500.

Nearly 48 percent of its residents have stable jobs and 4.5 percent were unemployed.

Around 24 percent of the respondents were satisfied with their earnings; their families spend more than half of their income on food and a fifth on education.

Families have an average of 4.6 members while the proportion of the population that is of working age at 69.7 percent. "HCMC's population is growing older," the report concluded.

Nearly half of the city's residents have lived there for more than 25 years while the rate of migration to the city is constantly rising.

<http://www.thanhniennews.com/society/?catid=3&newsid=54618>

## **Laos**

- **Foreign Relations**
- **Lao-Cambodia governments discuss cooperative ties**

High-ranking officers of Laos and Cambodia met to further discuss bilateral ties in Vientiane on 5 January.

The 11th Lao-Cambodian Bilateral Co-operation Committee meeting, as its report stated, was scheduled to continue from 5 to 6 January 2010 amid many challenges, positive and negative impacts and also to further enhance more cooperative ties.

This two-day meeting was made up of two schedules, Lao-Cambodian senior officials meeting would be held on 5 January, while the 11th Lao-Cambodian Bilateral Co-operation Committee meeting took place yesterday. It was co-chaired by Mr Bounkeuth Sangsomsak, Deputy Minister of Foreign Affairs and Mr Ung Sean, Deputy Minister of Foreign Affairs and International Cooperation.

The bilateral talk is part of the effort to continue to fine tune the cooperative framework, especially in areas like political stability and economic ties.



During yesterday's meeting, the matters raised were linked to border demarcation, drug trafficking along the long and porous border of the two countries and exchange of two officers from two ministries, ministry of defence and ministry of public security.

On the same day, the two countries also agreed to cooperate on matters related to fishery, forestry, industry, mining, energy, trade, tourism, banking, finance, investment and labour affairs..The other topics discussed were on culture, social issues, public health, education, sports, and regional economy, especially on the Development Triangle Zone Project.

Regarding this trilateral cooperative project, they saw the need to develop linked roads in response to the need to build more basic facilities to facilitate trade, investment and tourism.<http://www.kpl.net.la/english/news/newsrecord/05.01.2010/edn4.htm>

- **Economic Front**
- **Lao-Indochina Group raises price of raw cassava**

As the world market is in high demand for cassava flour, the Lao-Indochina Group is going to adjust the purchasing price of cassava up to 400,000 kip per tonne.

The Lao-Indochina Group plans to extend 6,000 hectares more of cassava plantation this year, according to its annual meeting held in Vientiane Capital, on 31 December.

The Director General of the Lao-Indochina Group, Mr Sengmany Sengvathana, disclosed last week that the new price of raw cassava to purchase from local farmers would increase by 80,000 kip thanks to the increased price of cassava flour in the world market.The price has been increased from 320,000 kip per tonne to 400,000 kip since mid-last month, he said.

While many countries were interesting to buy cassava flour, especially the People's Republic of China, due to our standard product, he continued.

The Lao-Indochina Cassava Mill, located at Nasone village, Park Ngum district, now demands 600 tonnes of raw cassava a day to feed the mill. But this amount is insufficient, he said.

However, he expected that the volume of raw cassava would meet the mill demand in the next two months. Under the cassava plantation promotion project, the Lao-Indochina Group has planned to extend 6,000 hectares more, from 4,000 to 10,000 hectares.

The plan will be launched in three target districts of Borikhanh (Borikhamsay province), Sangthong (Vientiane Capital) and Hom (Vientiane province).

<http://www.kpl.net.la/english/news/newsrecord/06.01.2010/edn8.htm>

- **Annual meeting on national economy held**

The government and the Lao National Chamber of Commerce and Industry held an annual meeting on national economy for the 2009-2010 periods in Vientiane Capital last

Thursday. For the 2009-2010 period, the government plans to promote the agricultural production of Lao people in both dry and rainy seasons, enhance the stabilisation of the national macro-economy, increase the stabilisation of state administration, and promote energy and mining production by improving its management procedures and mechanisms, said Prime Minister Bouasone Bouphavanh.

The gross domestic product (GDP) of the Lao PDR increased by 7.6 per cent last year with a per-capita income of USD 906 or 12 per cent over the year before. According to the Ministry of Planning and Investment, the national currency was stable and investment was increased over the last one year.

<http://www.kpl.net.la/english/news/newsrecord/04.01.2010/edn14.htm>

- **Vietnam's largest project kicks off in Laos**

Vietnam's Long Thanh Golf Trading and Investment Co. began construction of a USD one-billion golf course and real estate project in Vientiane on Jan. 3, making it the largest foreign-investment venture in Laos. Covering an area of 557.4 ha, the project will feature an 18-hole golf course, a five-star hotel, high-grade villas, a resort and school and hospital facilities.

The project is expected to become operational after 12 years of construction.

Lao Deputy Prime Minister Somsavat Lengsavad said at the ground-breaking ceremony that the project reflected the special friendship between Laos and Vietnam.

He said the Lao government would create favourable conditions for the Long Thanh company to carry out the project on schedule.

<http://www.kpl.net.la/english/news/newsrecord/04.01.2010/edn5.htm>

- **Social Front**

- **6.6 million kip donated to help people with AIDS**

The Vientiane Female Youth Health and Development Centre has donated 6.6 million kip to help AIDS patients. The package was presented by Ms. Dalavanh Keonakhone, Director of the Vientiane Female Youth Health and Development Centre and received by Mr. Yonkham Sisoumang, Director of the Vientiane Group of People with AIDS. Dr. Inlavanh Keobounphanh, Director of the Vientiane Health Service, Ms. Lamphone Siakachanh, President of the Lao Women's Union and relevant officials witnessed the handover.

The donation was presented at a concert to mark International Anti-Aids day on December 20 at the National Culture Hall in Vientiane.

The concert was held to raise fund to help people with AIDS and raise public awareness on AIDS.

- **Lao Hmong people in France donate 10 million kip to help Ketsana victims**

Solidarite Hmong, Union des Lao-Hmong , has donated over 10 million kip to help flood victims in four southern provinces.

The handover of the package took place on December 22, 2009 in Paris, France. The package was presented by Mr. Pao Vang, Vice president of Solidarite Hmong and received by Mr. Soudsakhone Pathammavong, Lao Ambassador to France. The four provinces affected by typhoon Ketsana include Saravane, Sekong, Champassak and Attapeu.

## **Brunei**

- **Foreign Relations**
- **Economic Front**
- **More Bruneians Must Join Private Sector, Says Minister**

The Minister of Energy at the Prime Ministers Office has called on more young Bruneians to join the private sector, particularly in international companies based here, to contribute to the development of the country's human workforce.

Pehin Orang Kaya Seri Dewa Major General (Rtd) Dato Seri Pahlawan Hj Mohammad Hj Daud made the call during Total E&P Borneo BV's (TEPB) annual dinner at the main hall of the Royal Brunei Polo and Riding Club last night.

The energy minister lauded TEPB's significant contributions to the country's development over the 22 years it has been working together in Brunei's oil and gas industry.

"The first and foremost sustainable contribution is the commitment and continuous effort towards its local employees' development. I am pleased to learn that some of the local employees have served Total for more than 20 years," he said during his speech.

"Younger Bruneians should emulate this example by contributing their skills and knowledge to work in the private sector, thereby playing an important role in the country's development," he added.

Pehin Dato Hj Mohammad spoke on the advantages of working in an international company, where the experience gained would in turn bolster the development of the nation's own human resources.

"International companies like Total provide a window for international business experience as well as exposure and competency that would in turn upgrade the quality of Brunei Darussalam's human resources development," he said.

The minister hoped that Total would provide more employment opportunities for Bruneians as well as work with Brunei's higher education institutions to further develop local research and development capabilities.

In his remarks, TEPB General Manager Louis Heuze said that currently, over 69 per cent of TEPB's local executive positions are occupied by Bruneian women, with three more executive positions taken by Bruneians in 2009. Heuze also highlighted TEPB's work in sponsoring Universiti Brunei Darussalam's (UBD) Geosciences programme.

"For TEPB, sustainable development is achievable by involving our future generations. The most efficient way is via education," the outgoing general manager pointed out.

He brought up TEPB's corporate social projects last year, which included the instalment of a solar photovoltaic system to power signage at the International School Brunei, the company's participation in Energy Day 2009 and National Environment Conference 2009. Other achievements noted by the general manager included the successful drilling of the HPHT (high pressure, high temperature) well MLJ1-07.

<http://www.brudirect.com/index.php/2010010913660/Local-News/more-bruneians-must-join-private-sector-says-minister.html>

- **Social Front**
- **Environmental front**