

## **Report # 108**

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

#### **South East Asia**

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**14 February to 26 February**

**(Outline)**

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## Summary

### At Political Front

- Indonesia

Indonesian President Susilo Bambang Yudhoyono promises Saturday to improve the government's efforts in guaranteeing civil rights of ethnic Chinese living in the country. Addressing the national celebration of the Chinese New Year, the president said that he would order religious affairs minister, national education minister, central and regional governments to continue their efforts in securing civil rights of ethnic Chinese following the recognition of their existence and their belief, Confucianism, as one of the religions officially regarded by the state

- Malaysia

ONE of the first things Datuk Seri Najib Abdul Razak did when he took over as prime minister was to announce his concept of 1Malaysia. He took great pains to publicise it and even created a special website for it. His aim was to reach out to as many people as possible, sending out a personalised e-mail to a long list of names.

The broad concept of 1Malaysia, based on the principle of "People First, Performance Now", is to bring the country's multi-racial, multi-ethnic and multi-religious people together as "one" to create a united, harmonious, strong and successful nation. It may be seen as his response to the dynamics and changes taking place in the country and the world today.

At the outset, the concept was loosely put forward and there was some confusion over what it really meant. Perhaps the prime minister wanted to get feedback from the rakyat of all ethnic background to help him craft and define the concept better.

The initial looseness in the concept had also allowed his critics to brush it aside as "wishy-washy", "nothing new" or that it was in fact very similar to past concepts on national unity such as "Bangsa Malaysia" (by Tun Dr Mahathir Mohamad) or "Rakyat Malaysia" (by MCA) or even the "Malaysian Malaysia" (by DAP).

The common goal is of course to live in harmony regardless of whatever their race or denomination is. The major races of Malaysia are Malays, Chinese and Indians. There are also countless numbers of other ethnics who were already living on the land long before the arrival of the Chinese and Indians.

It is because of this rich tapestry of its people that made this land both beautiful and interesting. Bringing these groups together and urging them towards a common goal is not easy. Thus, the concept of 1Malaysia whereby all races must regard themselves as an important component of this dream and should treat his or her fellow countryman as equal. Everything on this land is shared.

The Unesco's statistics for 2009 placed Malaysia at 11th out of 137 nations that allocated a huge budget for education. On the average for this decade, Malaysia's allocation for the education sector is about 25 per cent or a quarter of its budget, making education the sector that received the lion's share of the government's expenditure. With such a huge allocation, the nation's education system is continuously undergoing transformation and improvement. The goal is none other than creating a society that focuses on education and knowledge, above everything else.

The position of Islam as a religion which is protected by the Federal Constitution and placed directly under the power of the Rulers, must be understood and respected, said

the Sultan of Perak, Sultan Azlan Shah. He said the followers of other faiths are allowed to practise their respective religions peacefully although these religions are not allowed to be preached to Muslims.

### **Foreign Relations**

Secretary of State Hillary Clinton says the United States wants more counterterrorism and military cooperation with Indonesia. But Clinton told lawmakers Wednesday that the U.S. must make sure that human rights abuses do not resume before increasing such work with the large, moderate Muslim country.

She says that the Obama administration believes it is possible to satisfy U.S. laws and expand cooperation with a country that has been subject to American sanctions over past human rights abuses. President Barack Obama will travel next month to Indonesia, where he lived as a boy.

Indonesia hopes to sign a framework agreement with the United States to bolster economic, political and security ties when President Barack Obama visits the country in March, a top Indonesian official said. There will be six agreements to be signed in the visit. We would use it largely for the prosperity of the country," Hatta said on the sidelines of a coordination meeting in the financial ministry's premises here. Indonesia is recognized as one of the surviving countries in the crisis that rammed global economy since late 2008. Indonesia booked positive growth amid the crisis along with China and India

- **Philippine**

The US embassy in Manila has praised Philippine authorities for their arrest of a Filipino Muslim militant wanted for the kidnapping and murder of American tourists. Jumadail Arad was arrested on Thursday while trying to board a ferry bound for the south of the Philippines.

Philippine President Gloria Arroyo can make all kinds of claims about the accomplishments of her presidency, but what she will be long remembered for is the legacy of political instability she leaves behind. So important is stability to the functioning of a democracy that one of the crucial achievements of any administration is the peaceful and orderly transfer of power to a new set of leaders at the end of its term. That is why the election of a new president is always a milestone in the life of a democratic polity, and it is especially significant after a long period of uncertainty. Persistent political crisis burdens the legal system, and, in the long term, it engulfs the rest of society's institutions - the economy, the religious sphere, the civil service, the armed forces, etc.

Negotiators of the Philippines government and a separatist group have intensified their respective campaigns in the country's south as a prelude to a referendum that is critical to a tentative peace process which was renewed in Malaysia late last year

### **At Economic Front**

- **Indonesia**

Indonesia may delay raising energy prices as a dispute over a 2008 bank bailout divides President Susilo Bambang Yudhoyono's coalition, PT Bank Danamon said, undermining efforts to rein in almost \$11 billion in subsidies.

Government allies Golkar and the Prosperous Justice Party this week joined the opposition in calling for a probe into the finance minister and vice president over the rescue of PT Bank Century. Faced with a split in his coalition and public anger at the

bailout, Yudhoyono may resort to populist measures to contain inflation, economists Helmi Arman and Anton Gunawan said.

- Thailand

Thailand's industrial production rose for a fifth straight month in January as the global economic recovery helped boost demand for the nation's automotive parts and electronics.

Thailand's finance minister Korn Chatikavanij gives a speech before receiving the "Global Finance Minister of the Year" award from The Financial Times' Banker magazine in Bangkok Feb. 22. Thailand's GDP grew 3.6 percent in the fourth quarter of 2009.

Taiwan's gross domestic product (GDP) rose 9.2 percent in the fourth quarter from a year earlier and the Thai economy expanded 5.8 percent, reports showed yesterday. Economists expect Malaysian data for the December quarter, due tomorrow, may show GDP increased 3.4 percent.

Asia is paving the way for a global recovery from recession, after central banks in the region slashed interest rates to record lows and governments increased spending by more than \$1 trillion (R7.6 trillion).

The strength of Asia's rebound has seen policymakers in the region lead the way in withdrawing stimulus. "Asia's recovery is at least two quarters ahead of the US and monetary authorities have been contemplating exit strategies for some time," said David Carbon, the head of economic and currency research at DBS Group Holdings in Singapore. "With higher US rates on the cards, Asia's central banks can pursue their exit strategies with less to fear on the inflow and currency front."

Thailand's finance minister says the political uncertainty gripping the country could damage economic growth and investor confidence. Some investors are concerned a Thai Supreme Court verdict against former Thai Prime Minister, Thaksin Shinawatra, due later this week could lead to protests that could destabilize the fragile economy.

- Malaysia

Economists are starting to revise upwards their gross domestic product (GDP) forecasts for 2010 after Prime Minister Datuk Seri Najib Tun Razak revealed better-than-expected GDP data for the final quarter of 2009. GDP for the fourth quarter came in at 4.5%, higher than market expectations of a 3.2% increase, while the economy contracted 1.7% for the full year, less than the average 2% in a survey.

- Singapore

The government has outlined two key focus areas to help grow capabilities for companies and boost Singapore's status as a global business hub. A new Partnerships for Capability Transformation programme will be formed to enhance collaboration between multi-national corporations and small and medium-sized enterprises.

### **At Social Front**

- Indonesia

Hundreds of Muslims from outside the area where a 600-member church meets in West Java staged a protest there to call for its closure this month in an attempt to portray local opposition.

Demonstrators from 16 Islamic organizations, including the hard-line Islamic Defenders Front (IFI), gathered on Feb. 15 to demand a stop to all activities by the Galilea Protestant Church (GPIB) in the Galaxy area of Bekasi City.

The Rev. M. Tetelepta, pastor of the church, told Compass that the church has had the required consent of local residents and official permission to worship since its inception in 1992.

Rescuers said Wednesday that hopes were fading for more than 60 people missing after a landslide struck south of the capital Jakarta, killing at least seven people.

Landslide

- Malaysia

The region's first humanitarian relief hub run by the United Nations World Food Programme (WFP) will be set up in Malaysia at a cost of RM17 million.

The depot, to be located at the Subang airbase, will be WFP's fifth such hub in the world and is designed to deliver humanitarian relief items within 48 hours of a crisis occurring. Foreign Ministry secretary-general Tan Sri Rastam Mohd Isa said the RM17 million construction cost would be borne by Malaysia besides US\$1 million (RM3.40 million) that would be contributed annually towards the operational cost of the hub.

- Philippine

Almost two years after the infighting between the Philippine government forces and separatist Moro Islamic Liberation Front resumed because of an aborted homeland deal, there remain at least 100,000 displaced people in Mindanao.

- Cambodia

Malaria, one of Cambodia's deadly diseases, which has caused nearly 300 deaths in Cambodia in 2009, Director of National Malaria Centre Duong Socheat said Monday. Citing Socheat, China's Xinhua news agency reported that some 280 Cambodians died from malaria last year, a sharp increase from a year earlier that recorded only about 200.

## Detailed News Monitoring Report

### Indonesia

- **Political front**
- **Indonesian president vows equal treatment, opportunities for Indonesian-Chinese**

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<http://www.reliefweb.int/rwarchive/rwb.nsf/db900sid/VVOS-82WNUR?=>

- **Foreign Relations**
- **Clinton wants more cooperation with Indonesia**

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She says that the Obama administration believes it is possible to satisfy U.S. laws and expand cooperation with a country that has been subject to American sanctions over past human rights abuses. President Barack Obama will travel next month to Indonesia, where he lived as a boy.

The Indonesian military has long complained about being handicapped by a recently lifted U.S. ban on weapons sales.

[http://newsok.com/clinton-wants-more-cooperation-with-indonesia/article/feed/136032?custom\\_click=rss](http://newsok.com/clinton-wants-more-cooperation-with-indonesia/article/feed/136032?custom_click=rss)

- **INTERVIEW - Indonesia eyes new 'partnership' with U.S.**

Indonesia hopes to sign a framework agreement with the United States to bolster economic, political and security ties when President Barack Obama visits the country in March, a top Indonesian official said.

"I think there's a good reason to feel optimistic," Gita Wirjawan, chairman of Indonesia's Investment Coordinating Board, told Reuters in an interview on Wednesday.

The two countries are working on details of the proposed "comprehensive partnership" in advance of Obama's return to the country where he spent part of his youth, Gita said.

Indonesia is a \$550 billion economy that Gita insisted could grow close to \$1 trillion in five years, even though that would take annual growth in range of 11 to 15 percent. Last year, Indonesian President Susilo Bambang Yudhoyono promised to focus on eliminating bottlenecks and overlapping regulations to help lift growth in Southeast Asia's biggest economy to 7 percent or more by 2014.

U.S. investment in the Muslim majority country has fallen due to the global financial crisis and Indonesia's failure to meet the standard expected by foreign companies.



"I think we made the mistake of making too many promises when it came to investment when we were not ready. The infrastructure was not ready. The regulatory framework was not ready and we ended up underdelivering," Gita said.

"I think we're projecting the image of Indonesia with much more realism now. Positivity, with realism," Gita said, adding he hopes to clinch a deal with the U.S. Overseas Private Investment Corporation during Obama's trip.

"The visit of Obama will put Indonesia on a new stage, however high that stage is. If we can get something signed with respect to investment opportunities I think that will change the perception of U.S. companies," Gita said.

There are many other fast-growing markets such as China, India or Vietnam where American companies can put their money.

"We have to make sure we are competitive in terms of accommodating investors in this part of the world," Gita said. "The United States is important for us because it sets the tone for all the other investors and markets."

He spoke after meetings with the World Bank, the International Monetary Fund, the International Finance Corporation and companies in sectors such as pharmaceuticals, health care, manufacturing, oil and gas and mining. Although it could take years for Indonesia to see a significant increase in American investment, other Southeast Asian countries, China, Japan, India and Middle Eastern nations are already bringing in capital.

"These have been guys who have been showing a lot of thirst for investments in Indonesia," Gita said.

[http://thestar.com.my/news/story.asp?file=/2010/2/26/worldupdates/2010-02-26T080735Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-464850-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2010/2/26/worldupdates/2010-02-26T080735Z_01_NOOTR_RTRMDNC_0_-464850-1&sec=Worldupdates)

- **Indonesia to maximize benefit from Obama's visit: official**

Indonesian government would use the upcoming visit of U.S. President Barack Obama to maximize the benefits for the archipelagic country by optimizing agreements to be signed by heads of the two countries during the visit, Indonesian Economy Coordinating Minister Hatta Radjasa said on Tuesday.

"The foreign desire to invest in Indonesia was increasing rapidly. U.S. was one of countries pledged to increase its investments here. There will be six agreements to be signed in the visit. We would use it largely for the prosperity of the country," Hatta said on the sidelines of a coordination meeting in the financial ministry's premises here.

Hatta pointed out that Indonesia has to take benefits from the increasing desires of foreign countries to place and add their investments in the country.

According to Edi Abdurrahman, the minister's secretary, agreements to be signed by Indonesian President Susilo Bambang Yudhoyono and Obama cover various sectors, among others investment, education, forestry, agriculture, oil and gas.

Indonesia is recognized as one of the surviving countries in the crisis that rammed global economy since late 2008. Indonesia booked positive growth amid the crisis along with China and India.

Obama is scheduled to undertake his Indonesian visit from March 20 to 22. Obama spent his childhood in Indonesia's capital city of Jakarta from 1967 to 1971.

<http://english.people.com.cn/90001/90777/90851/6900129.html>

- **Economic Front**

- **Indonesia Bank Row May Hinder Cut in \$11 Billion Fuel Subsidies**

Indonesia may delay raising energy prices as a dispute over a 2008 bank bailout divides President Susilo Bambang Yudhoyono's coalition, PT Bank Danamon said, undermining efforts to rein in almost \$11 billion in subsidies.

Government allies Golkar and the Prosperous Justice Party this week joined the opposition in calling for a probe into the finance minister and vice president over the rescue of PT Bank Century. Faced with a split in his coalition and public anger at the bailout, Yudhoyono may resort to populist measures to contain inflation, economists Helmi Arman and Anton Gunawan said.

"Electricity or fuel-price adjustments are definitely off the table this year," they wrote in a report released yesterday. "There's still a long road ahead until the Century problem is resolved," they said, adding "increased non-energy subsidies" were a possible measure to shore up popular support.

Finance Minister Sri Mulyani Indrawati yesterday said fuel and power subsidies may rise 36.7 trillion rupiah (\$3.9 billion) more than budgeted this year, swelling the government deficit. Past energy price increases have triggered protests in Indonesia, while Yudhoyono used cuts in fuel costs in his first five-year term to win votes during his re-election campaign last year.

Fuel subsidies globally may reach \$970 billion this year, the International Monetary Fund said in a report released yesterday. In addition to straining budgets and diverting spending from development, the IMF said subsidies encourage people to emit more greenhouse gases. Cutting the payments by half could result in a 14 percent to 17 percent drop in emissions, it said.

#### Deficit Swells

State utility company PT Perusahaan Listrik Negara said in September that consumers' power bills may climb as much as 30 percent this year. There will be no increase until the second half of the year at the earliest, Sri Mulyani said yesterday, adding that the deficit may rise to 2.1 percent of gross domestic product -- from a previous estimate of 1.6 percent.

Indonesia had allocated 99.4 trillion rupiah this year for energy subsidies, a drop from 102.5 trillion rupiah in 2009.

"The sentiment was already not to raise fuel prices, not to raise energy prices," said James Castle, president of Jakarta-based business advisory services company CastleAsia. "I don't think you can really relate that to the Century case. The only time we had a fuel price hike is when global energy prices went through the roof."

While benchmark crude oil futures in New York are at about half their July 2008 peak, prices have gained 73 percent in the past year to trade recently at \$78.46 a barrel.

Inflation in Indonesia accelerated to 3.7 percent in January, from 2.8 percent in December and a nine-year low of 2.4 percent in November.

#### Waning Popularity

Yudhoyono's approval rate has fallen to 70 percent last month from 85 percent when he won the July 8 election last year and this was "closely related" to the Bank Century saga, according to the Jakarta-based Indonesian Survey Institute. The same nationwide research, which questioned 2,900 respondents, showed 66 percent believed the bailout was a mistake.

Golkar and Prosperous Justice's censure of Sri Mulyani and Vice President Boediono, who led the central bank when it decided to save Bank Century, followed a three-month

parliamentary inquiry. The revolt may force Yudhoyono to drop the parties from the ruling coalition, cutting his support to less than half of the assembly's lawmakers.

"The government delayed the electricity price adjustments in the first place because of rising political temperature," Arman said in an e-mailed statement to follow-up questions. "In case oil prices go against them going forward, we think every effort would be made to delay any adjustment, since doing otherwise would be deeply unpopular."

Indonesia is studying ways to reduce fuel, power and fertilizer subsidies within five years, Yudhoyono said in December, while the government has earmarked 210 billion (\$22 million) this year to subsidize cooking oil and sugar.

Plenary Sessio

The inquiry committee's findings will be discussed in a plenary session of parliament next week, which will then give recommendations for further action. The legislature has no legal power to prosecute state officials. The two rebel parties in the coalition have called on the police and anti-graft agency to investigate Sri Mulyani and Boediono for corruption.

"The process is hurting the country right now but I don't think there is any way you can say what it will mean a month or two months from now," said Castle. "I don't think it will be a huge legal case. My own view is the police will be very hesitant unless they have some smoking gun."

Indonesia initially injected 1 trillion rupiah to boost liquidity at Bank Century after the country's Deposit Insurance Corp. seized it on Nov. 21, 2008, eight days after the bank failed to meet a 5 billion rupiah obligation. The lender has received a total of 6.7 trillion rupiah.

Former central bankers have told the inquiry that letting Jakarta-based Bank Century fail would have posed no systemic risk because it was too small. All parties in the parliament agreed bailout funds were abused by the bank's management.

[http://www.bloomberg.com/apps/news?pid=20601068&sid=a5wk\\_YzsBXU0](http://www.bloomberg.com/apps/news?pid=20601068&sid=a5wk_YzsBXU0)

- **Social front**
- **Muslim Groups Demand Closure of Large Church in Indonesia**

Hundreds of Muslims from outside the area where a 600-member church meets in West Java staged a protest there to call for its closure this month in an attempt to portray local opposition.

Demonstrators from 16 Islamic organizations, including the hard-line Islamic Defenders Front (FPI), gathered on Feb. 15 to demand a stop to all activities by the Galilea Protestant Church (GPIB) in the Galaxy area of Bekasi City.

The Rev. M. Tetelepta, pastor of the church, told Compass that the church has had the required consent of local residents and official permission to worship since its inception in 1992.

"From the beginning we had permission to worship from both the government and the nearby residents," Tetelepta said. "We worked on the building permit and had received principle clearance from the mayor of Bekasi. We had also received permission from the Bekasi Interfaith Harmony Forum."

At the Galaxy area demonstration, FPI Bekasi branch head Murhali Baeda tried to impugn the legal status of the Galilea church by telling ANTARA, the official news

agency of the Indonesian government, that he was "certain" that "a number of the church buildings" in the area "do not have complete permission."

"This is proved by the large number of posters and banners that are displayed in the alleys and public gathering places rejecting the presence of these [church] buildings," Murhali told ANTARA.

A Joint Ministerial Decree promulgated in 1969 and revised in 2006 requires the permission of more than 60 neighbors and a permit from local authorities to establish a place of worship in Indonesia.

Representatives of Islamic organizations at the demonstration shouted, "Churches are not allowed in Galaxy" and carried posters and banners declaring, "We Faithful Muslims Reject the Presence of Churches," as well as "Beware of Christianization of Galaxy."

Local organizations represented at the demonstration included the Bekasi Dakwah Council, the Bina An Nisa Dakwah Council of Bekasi and the Galaxy Mosque and Mushola Forum, but Tetelepta said he was sure that 95 percent of the protestors were not local people.

Also present at the demonstration were representatives of the Islamic Youth and Student Forum, Islamic Unity, the Committee to Enact Syariah (Law), Muhammadiyah, the Islamic Youth Movement, the Syariah Concern Society, the Islamic Youth Federation, the Bungin Dakwah Council, the Gembong River Society, Irene Centre and the Indonesian Mujahadin Council.

Baeda of the FPI accused the church of "Christianizing" local residents by distributing food "and the nine essentials at a reduced price."

"The church is distributing these things as incentive to confess Jesus as their Lord," Baeda told Compass. "We have received several reports of this from people who have accepted these distributions." This type of activity disturbs society, he added. "I consider this wrong-doing." The local FPI leader told ANTARA that there are at least six churches and a number of homes that function as churches. "At night praises to their God in the form of songs disturbs the people's sleep," he reportedly said. Tetelepta denied that the church had tried to "Christianize" people. "We have never distributed food or the nine essentials," he said. "The only thing we have done is to spray for mosquitoes near the church."

Before coming to Galaxy the congregation had worshipped in various places in Bekasi. At the suggestion of the government, Tetelepta said, the church purchased the property in Galaxy in 2006 in order to construct a worship place. He added that there has been an effort to discredit the church in the Bekasi area. "Our worship services will continue as usual in spite of the demonstrations," he said. "We are coordinating things with the police."

<http://www.crosswalk.com/news/religiontoday/11626798/>

- **More than 70 feared dead**

Rescuers said Wednesday that hopes were fading for more than 60 people missing after a landslide struck south of the capital Jakarta, killing at least seven people.

Landslide

"We've pulled out seven bodies from the landslide. We believe 64 are still trapped," said West Java police spokesman Dade Ahmad, updating the overnight toll after heavy rains triggered the landslide in Bandung district on Tuesday. "The landslide is very deep. At this point, the chance of pulling out victims alive is slim," Ahmad said.

About 500 rescuers, including officers from the Brimob special police force, are searching for victims buried on the tea plantation near Ciwidey village, about 35 kilometres (22 miles) southwest of Bandung city. "We have six sniffer dogs on site and rescuers are digging manually using hoes and light cutting equipment to reach victims," Ahmad added. "We are still trying to bring in the heavy earth-moving equipment. It's difficult to get to the area, which is on a steep slope," he said.

Indonesian Vice President Boediono and several ministers are expected to visit the disaster area Wednesday, Ahmad said. Landslides and flooding are common in Indonesia during the rainy season, which hits a peak from December to February.

<http://www.dailynews.lk/2010/02/25/wld01.asp>

## **Malaysia**

- **Political Front**

- **1Malaysia: A review of concept, process & outcome**

ONE of the first things Datuk Seri Najib Abdul Razak did when he took over as prime minister was to announce his concept of 1Malaysia. He took great pains to publicise it and even created a special website for it. His aim was to reach out to as many people as possible, sending out a personalised e-mail to a long list of names.

The broad concept of 1Malaysia, based on the principle of "People First, Performance Now", is to bring the country's multi-racial, multi-ethnic and multi-religious people together as "one" to create a united, harmonious, strong and successful nation. It may be seen as his response to the dynamics and changes taking place in the country and the world today.

At the outset, the concept was loosely put forward and there was some confusion over what it really meant. Perhaps the prime minister wanted to get feedback from the rakyat of all ethnic background to help him craft and define the concept better.

The initial looseness in the concept had also allowed his critics to brush it aside as "wishy-washy", "nothing new" or that it was in fact very similar to past concepts on national unity such as "Bangsa Malaysia" (by Tun Dr Mahathir Mohamad) or "Rakyat Malaysia" (by MCA) or even the "Malaysian Malaysia" (by DAP).

But what these detractors missed perhaps is, for a start, the concept's emphasis on the vision of "oneness" as a people and nation. The power of "oneness" and its simplicity seem to have a special appeal to many people. In view of both the ethnic diversity of the country and current racial discord, it is certainly an innovative and catchy way to drive home this point about the need for "oneness".

Before we look at the process needed to achieve 1Malaysia, let's examine the perceived intended outcome. The intermediate outcome is to have a united and harmonious society where all races treat each other as equals in the spirit of brotherhood. But without fairness, equality and mutual respect, it would be hard to achieve national unity or harmony, which is not an end by itself but an essential ingredient for our people to work efficiently together in order to increase the economic pie for all. Thus, the end game is to have a successful, wealthy and developed society with a great improvement in the standard of living and quality of life for all Malaysians.

The prime minister has recently said "there is no point in having a larger share of a shrinking pie". He has made a strong case on the need for national unity in order to improve our (declining) competitiveness and increase our economic wealth.

The biggest challenge to 1Malaysia is how the prime minister allocates the resources and

opportunities available and balances the needs and aspirations of the various communities and social classes. It would become a zero-sum game if the our wealth and resources are fixed and declining and we do nothing about it. But if we the people can unite and collectively recreate and re-engineer our society to greater prosperity and heights, it would be a win-win situation for all.

It may be too early to expect much outcome of 1Malaysia in -Najib's first 100 days. We can only see the direction he is heading based on the concrete decisions he has made so far. One positive result of the promotion of 1Malaysia is a greater openness to talk about racial issues in an honest and respectful manner and more readiness to give feedback to the authorities concerned.

As for the "process" needed to achieve 1Malaysia, there have been positive signs lately to show the prime minister is serious about it. The recent cabinet's decision on child conversion case (although some issues still remain), liberalisation of the services sector, new scholarship scheme based solely on meritocracy and the latest decisions on the FIC and IPO rules are sending the right kind of signals to our people and investors that meritocracy is the way forward to drive our competitiveness and economic performance.

A glaring case is that foreign investments in the manufacturing sector for the first five months of this year amounted to RM4.2 billion while for the whole of last year it was RM46.1 billion. Surely this cannot only be due to the global economic downturn but some defects in our economic structure which need fixing.

The prime minister now has to ensure proper implementation of the new measures and policies. He has to ensure the civil service and his party give him the support and cooperation needed. The NEP was meant to address social inequality regardless of race but its implementation was flawed in many ways. The fact that only RM2 billion remain in Malay hands out of a total of RM54 billion worth of shares sold to Malays from 1985 to 2004 says a lot about its past implementation.

1Malaysia ... bringing the country's multi-racial, multi-ethnic and multi-religious people together as "one" to create a united, harmonious, strong and successful nation.

There are, however and ironically, three current factors working in the prime minister's favour to get the support he needs. The severe economic recession (a shrinking pie), racial polarisation (undermining performance and quality of life) and the loss of public support for his ruling coalition since the last general election (and a stronger opposition alliance which also controls four states), should somehow compel his party and the civil service (which values stability) to support his recent decisions on restructuring the economy and society.

Internal opposition, resistance to change and even sabotage are serious obstacles that the prime minister has to deal with firmly and resolutely. He must personally monitor the implementation at the ground level and respond appropriately to public feedback. He must demonstrate clearly that he is taking ownership of these policy changes and he will brook no nonsense from anyone who tries to undermine them.

The prime minister has also shown how we can learn from Sarawak and Sabah which have diverse ethnicities and yet their harmony appears to be much better than that in Peninsular Malaysia. Any effort to promote the multiple identities of our nation is a step in the right direction towards 1Malaysia. Our diversity is a strength and not a weakness. The prime minister should also oppose any attempt from any quarter to promote singular

identity based on chauvinism or misplaced pride or misinterpretation of religion.  
If the prime minister wishes to hasten 1Malaysia into a reality, he should also look at:  
» ensuring that any new affirmative policy must be strictly based on income and social class(which would help a large majority of -bumiputras anyway) and not race or ethnicity, and  
» instituting broad anti-discrimination legislation to promote a more inclusive and united society consistent with 1Malaysia, so that no group based on race, ethnicity, religion, gender, age, disability or special needs would be wittingly or unwittingly, neglected or discriminated against.

The 1Malaysia initiative by the prime minister looks promising so far, the real acid test lies ahead in maintaining the momentum and implementation.

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- **The 1Malaysia Concept and what it means.**

by Ahmad Abang for The spectator February 05, 2010

Daro, Malaysia:

The 1Malaysia concept which was promoted by the Prime Minister of Malaysia, Najib Razak, is basically the continuation of the many attempts by all former leaders of Malaysia to bring the people of this country together, not only to live in peace but to strive towards a common goal.

The common goal is of course to live in harmony regardless of whatever their race or denomination is.

The major races of Malaysia are Malays, Chinese and Indians. There are also countless numbers of other ethnics who were already living on the land long before the arrival of the Chinese and Indians.

It is because of this rich tapestry of its people that made this land both beautiful and interesting. Bringing these groups together and urging them towards a common goal is not easy.

Thus, the concept of 1Malaysia whereby all races must regard themselves as an important component of this dream and should treat his or her fellow countryman as equal. Everything on this land is shared.

However, there are feelings that the positions of the Malays who lived and ruled this land long before the other races will eventually be eroded. Even the enlightened section of the Malays who are well-educated and well-travelled felt squemish about the concept.

On the other hand the concept does not mean anything to the non-Malays because of the government's insistence on maintaining the special position of the Malays.

Thus, it is against this uncertain and sometimes fickle background that the Prime Minister promoted the concept. Be that as it may, the majority of our man on the streets agree that this is something special that they all must adhere to.

Maybe it is still too early to tell but there are clear signs indicating that 1Malaysia is just too good to be ignored.

- **Education For All In Malaysia**

The Unesco's statistics for 2009 placed Malaysia at 11th out of 137 nations that allocated a huge budget for education. On the average for this decade, Malaysia's allocation for the education sector is about 25 per cent or a quarter of its budget, making education the sector that received the lion's share of the government's expenditure. With such a huge

allocation, the nation's education system is continuously undergoing transformation and improvement. The goal is none other than creating a society that focuses on education and knowledge, above everything else.

#### PRE-REQUISITE, 1MALAYSIA

Education, as the primary pre-requisite for the success of any nation, has been turned into an aspirational value in the concept of 1Malaysia.

Prime Minister Datuk Seri Najib Tun Razak had stated that the education process is not only restricted to the classroom alone, but it is a lifelong process that moves on either in or out of the teaching and learning climate. Education will drive Malaysians to think and act without too much having their self interest, in fact giving priority to the community.

Education also has another strong point. The nation's strength and endurance are built on its people that have knowledge and education as these could overwhelm the military might. As such, the nation needs to have a society that focuses on education and knowledge.

#### CREATING A SOCIETY WITH KNOWLEDGE

In the effort to create a society with knowledge, not only formal education comes into focus. Instead inculcating the reading habit is among the core values of a society with knowledge.

The Malaysian Reading Profile Study 2005 by the National Library of Malaysia (PNM) found that the number of books read by Malaysians in the past 10 years improved to two books each in a year as compared to the average of only two in 1996.

Despite this improvement, the figure is still minimal for a nation that has a population of 28 million. Everybody should realise that the reading culture is able to create Malaysians that exercise an open mind.

Complementing this move, Keretapi Tanah Melayu Berhad (KTMB) with the collaboration of PNM has provided reading materials in each of its coaches in the inter-city service. An effort that should bring in the compliments.

#### OPPORTUNITIES FOR ALL

Meanwhile, the effort to inculcate 1Malaysia in education should begin right from the time in school as this is the place where children socialise with each other.

Hence the curriculum developed for primary schools should focus on the aspects that needed to be inculcated to generate the 1Malaysia concept and should have avenues to hold interaction and joint activities.

Deputy Prime Minister Tan Sri Muhyiddin Yassin who is also the Education Minister, in his speech at the recent function held to recognise high performance schools (SBT), had pointed out that the creation of the SBT as the country's model schools was not intended to marginalise the other schools.

The government would implement specially-formulated programmes to improve the SBT apart from emphasising on the social responsibility of these schools to guide other schools to improve their own performance via a guidance programme.

Apart from education, meritocracy is another aspirational value of 1Malaysia. Maybe many relate this aspect to education particularly in the admission to tertiary-level education institutions.

In 2002, the meritocracy system was implemented for the first time for admission into the public institutions of higher learning (IPTA). This replaced the previous 'quota system' that the admission was for 55 per cent Bumiputera and 45 per cent for the others.



This new system, that provides the opportunity for all to obtain high education, aims to create a united society, a society that does not have to worry about the interest of the respective ethnic groups. In other words, a society that places national interest first.

#### NOT ONLY IN EDUCATION

The meritocracy aspect is not only stressed in education alone. The real meaning of meritocracy in Malaysia is a direction that should be practiced in a democratic nation to ensure the people are qualified and meet the criteria required to guide the country to achieve progress. Meritocracy focuses on open competition based on the stipulated criteria and anybody who meets these criteria are deemed as eligible. In the implementation, the selection is based on performance and culture of excellence to maximise the potential in all fields.

For example in the procurement field, contracts are offered via open tenders and the firm picked should meet the required criteria. This covers the choice of firms, contractors, consultants and the likes as all parties should compete and prove their worth apart from providing the best offer on the price of products, services and outcome promised. This is to make Malaysians to be up to the global challenges.

Hence, no Malaysians should feel they are being marginalised as each of them is entitled to their rights as enshrined in the Federal Constitution.

<http://www.bernama.com/bernama/v5/newsfeatures.php?id=478160>

- **Sultan Azlan Shah on position of Islam in Constitution**

The position of Islam as a religion which is protected by the Federal Constitution and placed directly under the power of the Rulers, must be understood and respected, said the Sultan of Perak, Sultan Azlan Shah. He said the followers of other faiths are allowed to practise their respective religions peacefully although these religions are not allowed to be preached to Muslims.

He said failure to comply with the Federal Constitution, which was formulated based on the history of the country and which had been accepted by everyone representing the various races and religions, can cause disharmony and possibly lead to confrontation.

“The people must never try to create any issue or provocation that can jeopardise the harmony which had been forged between the people of various races and religions.

“Any provocative action can threaten solidarity and public peace,” he said when launching the state-level Maulidur Rasul (Prophet Muhammad’s birthday celebration) at the Taiping Municipal Square here Friday.

Also present were Raja Permaisuri Perak Tuanku Bainun, Raja Muda of Perak Raja Dr Nazrin Shah, Raja Puan Besar Tuanku Zara, Raja Dihilir Perak Raja Jaafar Raja Muda Musa, Raja Puan Muda Perak Raja Normahani Raja Shahar Shah, Mentri Besar Datuk Seri Dr Zambry Abdul Kadir and his wife Datin Sharipah Zulkifli as well as 3,000 others. Sultan Azlan Shah said it was feared that if the people were too engrossed in factional politics, the future of the country could be at stake and the Muslims might lose what had become their religious rights and racial privileges. “Have the Muslims in this country reached a position that can become a model for the whole ummah? Have the Muslims achieved solidarity and the strength to defend the integrity and virtue of their religion if others were to ridicule Islam?” the Ruler said. At the function, Sultan Azlan Shah presented the “Tokoh Keluarga Mithali” (Model Family Personality) Award to Jurij Sulaiman who had raised five children who were successful in the various fields; and the

“Tokoh Pendakwah” (Missionary Figure) Award to Mohamad Hafiz Ng Abdullah who had been preaching Islam since 1992.

In addition, the Ruler also presented the “Tokoh Guru Sekolah Agama Rakyat” (Public Religious School Teacher) Award to Soed Ibrahim who has more than 30 years’ teaching experience and the “Tokoh Pegawai Masjid” (Religious Official) award to Abdul Rahim Abu Bakar.

<http://thestar.com.my/news/story.asp?file=/2010/2/26/nation/20100226173116&sec=nation>

- **Malaysian politician's sodomy trial publicizes taboo topic**

Opposition leader Anwar Ibrahim's second trial has pushed sensationalism to new heights and propelled homosexuality into mainstream conversation in the majority Muslim nation.

Anwar Ibrahim, a former deputy prime minister, leaves the courthouse in Kuala Lumpur after filing his appeal for the judge to recuse himself. It is the second time he is being tried on sodomy charges, his first conviction was overturned in 2004. Reporting from Kuala Lumpur, Malaysia - The coverage is exhaustive, the politics bare-knuckle, the details lurid, all played out in a majority Muslim country. Malaysia's sodomy trial 2.0, in which the government is accusing opposition leader Anwar Ibrahim of engaging in a homosexual act with a 25-year-old former aide, has pushed media sensationalism here to new heights.

Sodomy, even consensual, is a crime in Malaysia under laws dating to British colonial rule. And the case, some analysts say, has desensitized the public to a once-taboo topic, especially the younger generation, in a society that has long prided itself on modesty and conservative values.

Late last week, the judge declined to recuse himself from the case, rejecting the opposition leader's claim of bias. Judge Mohamad Zabidin Diah agreed to postpone the proceedings for five weeks, however, so Anwar's lawyers could appeal.

This is the government's second sodomy case against Anwar, 62, a former deputy prime minister who fell out with the nation's long-in-power leadership in the late 1990s. Malaysia's main newspapers, most of which are owned by the government or parties in the ruling coalition, have often led the graphic coverage.

Recent testimony by former aide Saiful Bukhari Azlan, who says Anwar forced him to have anal sex at a condominium in June 2008, was heard behind closed doors. But details have leaked to the newspapers. The extensive reporting has made it difficult for citizens to avert their gaze, even if they want to, amid detailed depictions of men's underwear, lubricant tubes, swabs and stained clothing.

Recent newspaper headlines include: "Anwar Hit on Me at Condo," "Sodomy II Starts," and "Not Willing to be Sodomized Again." "All these details," said Rajan Palaniswami, 54, who works for a manufacturing company in Kuala Lumpur, the nation's capital. "It's a bit disgusting."

For Anwar, who faces a 20-year prison term if convicted, there's an element of déjà vu. Arrested in 1998 after his political ties frayed with longtime Prime Minister Mahathir Mohamad, Anwar was convicted on corruption charges in 1999 and on sodomy charges in 2000.

Appearing in court in 1998 with a black eye after reportedly being beaten by a senior police officer, his treatment behind bars helped inspire a new opposition political organization, the People's Justice Party, initially led by his wife. In 2004, Anwar's sodomy charge was overturned and he was released. Although he was banned from running for political office for five years, he helped energize the opposition, which in 2008 won five of Malaysia's 13 states, its best-ever showing, denying the ruling coalition the two-thirds parliamentary majority it had in effect held since 1969.

Since then, the opposition has won seven of nine by-elections, including one that put Anwar back into parliament, challenging the dominance that Malaysia's main ruling party -- the United Malays National Organization, or UMNO -- has enjoyed since independence.

Anwar, who is married with six children, has denied the charge and says the case is politically motivated and designed to deflect attention from the government's shortcomings, a charge Prime Minister Najib Razak and other top officials deny. The human rights group Amnesty International urged Malaysia to drop the case after the court denied Anwar access to the state's evidence against him, and the Hong Kong-based Political and Economic Risk Consultancy said the case has called into question the integrity of Malaysia's judiciary. Deputy Prime Minister Muhyiddin Yassin, who earlier accused the consulting firm of "talking through their nose," defended the judicial process and questioned calls to drop the case.

"Let the court decide. We cannot say Anwar is guilty or not guilty," he told reporters last week.

Legal records suggest that sodomy charges under Section 377 have been leveled only seven times in Malaysia in 70 years, according to [thenutgraph.com](http://thenutgraph.com), an independent Malaysian news website, with four of those charges being against Anwar.

"A lot of questions are going to come up about the evidence and whether this is a fair trial," said Bridget Welsh, associate professor of political science at Singapore Management University. "The bottom line is, Malaysia is going after an opposition figure, no matter what may or may not be in the case."

The publicity has made homosexuality a topic of mainstream conversation, analysts said. Although this was also true during Anwar's first trial, the expansion of the media, Internet and social networking sites has made coverage far more widespread, they said.

"There's some kind of perverse sense. In one way people are repelled but also intrigued," said Ibrahim Suffian, head of the independent Merdeka Center for Opinion Research in Kuala Lumpur, comparing it to the Clinton presidency sex scandal involving White House intern Monica Lewinsky.

Most worrying in the Anwar trial, some analysts said, is the effect on young students who are inundated by far more news coverage than were earlier generations. "Everyone is talking about sodomy, sodomy, sodomy, from the supermarket to the kitchen," said Abu Hassan Hasbullah, a University of Malaya associate professor of media studies. A recent survey of 500 students by Zentrum Future Studies, a nonprofit research group started by Abu Hassan, found that more than 60%, including many in elementary school, knew what sodomy was, compared with a fraction of that before the latest trial. With knowledge may come a desire to engage in such practices, Abu Hassan said. "Once you open this primitive gate of our culture, you can't close it again," he said. As the proceedings drag on, many Malaysians appear to be in wait-and-see mode. "My sense is, even among

people who support the government, a good number doubt this is a real case," said Ibrahim of the polling organization. Norani Othman, a sociologist and founding member of SIS Forum Malaysia, a Muslim women's organization, said some in the government may be playing dirty politics, but Anwar is being stubborn and vain. "Whatever his sexual orientation is, I'd advise him to just let it go and resign so our alternative politics is not held hostage," she said. "Whether Monica Lewinsky's blue dress or the underwear here, they belong to the same rubbish bin of contemporary history."

<http://www.chicagotribune.com/news/nationworld/la-fg-malaysia-sodomy-trial26-2010feb26,0,1831630.story>

- **Economic Front**

- **Economists revise Malaysia's GDP targets**

Economists are starting to revise upwards their gross domestic product (GDP) forecasts for 2010 after Prime Minister Datuk Seri Najib Tun Razak revealed better-than-expected GDP data for the final quarter of 2009. GDP for the fourth quarter came in at 4.5%, higher than market expectations of a 3.2% increase, while the economy contracted 1.7% for the full year, less than the average 2% in a survey.

Najib had on Wednesday also spoken of the economy expanding at 5% this year from the projected 4% as the RM67bil worth of stimulus measures gradually made an impact on the economy.

OSK Research Sdn Bhd analyst Lim Mei Ching told StarBiz growth projections for 2010 were more substantial now but there could be a slowdown in the second half on higher interest rates and as public-sector spending was reined in to balance the deficit.

She has revised the forecast for the year to 4.8% from 4% previously and expects a 25-basis point hike to 2.25% in Bank Negara's overnight policy rate next week after the monetary policy committee meets.

CIMB Investment Bank Bhd economic research head Lee Heng Guie has also revised the GDP forecast for 2010 to 4.8% from 3.5% previously.

He said in a report dated Feb 25 that the basis for the revision was the still positive global lead indicators, which boded well for exports as well as domestic demand.

"The Leading Index's six-month smoothed growth rate rose further, albeit at a slower pace of 10.7% in December 2009 (compared with 11.3% in November). This marks the 10th consecutive month of gains and signals a firmer recovery going into the first half," Lee said.

AmResearch Sdn Bhd senior economist Manokaran Mottain has maintained the GDP forecast for the year at above 4% but would consider revising it after January's industrial production index and external trade data are released by the Statistics Department in March.

"It'll be above 4.5% but I'm still cautious about the outlook going forward as the Group of Seven (G7) economies still have to work through their problems and then there is the debt crisis in Greece to worry about," he said. Manokaran said that despite the growing trade among Asian economies, any prolonged economic or financial woes in the G7 countries would have an impact in this region.

He is also expecting a 25-basis point hike next week followed by another 25-point hike in July when the monetary policy committee meets again. Manokaran said the rate hikes would not necessarily hobble the economic recovery but would see the ringgit strengthening to 3.30 against the US dollar by year-end.

Meanwhile, RAM Holdings Bhd chief economist Dr Yeah Kim Leng has maintained 2010's GDP at 4.9% followed by an expansion of 5.4% in 2011.

In a statement on the RAM website, he said the medium- to long-term GDP growth forecast for the country had been revised by 0.5 percentage points to 5% per annum based on the stronger investment flows and efficiency gains that would ensue from the structural reforms and policy changes to transform the nation from a middle-income to high-income economy by 2020. Yeah said that in the short term, there were key risks stemming from the weaker-than-expected global economic recovery and double-dip growth in advanced economies, destabilising capital flows and wage-price inflation shocks.

For latest Bursa Malaysia indices, charts and other information click here

<http://biz.thestar.com.my/news/story.asp?file=/2010/2/26/business/5748680&sec=business>

- **Economic recovery proof of PM's ability**

Malaysia's economic recovery shows that Prime Minister Datuk Seri Najib Tun Razak's leadership is accepted by all. Pahang Menteri Besar Datuk Seri Adnan Yaakob said the 4.5% growth in the last quarter of 2009 showed clearly that consumers and foreign investors had faith in Malaysia.

He said this yesterday after opening talks on the 1Malaysia concept for government servants here.

Najib said the 4.5% growth in the gross domestic product (GDP) for the fourth quarter of last year was a sign that the country had recovered from the economic crisis. He also attributed the growth to the strengthening domestic and external demand. Earlier, in his speech, Adnan urged public servants to be loyal to the current Government administration. He said the Government had done a lot for the people, saying that: "We have to work with full commitment for the Government of the day."

<http://thestar.com.my/news/story.asp?file=/2010/2/26/nation/5754094&sec=nation>

- **Malaysia has bounced back from economic crisis**

Malaysia has recovered from the economic crisis, Prime Minister Datuk Seri Najib Tun Razak said. He said the gross domestic product grew by 4.5% in the fourth quarter of last year, a better result than expected. He added that the economy was expected to see strong growth this year. Asked if the worst was over for the Malaysian economy, Najib said: "Yes." The other developments on Wednesday were: The economy contracted by 1.7% for the whole of last year but this was also lower than the projected 3% contraction. The construction sector grew at the fastest pace in the fourth quarter, followed by the agricultural sector. The news came as a surprise for economists who were expecting an average growth of 3.2% for Q4 of 2009.

<http://www.asianewsnet.net/news.php?id=10329&sec=2>

- **Malaysia's 2009 Economic Performance Better Than Expected, Says Najib**

Malaysia's 2009 fourth quarter performance that will be announced this Wednesday is better than expected, says Prime Minister Datuk Seri Najib Tun Razak. Without giving further details, the prime minister said the economic performance during the period was beyond expectation. "In other words, we have recovered from the global recession" he said at the 1Malaysia dinner here Monday night. The dinner was held at the new State

Legislative Assembly building here in conjunction with his two-day official visit to Sarawak starting Monday.

Najib said the good performance was due to the courageous efforts of the people of this country and various pro-active steps taken by the government in tackling the economic problem last year. Najib described his visit to several longhouses here Monday as a very touching experience. The prime minister visited Iban longhouse in Saratok and Lachau, Sri Aman as well as a mixed population of Simunjan town. "I can feel the warmth and the sincerity of the people," he said adding that this was an indication of their strong support for the government. The prime minister also said he would continue to support the development of Sarawak in terms of infrastructure. He said this development would be done together with the state government. Meanwhile Sarawak Chief Minister Tan Sri Abdul Taib Mahmud who was also at the event called on the people of Sarawak to support the 1Malaysia concept.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=477184>

- **Social Front**
- **Humanitarian Relief Hub To Be Set Up In Malaysia**

The region's first humanitarian relief hub run by the United Nations World Food Programme (WFP) will be set up in Malaysia at a cost of RM17 million.

The depot, to be located at the Subang airbase, will be WFP's fifth such hub in the world and is designed to deliver humanitarian relief items within 48 hours of a crisis occurring. Foreign Ministry secretary-general Tan Sri Rastam Mohd Isa said the RM17 million construction cost would be borne by Malaysia besides US\$1 million (RM3.40 million) that would be contributed annually towards the operational cost of the hub.

"This is a concrete commitment and contribution on the part of the Government of Malaysia to the vital international effort of providing humanitarian aid and assistance in times of need and emergency," he said during the signing of the basic agreement between the government and the WFP, here Thursday.

The text of Rastam's speech was released by the Foreign Ministry in a statement.

He said the hub would be located on 12,000 sq metres of space, which included a built-up area of 5,000 sq metres of permanent space for a new warehouse, an office building and a training centre. Rastam said the hub's strategic location, which is in the heart of South East Asia, would enable the WFP to deliver humanitarian assistance in a quick, timely and efficient manner for Asia and the Pacific region. Malaysia would be joining other WFP relief hubs, presently located in Ghana, United Arab Emirates, Panama and Italy, in providing emergency assistance and services for humanitarian relief in the respective regions.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=478104>

## **Thailand**

- **Political Front**
- **Supporters of deposed Thai PM rally in Bangkok**

Vociferous supporters of deposed Thai leader Thaksin Shinawatra demonstrated Friday in the capital's business district, prompting nervous executives to shut down a bank headquarters that was the center of their protest.

The rally by some 2,000-3,000 so-called "red shirts" - the favored garb of supporters of the ousted leader - came one week ahead of a potentially explosive court decision on whether the government will confiscate billionaire Thaksin's vast assets. The protesters

claim that the government and courts apply double standards, allowing their allies to enjoy special privileges while unfairly persecuting Thaksin.

The U.S., British, Australian and other embassies issued advisories warning their citizens to stay away from mass political gatherings over the coming days in case violence erupts.

The protesters gathered in front of the headquarters of the Bangkok Bank on Silom Road, which was guarded by hundreds of police. Although the protest was nonviolent, the bank closed early, around noon, and sent about 3,000 employees home. The target of Friday's protest was Gen. Prem Tinsulanonda, who the loyalists say was a key leader in the military coup that ousted Thaksin in 2006. Thaksin, who was convicted in absentia on conflict-of-interest charges in 2008 and sentenced to two years in prison, lives in exile.

Prem is the president of the Privy Council, which advises the Thai king, and also serves as an adviser to the Bangkok Bank, one of the largest in Thailand.

The pro-Thaksin United Front of Democracy against Dictatorship claims that Prem helped arrange financing through the Bangkok Bank for a golf course that encroached on the Khao Soi Dao Wildlife Sanctuary in southeastern Thailand. That allegation, plus other accusations of shady business deals between Prem and the bank, have been denied. The red-shirt movement is made up mainly of Thaksin's followers, but it also has factions that do not support him, but do oppose the coup and other undemocratic measures. In recent days, the government has started deploying about 20,000 security forces to brace for protests ahead of the Feb. 26 court ruling.

A protest leader, Jatuporn Promphan, said at Friday's event that the group planned to stage another, bigger rally after the court's ruling, at a date yet to be decided.

The Supreme Court will decide whether Thaksin's assets in Thailand were obtained through corrupt means and should be confiscated by authorities. Stripping Thaksin of his \$2.2 billion - which was mostly built up as a telecommunications tycoon before he entered politics - would deny him the means to finance any political comeback. Such a ruling could also provoke more mass protests from his followers.

Thailand has been gripped by pro-Thaksin and anti-Thaksin protests for more than three years. Thaksin supporters staged rallies in April that turned violent, and the army was called in to restore order.

Prime Minister Abhisit Vejjajiva's government has vowed that there would be no repeat of the earlier violence when the court decision is made.

<http://thestar.com.my/news/story.asp?file=/2010/2/21/apworld/20100221072502&sec=apworld>

- **Former Thailand PM Thaksin may seek justice at world court**

Fugitive former Thai premier Thaksin Shinawatra yesterday threatened to appeal to international courts if a Thai supreme court decides to order the seizure of \$2bn from his family's frozen bank accounts later this week.

On Friday, the Supreme Court for Political Office Holders is to rule on whether Thaksin concealed his shareholdings in his business empire while he was prime minister between 2001 and 2006 and abused his power to benefit that empire.

If found guilty, the court will confiscate some \$2bn in Thai bank accounts frozen shortly after Thaksin was toppled by a military coup in September 2006.

Thaksin, who has lived in self-exile since August 2008, to avoid a two-year jail term on a previous charge of abuse of power, used microblogging site Twitter to warn Thai authorities of his plans to take his case to the international stage.

“I don’t think I have done anything wrong,” Thaksin tweeted. “If the Thai court doesn’t give me justice, I will take my case to the World Court. I am preparing for this every day.”

Prime Minister Abhisit Vejjajiva, responding to the Twitter message, said that he would not let Thaksin’s case become a national problem, let alone an international one.

“I don’t see on what grounds he (Thaksin) would raise the case,” Abhisit said.

Thongbai Thongbao, a well-known Thai civil rights activist and lawyer, said Thaksin had no legal basis on which to take his case to The Hague because it was an individual case and he had been allowed a full legal defence at his trial.

Thaksin has repeatedly claimed that the charges against him are all politically motivated, and the Supreme Court for Political Office Holders is biased against him.

The government has stepped up security in Bangkok and the provinces in anticipation of street protests and possible violence this month either before or after the ruling on Thaksin’s assets case. Thaksin, a billionaire telecommunications tycoon who became prime minister in 2001, has a huge following among the rural and urban poor because of the populist policies he implemented during his two-term premiership.

He was ousted by a coup in September 2006, leaving Thailand deeply divided over his political legacy.

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- **Economic Front**
- **Thai Production Climbs a Fifth Month as Demand Rises (Update2)**

Thailand’s industrial production rose for a fifth straight month in January as the global economic recovery helped boost demand for the nation’s automotive parts and electronics.

Manufacturing output climbed 28.6 percent from a year earlier after a revised 35.9 percent gain in December, the Bank of Thailand said in Bangkok today. The median estimate of 11 economists in a Bloomberg News survey was for a 36 percent increase.

Thailand’s economy exited a yearlong recession last quarter and may grow 5 percent in the three months through March, driven by rising exports and stronger local consumption, Finance Minister Korn Chatikavanij said Feb. 22. Thai exporters including Hana Microelectronics Pcl and Delta Electronics Pcl have forecast higher sales this year on rising overseas demand.

“Production remains on an upward trajectory, supported by recovering exports,” David Cohen, a Singapore-based economist at Action Economics, said before today’s report. “Trade data around the region indicate ongoing recovery in global demand.”

Thailand’s exports, which are equivalent to about 60 percent of the economy, increased 31.4 percent in January, the biggest gain in 18 months, the central bank said today. Shipments gained 26.2 percent in December.

“The Thai economy expanded in January, supported by improved exports and tourist arrivals,” Suchart Sakkankosone, a Bank of Thailand senior director, told reporters in Bangkok today. “Domestic demand remained at a high level, thanks to the government’s stimulus measures.”

Imports Surge



Imports jumped 50.1 percent, advancing for a second month, after a 33 percent increase in December. Thailand had a trade surplus of \$591 million in January, compared with a deficit of \$122 million the previous month.

An index of business sentiment was unchanged at 50.4 last month, the central bank said.

The current-account surplus widened to \$1.997 billion in January from \$758 million a month earlier. The measure comprises the difference between exports and imports of goods and services, investment income and remittances. Trade makes up about 70 percent of the current account, and tourism contributes most of the service industry's 30 percent component.

Tourist arrivals surged 26.8 percent from a year earlier to 1.61 million last month as foreigners returned to Thai beaches and mountains amid more stable politics. Prime Minister Abhisit Vejjajiva has stayed in power for more than a year, longer than his two predecessors.

#### Political Unrest

Still, political unrest remains a threat to the economy as supporters of exiled former Prime Minister Thaksin Shinawatra step up protests against the government, Korn said Feb. 22. The political turmoil may escalate after the Supreme Court's ruling today on the government's request to confiscate about \$2 billion of Thaksin's assets, Abhisit has said.

The Thai economy should continue to perform well, Suchart said today. The political uncertainty has been taken into account in the central bank's latest economic forecasts, he said. Gross domestic product may expand 3.3 percent to 5.3 percent this year, the central bank said Jan. 22.

<http://www.bloomberg.com/apps/news?pid=20601068&sid=awIisO7l.J5Q>

- **Asian economies seeing strong recovery**

Thailand's finance minister Korn Chatikavanij gives a speech before receiving the "Global Finance Minister of the Year" award from The Financial Times' Banker magazine in Bangkok Feb. 22. Thailand's GDP grew 3.6 percent in the fourth quarter of 2009.

Dean Baker is right to note that New York Times misleads its readers (I however personally thinks it is likely unintentional so I wouldn't use the word "deceive") when they write that Thailand's GDP rose 3.6% in the fourth quarter. Since New York Times is an American news paper they should use the American way of expressing growth, which is to say that they should in this case write that Thailand's GDP grew 15% at an annual rate.

But apart from that technical note, the Thai numbers confirm the existence of a vigorous recovery in Asia. Like in Taiwan, that I discussed yesterday, Thailand has now recovered the entire loss in output that it suffered during the slump.

This means that while the rather dramatic drop in demand associated with the panic following Lehman's collapse did disrupt the Asian economies as the drop in demand was unexpectedly large and sudden and as it takes time to re-organize factors of production, they have been successful in reducing their dependence on net exports to the West and instead re-organize the factors of production for the purpose of domestic demand (for Asia as a whole).

Meaning that they can now themselves use the products they produce instead of sending them to the West, and get securities of dubious value in return. As I wrote two years ago, this means that the value of their production will be higher, just like Americans were

better off after World War II ended despite the fact that official GDP fell. Even if you grant that the massive military expenditures during World War II was necessary to destroy the threat from Imperial Japan and Nazi Germany, military expenditures didn't represent real wealth, meaning that the decline in GDP was misleading. Private consumption and investments did in fact soar after the end of the war, meaning that real wealth increased. Similarly, current output in Asia arguably represents more genuine wealth than the one represented by the accumulation of dodgy Western securities.

<http://www.csmonitor.com/Money/Stefan-Karlsson-s-Blog/2010/0225/Asian-economies-seeing-strong-recovery>

- **Textile SMEs wary of expanding in ASEAN region**

Arthit Wuthikaro, Director-General of the Department of Industrial Promotion (DIP), stated that merely 10 percent of the small and medium enterprises from Thailand are willing to branch out into ASEAN regions.

He opined that, by and large, Thai SMEs are required to acclimatize to become Asean SMEs and thereby look out for a mutually benefiting collaboration. Also that, the country is required to demonstrate enhanced interest in neighbourhood countries.

Mr Arthit said that with a view to promote its expansion in ASEAN, DIP programme will mainly be focusing on top 10 percent or say around 90,000 SMEs. He added that, the leading small enterprises who are interested in reaping potential benefits under the ASEAN Free Trade Area (AFTA) have requested the department to provide more information about the same. Countries like Laos, Vietnam, and Cambodia with low labour cost extend an opportunity to Thai SMEs to invest in foreign countries and alongside also build up their supply chain, he said.

DIP has been concentrating on creating business operators worldwide for the ASEAN region by managing business synchronizing opportunities for SMEs.

Mr Arthit anticipated that the development process is going on in 30 percent of the SMEs in Thailand whereas, other one third are satisfied with current state of affairs and the rest are willing to adapt but they either lack information or are nervous to adjustments.

Next to textiles and apparel, processed agricultural food and beverages are the two groups which are very much keen on development.

Manop Chivatanasoontorn, director of the Bureau of Industrial Management Development, informed that Cambodia, Burma, Laos and Vietnam would be the initial focal points as, the labour-intensive industries like steel, machinery and textiles and also the industries capable of using raw materials like rice and para rubber has high potential in these countries.

[http://www.fibre2fashion.com/news/textile-news/newsdetails.aspx?News\\_id=82727](http://www.fibre2fashion.com/news/textile-news/newsdetails.aspx?News_id=82727)

- **Asian economies lead global recovery with surging GDP**

Taiwan's gross domestic product (GDP) rose 9.2 percent in the fourth quarter from a year earlier and the Thai economy expanded 5.8 percent, reports showed yesterday. Economists expect Malaysian data for the December quarter, due tomorrow, may show GDP increased 3.4 percent.

Asia is paving the way for a global recovery from recession, after central banks in the region slashed interest rates to record lows and governments increased spending by more than \$1 trillion (R7.6 trillion).

The strength of Asia's rebound has seen policymakers in the region lead the way in withdrawing stimulus."Asia's recovery is at least two quarters ahead of the US and

monetary authorities have been contemplating exit strategies for some time," said David Carbon, the head of economic and currency research at DBS Group Holdings in Singapore. "With higher US rates on the cards, Asia's central banks can pursue their exit strategies with less to fear on the inflow and currency front."

China, India and Vietnam are tightening monetary conditions amid signs that accelerating growth is fuelling inflation and may lead to asset bubbles.

The US Federal Reserve, which increased its discount rate by a quarter point to 0.75 percent last Thursday, has left its benchmark policy rate unchanged for more than a year.

Asian stocks yesterday jumped by the most in nearly three months. The MSCI Asia Pacific index gained 2.4 percent in Tokyo afternoon trade. The emergence of the world economy from recession is encouraging companies in Asia to boost production and hire more workers. Taiwan's fourth-quarter growth was the strongest since June 2004 and Thailand's increase in GDP was the most in seven quarters. Singapore last week raised its economic growth forecast to 6.5 percent for this year. - Bloomberg

<http://www.busrep.co.za/index.php?fSectionId=565&fArticleId=5363293>

- **Thai Political Uncertainty Causes Investor Concern**

Thailand's finance minister says the political uncertainty gripping the country could damage economic growth and investor confidence. Some investors are concerned a Thai Supreme Court verdict against former Thai Prime Minister, Thaksin Shinawatra, due later this week could lead to protests that could destabilize the fragile economy.

Thai Finance Minister Korn Chatikavanij warned Monday that political uncertainties in the country could adversely affect economic growth. Korn's comments come just ahead of a Friday Supreme Court verdict on whether former Prime Minister Thaksin Shinawatra is guilty of corruption. If the court finds Mr. Thaksin guilty of corruption, the state could seize up to two billion dollars worth of illegally acquired assets. Some observers believe a guilty verdict could also lead to fresh street demonstrations by his supporters, known for wearing red shirts. Mr. Thaksin was ousted from power in a coup in 2006. Two years later he fled Thailand ahead of another conviction on corruption charges. A court sentenced the former prime minister to a two year jail term in absentia.

Thai business and industrial leaders say the business climate and the economy could be hit if protests erupt.

Krianglit Sukcharoensin, president of the 500-member Plastic Industries Association says the uncertainties have undermined investor and business confidence.

"The international market they are not confident we can supply product 'just in time' for their requirement of their demand. They will switch and then order from another place," said Krianglit. "Then the investor will suffer so we will have to see."

The concerns from business leaders come just as the economy appears to be recovering from the global recession, on the strength of strong exports. The government has predicted a better than four percent growth for 2010.

But analysts warn the gains may be lost amid fears a guilty verdict will lead to potential violence from pro-Thaksin supporters. The Thai share market has weakened due to the jittery climate.

Vikas Kawatra, head of institutional research for Kim Eng Securities, says the local share market's outlook depends on Thaksin's future plans after the verdict.

"It pretty much depends on what Thaksin will do next," said Vikas. "One thing is for sure, is that he's not going to like it and the extent of money confiscated will increase his frustration but diminish his ability to come back."

Concerns over possible violence has led to the United States, Britain and Australia to issue travel advisories warning their nationals to avoid locations where protests could occur. The tourism industry, with around 14 million arrivals annually, accounts for about six percent of Thailand's national output.

Richard Chapman, general manager of the Sheraton Grande Hotel, says the tourism industry has suffered in recent times because reports of political instability has undermined traveler confidence.

"I'm just hoping and praying that our friends in the world of communications and media will give a fairly good ride over the next few weeks and we can come out of it no worse that we are today," said Chapman.

Potential damage to the economy was evident in 2008 when anti-Thaksin protesters occupied a government administration building against pro-Thaksin government steps to open the way for his return to the country. Later the anti-government protesters occupied the international airport for a week at a cost of millions of dollars in lost tourism and trade revenue.

Mr. Thaksin gained popularity among the urban and rural poor for his populist economic policies. But the urban middle class, that largely backed the 2006 coup, accused him of corruption and abuse of power.

<http://www1.voanews.com/english/news/asia/Thai-Political-Uncertainty-Cause-Investor-Concern-84949127.html>

Last evening, the Supreme Court's Criminal Division for Holders of Political Positions handed down its long-awaited ruling on the legality and final disposition of the 76.6 billion baht amassed by former prime minister Thaksin Shinawatra and his family while he was in and out of office. The court's lengthy and detailed reasoning reflected the extreme complexity of this precedent-setting case. As the judges unravelled the tangled skein of transnational transactions and determined how such an embarrassment of riches had come about, it did appear that the court had taken great pains to ensure that its decision contained no technical flaws and that it could be easily understood by all.

When it came, the verdict seemed as much based on fairness and common sense as it was on a strict interpretation of the law. This is the true test of an even-handed judgement. It offered a just and lawful resolution to a unique conflict that has given rise to the most turbulent and divisive period in recent Thai history. Now that the issue of the Thaksin billions has been legally settled, it is time to give the wounds a chance to heal. That means seizing this opportunity to put the whole sorry affair behind us. It is time to stop living in the past and in a world where sponsored protest, monstrous greed and rabble-rousing activities consume otherwise productive lives. The era of the "honest mistake" is over and we must move on.

The alternative would be intolerable. Are we to sink back into destructive behaviour and watch rampaging mobs undermine national morale and create more panic, driving away tourists and foreign investors and damaging an economy only just emerging from a global recession? Will Songkran this year be marred by the political violence and excesses that plagued the festival last year? Responsible protest leaders assure us that this will not happen and we must hold them to this pledge.

There must be no attempt to deny any citizens the right of peaceful protest. If legitimate grievances are being ignored by elected representatives or the government, then orderly and peaceful demonstrations are fully justified. The problem occurs when threats to "paralyse the country" are made and warnings issued of chaos and collapse, as they were this week. That is leaving democracy behind and crossing into the realm of anarchy - which speaks volumes about the credibility of those who resort to such threats. Any government would be failing in its duty if it did not take steps to protect the stability of the country and safeguard its institutions in the face of such challenges to authority.

The best way to solve political and social problems in this civilised day and age is through democratic, political means, not through the barrel of a gun, a grenade launcher or a tank, no matter who might be operating them.

The use of a coup to bring about regime change has become as much of an anachronism in 2010 as an uprising financed and directed by remote control from afar, or a 1950's style "people's revolution". Such extreme measures are not necessary and invariably have a hidden agenda.

If a majority of the electorate wants to be rid of the present government, then vote it out of office when elections are held in 2012 or earlier. The opposition already plans to use the potent strategic tool of a censure debate next month. This will allow it to raise the issue of perceived social iniquities in the Northeast and elsewhere on the floor of the House, rather than in the streets outside.

<http://www.bangkokpost.com/news/local/33601/a-turning-point-for-thai-society>

- **Embassies eye ASEAN bazaar**

The embassies of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam will be organizing the fourth ASEAN Bazaar & Tourism Exhibition in cooperation with the Asian Cultural Network on Feb 27, 2010 at the Radisson Blu Hotel's Al Hashemi II Grand Ballroom.

The Ambassadors of the participating ASEAN countries will be on hand to officially open the Bazaar & Tourism Exhibition.

The bazaar, which will be a whole day affair, will feature demonstrations of products and services, information on travel and tourism and colorful and extravagant cultural presentations by performers from the different participating countries as well as invited vendors.

The participating ASEAN countries will set up booths to showcase a variety of products like handicrafts, textiles, accessories and apparels from Indonesia, the Philippines, Myanmar, Malaysia, Thailand and Vietnam. The Philippine exhibits will also include the sale of real estate as well as recruitment agencies for professional workers.

Thailand, on the other hand, will be promoting its renowned spa services while Laos, Cambodia and Brunei will promote tourism as well as conduct cultural information sessions about their respective countries. The event's highlight will be the cultural presentations showcasing the rich and diverse culture of each country guaranteed to enthrall and captivate the audience from among the diplomatic community in Kuwait, the media and other guests.

The Asian Cultural Network, organizer of the event, also disclosed that there will be a Tourism and Cultural Exhibition tentatively scheduled in March 2010, at the Malaysian Embassy premises as well as a Food Festival to be held in a local hotel.

<http://www.arabtimesonline.com/NewsDetails/tabid/96/smld/414/ArticleID/150120/reftab/69/t/Embassies-eye-ASEAN-bazaar/Default.aspx>

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

### **Philippine**

- **Political Front**
- **US praise Philippines for arrest of militant**

The US embassy in Manila has praised Philippine authorities for their arrest of a Filipino Muslim militant wanted for the kidnapping and murder of American tourists.

Jumadail Arad was arrested on Thursday while trying to board a ferry bound for the south of the Philippines.

It's alleged that he's a member of the Al Qaeda-linked Abu Sayyaf Muslim extremist group. It's also alleged that he was involved in the kidnapping of a Christian missionary couple -- Gracia and Martin Burnham -- and another American -- Guillermo Sobero -- in 2001. Guillermo Sobero is said to have been beheaded by his kidnappers, while Martin Burnham was killed in a raid in which Gracia Burnham was recovered.

[http://www.radioaustralianews.net.au/stories/201002/2825758.htm?=  
=](http://www.radioaustralianews.net.au/stories/201002/2825758.htm?=)

With separatist group Moro Islamic Liberation Front (MILF) rejecting the draft peace agreement of government peace panel, authorities are now hoping to get a boost from members of the Non-Aligned Movement (NAM) when Manila host the first Special NAM Ministerial Meeting on Interfaith Dialogue and Cooperation for Peace and Development on March 16 to 18.

Assistant Secretary Leslie Gatan of the Department of Foreign Affairs' Office of the United Nations and International Organizations noted that the goodwill that will be generated by the conference would enable NAM members to see how sincere the Philippine government is in its peace process efforts in Mindanao.

"If they see that we are addressing the problem, they can influence the Muslims in the South and convince them not to be difficult," Gatan told reporters after the forum on Promoting Interfaith Understanding and Cooperation held at Miriam College in Quezon City on Friday.

Gatan, however, made it clear that the NAM members will not intervene with the peace negotiations between the Philippine government and the MILF.

Still confident

Gatan also expressed confidence that the government and the MILF will eventually meet halfway and come up with a peace agreement that is within the Philippine Constitution and acceptable to the MILF at the same time. "This is not an overnight formula, we continue to work on grassroots level and apply bottom up approach.

The peace process will eventually succeed in the long term," Gatan added. The MILF has already rejected what it claims as the enhanced autonomy offered by the government under its draft peace agreement, saying that it was nothing new.

Rafael Seguis, government peace panel chairman, on the other hand, has repeatedly underscored that the Philippine draft is in accordance with the Constitution.

Both parties are supposed to discuss their respective draft peace agreements on February 18 and 19, but was postponed after the MILF asked for more time to review the government peace pact draft and the prioritization of the already delayed deployment of the International Monitoring Team (IMT) which is tasked to monitor ceasefire,

humanitarian, rehabilitation, development and civilian protection agreements between the Philippine government and the MILF.

Malaysia, the broker of the peace talks between the Philippine and the MILF, is also the leader of the 60-strong contingent of the IMT that will also be composed of troops from Libya, Brunei, Japan and International Committee of the Red Cross. IMT invitations have been also sent to Norway, Qatar, Indonesia, among others.

The Philippine government and MILF peace panels met in Kuala Lumpur on December 8 last year for the first time in 17 months to renew their call for the resumption of the stalled peace talks following the aborted signing of the controversial memorandum of agreement on ancestral domain which was declared by the Philippine Supreme Court as unconstitutional.

During the lull of the peace talks, both parties continued their back-channeling efforts to revive the peace negotiations. Seguis has earlier cited a recent progress in the government and MILF peace process, which is the formation of the International Contact Group composed of Britain, Japan, Turkey and other organizations such as the Centre for Humanitarian Dialogue, Asia Foundation and Conciliation Resources. Moreover, the Philippine government has also embarked on capability-building initiatives through the Bangsamoro Development Agency for projects involving socioeconomic reconstruction and development of conflict affected areas in Mindanao, in cooperation with the Japan International Cooperation Agency.

<http://www.manilatimes.net/index.php/top-stories/11936-govt-hopes-nam-to-boost-peace-process->

- **The politics of man-made poverty**

When Perla Santos, a Filipina professional working in Barcelona heard that the Philippine Commission on Elections (Comelec) had overturned the 2007 election of Ed Panlilio, former Catholic priest and governor of Pampanga province together with two other opposition governors, she snorted in disgust, “What! They were the few uncorrupted leaders and now they are thrown out?!”

” Many people in Spain that I talked to here during a lecture tour and some in the Filipino community are bewildered by the intertwined maneuvering and relationships that allow dynastic political families remain indefinitely in power and determine the outcome of the so-called democratic elections. Indeed the recent decision by the Commission on Elections to overturn the election victories of the acclaimed three most uncorrupted and progressive governors, incumbent Gov. Grace Padaca of Isabela and Gov. Joselito Mendoza of Bulacan, and Ed Panlilio, all of the opposition Liberal Party (LP) has created a very skeptical impression among many Filipinos here. “Its just too, oh so convenient, right before the elections in May that this happened, it gives the politicians (dynastic politicians) a big power to cheat and steal,” declared Margie, another Filipino who had to migrate to escape dire poverty, to find a decent salary and security for her family in Manila. She has high hopes that Sen. Benigno Simeon “Noynoy” Aquino 3rd, leader of the LP and the son of the late President Cory Aquino will win and bring about the miracle of a clean government.

That would be, as the dictionary says—”a highly improbable or extraordinary event, development, or accomplishment that brings very welcome consequences.” Indeed corruption has reached an all-time high according to the government itself where many of its highest officials are accused of wrongdoing. The allegations of higher public officials

transferring billions of pesos to favored political allies in certain provinces and allegedly getting a pre-agreed percentage returned to private accounts is a widespread perception.

The recent discovery of massive hoards of money in the private homes of the president's allies in Maguindanao, who have been arrested and charged with the massacre of 57 people including 30 journalists, gives weight to the unproven allegations.

The Philippines, according to some political analysts, is ruled by some 200, or less powerful families who own or control 70 percent of the wealth. They use it to elect their relatives to the Congress, staff government departments and the police and army with favored sons and rule as an oligarchy-

cum-dictatorship through the all-powerful office of the president.

The "election" contest is not between political parties but between the families striving to put down each other, sometimes with violence, to occupy that highest post from which they can then manipulate the Congress by releasing or withholding billions of public funds to the members through the pork barrel system.

The few uncorrupted independents who get elected like the three governors are considered audacious mavericks defying the system by refusing to play along and take bribes. They are ousted one way or the other. Gov. Ed Panlilio is now to be replaced by the powerful matriarch who lost to him and happens to be a close friend of the president.

The system survives with the support of the Philippine military. Some top generals have been promoted on the basis of political loyalty, rather than merit. When they withdrew support from beleaguered President Erap Estrada, he fell.

Some patriotic military officers have mounted attempted coups in recent years by way of protest at this state of affairs. Antonio Trillanes 4th who is in custody for leading a 2003 mutiny was so popular that he was elected to the Senate while still in prison. An indication of how desperate the people were for a change of government. The reliance of the US on Philippine army officers to exercise political power is best seen in the example of US West Point graduate former President Fidel Ramos. He implemented the Marcos martial law regime but drifted away when the US withdrew support from Marcos and the regime was about to fall. Years later, he was elected president. A crude form of regime change some say but effective.

<http://www.manilatimes.net/index.php/opinion/11902-the-politics-of-man-made-poverty>

- **A legacy of instability**

Philippine President Gloria Arroyo can make all kinds of claims about the accomplishments of her presidency, but what she will be long remembered for is the legacy of political instability she leaves behind. So important is stability to the functioning of a democracy that one of the crucial achievements of any administration is the peaceful and orderly transfer of power to a new set of leaders at the end of its term. That is why the election of a new president is always a milestone in the life of a democratic polity, and it is especially significant after a long period of uncertainty. Persistent political crisis burdens the legal system, and, in the long term, it engulfs the rest of society's institutions - the economy, the religious sphere, the civil service, the armed forces, etc.

Our first taste of sustained political instability in the post-war years came with the declaration of martial law. Ferdinand Marcos' second term as president would have ended in 1973, but, having hijacked the ongoing Constitutional Convention, he did not transfer the reins of government at the end of his term in 1973. A new constitution



legalised his continued stay in office. From then on, it became uncertain when and how the Marcos regime would end. Having installed itself by arms, it was logical to think that it could only be ended by arms.

But the snap election that Marcos was prompted by the United States to call in February 1986 paved the way for Cory Aquino's unexpected rise to the presidency. Cory did not draw her mandate from the snap election, for she lost it officially. She drew it rather from the peaceful EDSA I uprising that broke out in the aftermath of that stolen election.

Seven failed military coups, including two very serious ones, challenged the new president's right to govern and prevented her from focusing on governance. Thus, it is often said that Cory's biggest achievement was her political survival. I think that her biggest achievement was presiding over the transfer of state power, at the end of her term, to her duly-elected successor, Fidel V. Ramos. That event capped the stabilisation of the country's political system.

The margins separating the three front-runners in that election were so slim that, under a less credible Commission on Elections, and under a distrusted presidency, the results would have been violently contested. Yet President Ramos went on to enjoy the benefits of political stability, the seeds of which were planted by a credible predecessor. It is a testimony to the enduring nature of that stability that the winner in the presidential election six years later - Joseph Estrada, who was not the choice of the elite nor of the EDSA I (People Power Revolution) forces - would be sworn in without delay. What happened after that, however, is another story.

Approaching the third year of his six-year term, Estrada became the subject of a televised impeachment trial that threatened to strip him of the presidency. The whole process seemed to be going well until the matter of the second envelope cropped up, triggering a moment of confusion in the impeachment court. An extra-constitutional transfer of power was the last thing the nation needed at that point, yet something like that happened after the impeachment court failed to resume its sessions. That event known as EDSA II put the Supreme Court in an extremely difficult position. It politicised the armed forces once more. It made the leaders of the Catholic Church again assume roles outside their legitimate function in a modern society. The subsequent arrest of the ousted president sparked EDSA III and brought the country to the brink of civil war. The Filipinos continue to reap the bitter fruit of that moment of political recklessness.

The political crisis spawned by EDSA II strained the credibility of the Philippines' legal system. But, more than that, it wiped out all the gains of the previous years by installing a president who spent her entire presidency fighting for political survival.

Instead of treating the remaining years of Estrada's aborted term as a transitional period, President Arroyo magnified the crisis by going for a full six-year term in the 2004 presidential election. Against a popular opponent, she deployed everything within her power - state funds, the police, the military, Comelec operators, etc. - just to ensure victory. This is what the framers of the 1987 Constitution precisely sought to avoid when they banned the reelection of a president. But, not having been previously elected to the position, GMA was not, technically speaking, seeking reelection. The imperatives of presidential survival made the police and the military once more the fulcrum of politics. The more GMA felt threatened, the more she turned to the armed forces for support. The more she bought military and political support, the more unpopular and illegitimate she became in the eyes of the public.

It is well to remember all this today, on the 24th year of Edsa I, because, unlike Cory Aquino who could not bear to stay a minute longer in the presidency, GMA is determined to remain an active political player by moving to another position right after her presidency expires. That, to me, is the most important factor that fuels continuing instability in our political system. It colors everything. It forces us to take a second look at events that seem unintended or insignificant, but suddenly acquire meaning when viewed in the light of GMA's congressional bid. It is a concern that begs to be taken into account in our choice of the next president. Who among the current presidential contenders has the will to stop her? That is the question.

<http://www.asianewsnet.net/news.php?id=10204&sec=1>

- **Manila and Moro rebels set sights on referendum**

Negotiators of the Philippines government and a separatist group have intensified their respective campaigns in the country's south as a prelude to a referendum that is critical to a tentative peace process which was renewed in Malaysia late last year, sources told Gulf News. "The Moro Islamic Liberation Front [MILF] is intensifying its advocacy campaign in Mindanao. Several areas have already been lined up as venues for these activities," Jun Mantawil, head of the MILF peace panel's secretariat, was quoted as saying on Luwaran, the MILF's website. Talks will be held in at least 12 major venues in the south, areas where both sides had earlier identified certain Muslim-dominated villages whose residents must vote again in a referendum on autonomy. Residents of these villages will get another chance to decide whether they want to be included as part of the existing Autonomous Region in Muslim Mindanao (ARMM), which is now composed of five provinces and one city, another source told Gulf News.

Congress nod expected

The holding of another referendum in specific villages in the south will be approved by Congress, the source said, requesting anonymity. "The MILF seeks opinions, views, and proposals from all sectors of society including the moneyed and powerful," a member of the MILF peace panel who, too, requested anonymity, told Luwaran. "We do not want any selfish agenda to spoil or pollute the peace efforts by acquiescing to or adopting their demands. After these consultations, the MILF will craft its peace formula and asserts it as the correct thesis," said the MILF peace panel member.

"We need to relate to the ground in view of the shaky status of the peace talks with the government," Mantawil said, adding, "Any miscommunication between the leadership and those in the field especially those holding firearms can be source of serious problems." Government negotiators were talking "to the rich and the powerful in the south, including powerful Church personalities or institutions, to set the direction of its peace agenda," Luwaran commented.

Meanwhile, chief government negotiator, foreign affairs undersecretary Rafael Seguis, said the government-MILF peace talks are on track.

The peace efforts received a boost with the arrival of a nine-member team from Malaysia to prepare for the arrival and deployment of the Malaysian-led International Monitoring Team in the south next month to oversee the implementation of the ceasefire accord signed by the government and the MILF, Seguis said. Manila and the MILF peace delegations last met in Kuala Lumpur on December 8

<http://gulfnews.com/news/world/philippines/manila-and-moro-rebels-set-sights-on-referendum-1.587035>

- **Philippines claims major victory over militant group**

The Philippine government said Monday it achieved an important victory over an Al Qaeda-linked militant group after the death of a top leader of the outfit in an operation. Albader Parad, leader of the Abu Sayyaf terror group, was killed in a military operation Sunday in Sulu province in southern Philippines. Some his associates were also killed, Xinhua reported.

'We view this as an important victory in the continuing military battle against the terrorists group. We have confidence and we wish more military successes in the field,' deputy presidential spokesperson Gary Olivar said.

Parad was involved in the kidnapping of three members of the International Committee of the Red Cross last year, and in the abduction of 21 people in Sipadan Diving Resort in Malaysia in 2001. Olivar also said the military campaign is complemented by the government's peace and development efforts.

<http://story.irishsun.com/index.php/ct/9/cid/2411cd3571b4f088/id/604532/cs/1/>

- **Malaysia's Mandate As Head Of Monitoring Team To Mindanao Hailed**

Parties involved in the peace process in Mindanao, Philippines, have welcome the mandate given to Malaysia to once again head the International Monitoring Team to monitor the peace process in the area, the Defence Ministry said. This was based on feedback obtained by a Malaysian armed forces team, headed by Chief of Staff Lt-Gen Datuk Raja Mohamed Affandi Raja Mohamed Noor, who went to Mindanao from Monday to yesterday to assess the situation, the ministry said in a statement.

Other contingents involved in the peace monitoring team had also welcomed Malaysia's mandate, it said. Defence Minister Datuk Seri Dr Ahmad Zahid Hamidi announced Sunday that Malaysia had been given the mandate to head the monitoring team which also comprised contingents from Brunei, Indonesia, Japan, Qatar and the European Union.

The team would monitor the ceasefire between the Philippine government and the Moro Islamic Liberation Front and provide a conducive environment for the peace negotiations between the two parties.

The Malaysian team will depart for the Philippine on Sunday and would be there for a year.

It will be headed by a senior armed forces personnel and consists of three officers, one personnel, three policemen and four civilian officers. The Malaysian armed forces were involved in monitoring the ceasefire in the area between September 2004 and September 2008.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=477183>

- **Emergency powers not solution to power crisis'**

Some senators are lukewarm to cloaking President Gloria Macapagal Arroyo with emergency powers to address the power shortage in Mindanao as well as in other parts of the country.

Senate minority leader Aquilino Pimentel said on Monday that apart from the concern that the powers might be used elsewhere, there is simply no time for Congress to meet and deliberate on such a piece of legislation.

“Marami pa namang alternative remedies. Therefore, that may not necessarily be the immediate solution, lalo na kung kakalat sa ibang areas yung emergency power na yon.

That's what I'm afraid of," Pimentel said after attending a hearing of the joint congressional power commission to assess the power supply and demand situation.

Although Congress returns for a 2-week session May to June, Pimentel pointed out the time will be spent canvassing results of the presidential and vice presidential elections.

"There'll be no time to discuss a very sensitive issue like granting emergency powers to the President. Besides Mayo pa yun. Ang pangangailangan, ngayon na--Pebrero, Marso, Abril," he said. Senate energy committee chair Sen. Gregorio Honasan, meanwhile, said he is suspending judgment on the proposal for emergency presidential powers until after he has heard the Department of Energy. Honasan is co-chair of the Joint Congressional Power Commission (Powercom), which called a hearing on Monday to assess the power situation in all the grids and sub-grids, as well as the stability of supply in Luzon, Visayas and Mindanao.

However, the National Power Corp. (NPC), National Grid Corp. of the Philippines (NBCP), Power Sector Assets and Liabilities Management Corp. (PSALM), and other stakeholders in the power sector were represented. "We had wanted a description of the supply-demand situation but this was not adequately answered, despite the urgency of the situation," Honasan said. But he added Reyes had a valid excuse and had informed the Powercom beforehand. Honasan said he does not have adequate information "to warrant a decision for or against emergency powers." "Dahan-dahan tayong, because we don't want to raise hopes," he added.

But Honasan said there could be enough powers provided in the Electric Power Industry Reform Act (EPIRA) law to allow the president, as well as local government units, to deal with the shortage in power supply, which has already set in in some parts of the country. -- by Lynda Jumilla, ABS-CBN News

<http://www.abs-cbnnews.com/nation/02/22/10/emergency-powers-not-solution-power-crisis>

- **Foreign relations**
- **Syria, the Philippines Discuss Bilateral Relations**

Foreign Minister Walid al-Moallem discussed on Wednesday with Philippine Presidential Advisor for Political Affairs Remedios Poblador the Syrian-Filipino relations.

The two sides reviewed the recent noticeable progress of bilateral relations between Syria and the Philippines, and the importance of maintaining contacts between the two countries at all levels.

The meeting was attended by Assistant Foreign Minister Ahmad Arnous and the delegation accompanying Poblador.

In a similar meeting with Poblador, Deputy Prime Minister for Economic Affairs Abdullah al-Dardari underlined the importance of enhancing Syrian-Filipino relations in different domains. Al-Dardari called for opening new prospects of economic cooperation and trade exchange between the two countries.

For her part, Poblador expressed her country's desire to consolidate its relations with Syria on all levels, particularly in the economic and trade fields. On January 19th, Poblador held talks with the Syrian officials, related to economic cooperation, implementation of the signed agreements between the two countries, as well as to the possibility of signing new agreements, establishing joint developmental and investment ventures.

<http://www.sana.sy/eng/21/2010/02/24/274936.htm>

- **Economic Front**
- **Social Front**
- **100,000 displaced in Mindanao**

Almost two years after the infighting between the Philippine government forces and separatist Moro Islamic Liberation Front resumed because of an aborted homeland deal, there remain at least 100,000 displaced people in Mindanao.

This was revealed by the Delegation of the European Union (EU) in the Philippines on Thursday after the European Commission allocated 5 million euros, or around P330 million in humanitarian aid, to assist internally displaced persons (IDPs) in Mindanao.

“More than 100,000 people continue to be displaced as a result of conflict since 2008, with most of them living in very difficult conditions in evacuation centers, at relocation sites or with host families,” the EU said.

Ambassador Alistair MacDonald of the EU Delegation in Manila said the newly approved P330-million funding for Mindanao will be allocated for food aid and nutritional surveillance, which include feeding programs for children as well as water and sanitation, shelter, protection, basic healthcare and psycho-social activities for displaced children who rarely attend school.

The areas to be covered under this grant will include Maguindanao, North Cotabato, Lanao del Sur and Lanao del Norte (and other provinces if necessary). The programs funded by the grant will be implemented by international organizations and nongovernment organizations, the Red Cross/Red Crescent movement and specialized UN agencies in close coordination with concerned government agencies.

The said assistance, according to MacDonald, will also help the host communities where the IDPs are located, besides providing support for the IDPs when they can safely return to their homes and reestablish their livelihoods.

The European Commission, the executive arm of the EU, made the move for Mindanao just weeks after it also poured in aid for earthquake victims in Haiti (90 million euros), Afghanistan (33.0 million euros) and Burmese refugees in Thailand (17 million).

In Brussels, European Commissioner for International Cooperation Md Kristalina Georgieva of the Humanitarian Aid and Crisis Response underscored that humanitarian aid is crucial in saving lives and alleviating suffering until longer term solutions are found for the many causes of humanitarian crises around the world such as extreme weather conditions and natural disasters like drought and floods, conflicts, epidemics, chronic food insecurity and poverty.

“It goes to those most in need, irrespective of their nationality, religion, political affiliation or ethnic origin,” Georgieva added.

Including the new grant, the commission has already provided a total of around P1.13 billion in humanitarian or rehabilitation assistance for IDPs in Mindanao over the last 18 months.

<http://www.manilatimes.net/index.php/news/regions/12256-100000-displaced-in-mindanao>

- **Environmental front**

## **Cambodia**

- **Political Front**
- **Cambodia's One-Party Future**

A Cambodian court on Jan. 27 sentenced the country's main opposition leader, Sam Rainsy, in absentia to two years in jail, in a closed-door trial that opposition politicians and rights groups called blatant political persecution. The eponymous Sam Rainsy Party, the largest opposition party in Cambodia, says their power will not be affected by their leader's absence. He has, after all, fled the country before when facing a similar sentence, which was eventually annulled after negotiations with the ruling Cambodian People's Party and the king.

But when and if Mr. Rainsy returns, the promise of the opposition movement .

[http://online.wsj.com/article/SB30001424052748704804204575070233512783308.html#mod=todays\\_asia\\_opinion](http://online.wsj.com/article/SB30001424052748704804204575070233512783308.html#mod=todays_asia_opinion)

- **India too good for Cambodia**

Chetan Anand shepherded the Indian men's team to a 5-0 rout of Cambodia but the women shuttlers went down to Japan 1-4 despite Saina Nehwal's victory over Ai Goto in the Thomas and Uber Cup Asia Zone qualifiers in Nakornratchasima, Thailand on Tuesday. Chetan Anand did not face much difficulties in outplaying Chanpisey Vann 21-11, 21-10 in the first match to set the tone for a drubbing and Arvind Bhat then blanked Veasna Troeung 21-4, 21-9 in a lop-sided encounter to go 2-0 up in the Thomas Cup match.

The Cambodians could hardly build any resistance when Indian pair of V Diju and Jishnu Sanyal crushed Mesa Vandy and Puthicheat Chindet 21-7, 21-9 to further swell the lead.

Anup Sridhar routed Sophors Suon 21-9, 21-13 in the fourth match and then Sanave Thomas-Rupesh Kumar beat Troeung-Vann 21-10, 21-8 in the fifth match to complete their second victory in the prestigious badminton tournament. Indian men's team had scripted a 5-0 whitewash against Sri Lanka in their tournament opener Monday. In Uber Cup, Saina bagged the first game against Goto 21-13 and was leading 1-0 in the second when the Japanese retired from the match giving the world number seven the win.

However, the other members of the Indian team squandered the early advantage and lost all the remaining matches. Aparna Balan and Shruti Kurian were beaten 18-21, 21-17, 14-21 by the Japanese pair of Mami Naito and Shizuka Matsuo in the second match, while national champion Trupti Murgunde was drubbed 16-21, 19-21 by Sayaka Sato in the next clash.

Top doubles pair of Jwala Gutta and Ashwini Ponnappa also failed to live upto expectations as Japan widened the gap with Miyuki Maeda and Satoko Suetsuna handing them a 21-13, 13-21, 21-12 defeat. Eriko Hirose drubbed India's Gayatri Vartak 21-12, 21-7 in the fifth match to round off a comfortable win.

<http://www.deccanherald.com/content/54478/india-too-good-cambodia.html>

- **Geo-Strategic Front**
- **Economic Front**
- **Ex-Economy Officials to Advise Developing Asian Economies**

Former and incumbent Korean economy officials will work as advisers to developing Asian economies such as Vietnam, Cambodia and Mongolia, the Strategy and Finance Ministry said yesterday. This is the first time for Korea to send economic advisers to developing economies to share the country's economic developmental expertise in the form of official development assistance. The program is also expected to raise Korea's global image. Among the consultants are former Finance and Economy Minister Kwon O-

kyu, former Korea Development Institute Vice President Nam Sang-woo, and Strategy and Finance Ministry Director Koh Young-kwon.

Seoul will send one economic consultant each to Vietnam, Cambodia, Indonesia and Uzbekistan and two to Mongolia. The five nations were selected the key beneficiaries of Korea's Knowledge Sharing Program this year.

The program is a consulting project to share Korea's economic development experience to developing nations, and is widely known as the Korean version of Official Development Assistance (ODA).

The key beneficiaries expressed last year to Seoul their willingness to "personally seek advice on economic policies in general directly from figures who served key roles in Korean economic development." They also said they want insight on measures not only to handle pending issues such as unemployment but also to receive comprehensive advice on macroeconomic policy from the consultants. The Strategy and Finance Ministry recently sent Kwon to Indonesia and Nam to Vietnam as head consultants. Former Korea Development Institute President Hyun Jung-taek is under consideration for deployment to Uzbekistan, and the former chairman of the Bank of Korea's Monetary Policy Committee, Kang Mun-soo, is a head consultant candidate for Cambodia. The project is for three years and consultants will travel back and forth between Korea and their respective assignment countries. The consultants have all worked for international organizations such as the World Bank, the Organization for Economic Cooperation and Development, and the International Monetary Fund. They also possess high English proficiency and are widely recognized in the key beneficiary countries.

For example, Nam is well-known among high-level Vietnamese officials due to his experience as an adviser to the Planning and Investment Ministry in Hanoi. Kwon has advised the Indonesian government on economic development, and the Indonesian finance minister specifically asked for his help as well. The Strategy and Finance Ministry decided to organize project teams of 10-15 experts each for each beneficiary nation led by head consultants. Dispatch of the teams will start next month.

Joo Hyung-hwan, a ministry official responsible for external affairs, said, "Since several Knowledge Sharing Programs are being simultaneously pursued in Vietnam and Cambodia, we need a comprehensive management system. Therefore, these consultants will advise on the overall economic policies of the respective governments as supervisors." Ministry director Koh was appointed Monday consultant to the Mongolian Finance and Economics Ministry. The serious economic crisis in Mongolia last year forced the country to seek an IMF bailout. Another ministry director, Lee Byeong-rae, will likely be an adviser to the governor of the Central Bank of Mongolia.

Koh is expected to stay in Mongolia for a year under the program. "I've gained this opportunity to work as an adviser to the finance ministry of another country because Korea overcame the global financial crisis in an ideal manner," he said. "I'll do my best to provide substantive advice to the Mongolian government by developing a feasibility analysis model, creating a sovereign wealth fund, and evaluating economic reform initiatives."

<http://english.donga.com/srv/service.php3?bicode=040000&biid=2010022304458>

- **Tourism in Cambodia witnesses steady growth.**

According to the report 'Tourism Highlights' released by the Cambodian government, Cambodia has witnessed steady growth in its tourism sector over the last five years. In

2004, there was a total of one million international arrivals to Cambodia and this figure was recorded at approximately 2.13 million in 2009, reflecting a compound annual growth rate of around 16%. In 2009, the Vietnamese formed the largest group of arrivals, accounting for approximately 15%. The Koreans formed the second largest group at 9% of total arrivals while the Americans accounted for 7%.

[http://www.4hoteliars.com/4hots\\_nshw.php?mwi=7006](http://www.4hoteliars.com/4hots_nshw.php?mwi=7006)

- **Social Front**

- **Malaria Causes Nearly 300 Deaths In Cambodia In 2009**

Malaria, one of Cambodia's deadly diseases, which has caused nearly 300 deaths in Cambodia in 2009, Director of National Malaria Centre Duong Socheat said Monday.

Citing Socheat, China's Xinhua news agency reported that some 280 Cambodians died from malaria last year, a sharp increase from a year earlier that recorded only about 200.

He said the number of infection by the disease was also a big jump from more than 50,000 in 2008 to about 80,000 in 2009. He blamed the sharp increase of the infections and the deaths by the mosquito-transmitted disease to the early rainfalls and the migration of people to the disease infected areas.

Six of the country's 24 provinces are considered as the areas severely affected by the disease. Those provinces are identified as Kompong Cham, Koh Kong, Stung Treng, Ratanakiri, Mondulakiri, and Kratie. Duong Socheat, meanwhile, blamed the late arrivals of mosquito distributions to the areas. Cambodia's Millennium Development Goal target for malaria fatalities is 0.1 per cent by 2015.

<http://www.bernama.com/bernama/v5/newsworld.php?id=477063>

- **Cambodia to import new anti-malaria drug from China**

Cambodia is planning to import new anti-malaria drug from China early next year, a senior health official said Thursday. Duong Socheat, director of National Center for Malaria Control said Cambodia will sign memorandum of understanding in April to buy and import new anti-malaria drug which is called in scientific term as DHA-Piperaquine (DHA-PQP).

He said this new anti-malaria drug is more effective than the current one being used. According to Duong Socheat, some 280 Cambodians died from malaria last year, a sharp increase from a year earlier that recorded only about 200. He said the number of infection by the disease was also a big jump from more than 50,000 in 2008 to about 80,000 in 2009. He blamed the sharp increase of the infections and the deaths by the mosquito-transmitted disease to the early rainfalls and the migration of people to the disease infected areas.

Six of the country's 24 provinces are considered as the areas severely affected by the disease.

[http://www.chinadaily.com.cn/china/2010-02/25/content\\_9504052.htm](http://www.chinadaily.com.cn/china/2010-02/25/content_9504052.htm)

## **Singapore**

- **Political Front**

- **Geo-Strategic**

- **Economic Front**

- **S'pore top destination for overseas investment by Indian firms**

Singapore has emerged as the top destination for overseas investment by Indian companies in the last financial year, with more than US\$5.5 billion invested. Indian



companies now account for the second largest overseas group in Singapore, with over 3,800 companies registered as of 2008. In this context of Singapore being a key global commercial hub and centre for businesses, Law Minister K Shanmugam said Singapore aims to be the venue of choice for international arbitration. Mr Shanmugam was speaking at a conference on arbitration in Mumbai on Saturday. He also said that any party - Indian companies included - who arbitrates in Singapore is free to engage lawyers of any nationality and use any governing law. Mr Shanmugam also cited a 2008 report by the International Chamber of Commerce - International Court of Arbitration.

It ranked Singapore as the top city in Asia for ICC arbitrations and one of the five most popular venues alongside Paris, London, Geneva and Zurich. The number of new ICC-ICA cases heard in Singapore nearly doubled from 17 in 2007 to 31 in 2008.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1038728/1.html>

- **S'pore unveils Budget aimed at helping country become advanced economy**

Finance Minister Tharman Shanmugaratnam has unveiled a Budget aimed at helping Singapore become an advanced economy. A key theme of the Budget: raising the quality of jobs, skills and the workforce so that workers can continue to earn higher incomes, and the economy, grow.

Singapore emerged from the global financial crisis better than expected, with an overall budget deficit of S\$2.9 billion for FY 2009 - much lower than the original S\$8.7 billion shortfall projected a year ago. This year, it is expecting a deficit of S\$3 billion, as it spends on areas to boost productivity. The government's key focus is to raise productivity by 2 to 3 per cent a year over the next decade.

This will allow Singapore to maintain a healthy rate of economic growth of 3 to 5 per cent a year, even with a slower growth in the labour force.

While the economy saw a return to confidence in the last quarter - resulting in the better fiscal position - many observers have noted that the road to recovery is uncertain.

So the finance minister said the Budget 2010 set out ways to help Singapore succeed with new growth strategies. Hence the plans seemed to focus more on the long-term growth and health of the economy, and not just the short-term position.

The government has set aside S\$5.5 billion over the next five years to help enterprises and workers raise productivity.

Mr Tharman said: "Raising skills and productivity is the only viable way we can achieve higher wages and is the best way to help citizens with low incomes. If we achieve this goal, we can raise real incomes by one-third in 10 years." The minister signalled that some painful decisions may have to be taken. Less-efficient industries may have to exit Singapore, as the economy continues to restructure. Mr Tharman said the government must rely on the market to achieve this restructuring. Industries and companies will be given help to upgrade through tax benefits and grants to help to innovate and raise productivity, and invest in R&D and automation.

More will be pumped into raising the skills and tapping the potential of every worker. But this will have to be offset by reducing Singapore's dependence on cheap foreign labour.

To encourage companies to rely less on foreign workers, the government is imposing higher levies on foreign workers in phases over the next three years.

Mr Tharman said: "The government financial support that the business sector will receive for productivity upgrading will be significantly larger than the additional payment they have to make in foreign worker levies." The government will pump in S\$2.5 billion in

over 5 years to enhance Continuing Education and Training. It will also set up a high-level National Productivity and Continuing Education Council - to be headed by Deputy Prime Minister Teo Chee Hean - to develop a comprehensive system for lifelong learning. In addition, there will be help for older and low-wage workers in a new Workfare Training Scheme. The scheme is aimed at incentivising employers to send older workers for training by providing companies with up to 95 per cent funding for absentee payroll and course fee outlays. For companies, there will be a Productivity and Innovation Credit so they can get tax deductions for investments in R&D and automation.

There are also a slew of measures to help grow more globally competitive Singapore companies. These include tax deductions for angel investors, growth capital for SMEs and incentives to expand sectors with high growth potential. The government also wants to ensure that no one is left out as it pushes for more inclusive growth, by taking care of the lower and middle income. For example, property tax will be tweaked to be more reflective of the annual values of homes. This means all HDB flat owners and most private property owners can expect to pay lower taxes through the new progressive property tax system introduced for owner-occupied residential property. The new system will apply for property tax payable from January 2011.

There are also tax reliefs geared to support families, and those with elderly and handicapped dependants, as well as for those who take care of their parents and grandparents.

Mr Tharman said: "Taking all our measures together, we will be spending S\$1.4 billion this year in direct transfers for households. While most Singaporeans will receive some benefits, more will go to those with lower and middle incomes. In wrapping up the nearly two-hour speech, Mr Tharman said while the government will commit substantial resources to support the national effort of restructuring the economy and improving the quality of jobs, the success of this will depend very much on the ingenuity and drive of Singaporeans and companies here.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1039104/1/.html>

- **Govt to increase spending to grow capabilities, talent for companies**

The government has outlined two key focus areas to help grow capabilities for companies and boost Singapore's status as a global business hub. A new Partnerships for Capability Transformation programme will be formed to enhance collaboration between multinational corporations and small and medium-sized enterprises.

A Development and Expansion Incentives scheme will be extended to law practices to encourage them to provide international legal services to companies. The government said the new Partnerships for Capability Transformation (PACT) initiative will focus on helping companies meet manufacturing quality and certification requirements by developing their competencies. And it will commit S\$250 million over five years to help companies pay for this. To enhance capabilities among firms, the government said it will also commit S\$100 million over five years to support industry associations to drive productivity.

A further S\$45 million will also be pumped in over a five-year period to enhance SPRING's Business Leaders Initiative to groom future SME leaders. Businesses have applauded these measures, but some feel that more could be done. Lawrence Leow, president, ASME, said: "In this budget, I think there's a lot of focus on workers but there's not much mention of PMETs, which is a surprise to me. The current PMETs are

required to be given attention as well."To further enhance Singapore's position as a global business hub, the government will extend a Development and Expansion Incentive scheme to law firms. Legal practices can expect a 10 per cent concessionary tax rate on incremental income derived from performing international legal services. Song Seng Wun, regional economist, CIMB-GK, said: "Legal is being built up as a hub in international arbitration as well, so this is again one of those that we see every now and then - just to enhance the industry to strengthen Singapore in a particular area as well."

There was also an update to tax incentives to encourage high value activities and expand professional jobs. There will be a streamlining of tax incentives for futures members of the SGX and members of the Singapore Commodity Exchange as well as a renewal of income tax, stamp duty and GST concessions for listed real estate investment trusts. There will also be a five-year tax incentive introduced from April 1 this year to give a concessionary tax rate of 10 per cent for ship brokers. The government also announced that it would ease import goods and services tax cash flow for importers. Approved businesses will be allowed to defer their import GST payments for at least one month. -

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1039098/1/.html>

- **Business associations, SMEs welcome govt's help to internationalise**

Business associations and small and medium-sized enterprises (SMEs) have welcomed the government's latest measures to help them internationalise.

In his Budget speech on Monday, Finance Minister Tharman Shanmugaratnam announced that the government will provide S\$100 million over five years to help business associations improve productivity at the industry level and to help their members expand overseas. Designing, installing and testing solar energy systems is what Albert Lim has been doing for the past three years. His company SolarGy is behind the largest solar panel installation at Resorts World Sentosa's Universal Studios. And even though he hopes to expand overseas in countries like Thailand and Indonesia, he said there are challenges he will need to overcome. The managing director of SolarGy said: "I hope the associations can tap on the funds from the government to help us secure a loan so that we can expand our business overseas." For young companies like us, the biggest setback is to secure a loan from the bank of a quantum that is sufficient for us to expand overseas. With the business association's help, they would be able to give recommendations to help us secure better loans."

SolarGy believes that as the global economy is improving, this would be the best time for the government to help small companies like itself to expand overseas. And by tapping on the network of business associations here, SolarGy can then establish more partnerships with foreign multi-nationals to grow its business - both here at home and abroad.

And that is exactly what the Singapore Manufacturers' Federation intends to do. It is also planning to tap on the S\$100 million funding to shore up productivity among its more than 2,600 members. Renny Yeo, president, Singapore Manufacturers' Federation, said: "Firstly, we have a number of training centres that ... are already starting to prepare the syllabus to train people on productivity. Secondly, we feel that we should develop a core group of productivity managers who can be the champion in each organisation to drive productivity." Thirdly, there is another area which is very important, particularly for SMEs. They are too small to export by themselves, (so we should) set up overseas marketing offices where we group SMEs who serve one customer."

Using the fund, the federation plans to conduct 100 overseas trade missions for its members, double that of last year. - CNA/ms

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1039393/1/.html>

- **S'pore has been expanding business links with BRIC nations**

Singapore's Trade and Industry Minister Lim Hng Kiang has said the country has been expanding business links with BRIC nations.

BRIC collectively refers to fast-growing economies of Brazil, Russia, India and China. In a written reply to a Parliamentary question, Mr Lim said Singapore's exports of goods to BRIC countries grew by 15.4 per cent a year from 2000 to 2009. Its export of services to BRIC from 1999 to 2008 grew by 24 per cent annually. He added that Singapore's foreign direct investments in BRIC nations have climbed 3.4 times over 10 years from 1999. And they made up about 18.3 per cent of Singapore's total foreign direct investment abroad as at 2008.

Mr Lim said the Trade and Industry Ministry, together with enterprise agency IE Singapore, has been stepping up engagements with the four emerging markets to tap on opportunities there. IE Singapore has a total of 36 overseas centres, out of which 14 are located in BRIC countries.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1039380/1/.html>

- **Two challenges facing mainstream media companies in S'pore**

The fast-changing media landscape and the more recent economic crisis are two of the most immediate challenges to Singapore's mainstream media companies, said the Acting Minister for Information, Communications and the Arts.

Rear-Admiral Lui Tuck Yew said that as commercially-driven companies, they have to be innovative and exploit new business opportunities to remain viable. And a key reason why Singapore's mainstream media continues to be commercially viable is that they remain a trusted news source. He said the mainstream media is accurate, timely and balanced in their reporting. A survey conducted by US-based public relations firm Edelman revealed that 68 per cent of the respondents in Singapore found newspapers to be the most trusted source of information. This is significantly higher than the international average of only 34 per cent. Rear-Admiral Lui said MediaCorp has also been quick to reinvent itself. In October last year, it launched MediaCorp NewsHub, the first of its kind in Asia. The one-stop centre for news content cuts across the print, radio, television and Internet platforms. It provides the public with access to the latest news - anytime, anywhere - from radio, TV, print, and online platforms, ranging from bite-sized information and video clips to in-depth stories and analysis. He said that MediaCorp has also done well as an entertainment content provider by always reviewing and refreshing its programming strategies. Viewership for its TV channels has remained high, garnering nearly 80 per cent of resident population annually over the past two years. MediaCorp's radio stations also enjoy strong growth in listenership over the past two years, with more than 3.6 million listeners every day. Rear-Admiral Lui was replying to a Parliamentary question from MP for Hong Kah GRC, Zaqq Mohamad.

Mr Zaqq asked what the ministry's plans are to ensure the long-term sustainability and credibility of the mainstream media.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1039347/1/.html>

- **social Front**

- **Call for more measures to strengthen families & enable more self reliance**

More measures must be in place to strengthen families and enable greater self-reliance, say those in the social service sector. They also say that the first line of defence is to ensure everyone stays employed. Food rations come in handy for Madam Nor Habibah, who has been hit by the economic downturn. For months, her family of eight has been staying in a one-room flat with four other relatives. She said her flat was repossessed by the bank, after they defaulted on payments.

Her husband, who works as a cleaner, is the sole breadwinner, earning less than \$1,000 a month. She said: "I hope we will get a house, better for my children. To buy (a house)...CPF also not enough. Actually I want to be working, but (you) see how my children (I have)? Nobody takes care (of them if I work)."

As Singapore recovers economically, some MPs say extending more support to such families must be a priority.

Seah Kian Peng, chairman of GPC for Community Development, Youth and Sports, said: "My concern will be people who are unable to get a job or lose jobs. I think that really triggers a burden on the family. This is why there is a need to grow the economic pie and to create jobs. The need to place Singaporeans in jobs is very important.

"First level of social support is if we can find everyone a job, it takes care of a huge set of problems.

"If we have strong families, it must necessarily mean that there are fewer families that can be broken up for a variety of reasons....but when such situations occur, it must lead to more support that is subsequently required, more resources required, to look after this group of people."

Zainudin Nordin, mayor of Central Community Development Council, said: "If a person has a problem at home, how can you send him to upgrade and improve himself, so we need to solve that too. So that is the kind of network that we want to strengthen, which I have mentioned earlier.

"At the end of the day, we have to make sure they get a job, because social support and financial assistance will just be the first level of assistance." "In the long run, you need to get them more employable, get them a job so that they can strengthen their family." "The many-helping-hands approach in building a social safety net must therefore be more comprehensive to ensure no one falls through the cracks.

Mohd Ali Mahmood, executive director of PPIS Jurong Family Service Centre, said: "I see the possibility of having more FSCs (family service centres) to address issues, especially not just financial but also basic family dysfunctionality." "There's also the need to address the shortage of social workers and retain those already in the sector.

Mr Seah said: "The strengthening of the social service sector....what I call the support enablers. There is this big group of social workers...I think they are under-rated, they are under-appreciated. So I think the schemes are not in place to credit them, to professionalise them...."

Halimah Mohamed Ibrahim, a programme coordinator at Tanjong Pagar Family Service Centre, said: "Because of the limited number of Malay-Muslims social workers who are conversant in Malay language, we have to take up more Malay-Muslim cases. So our caseload becomes higher." "Separately, with Singapore's ageing population, providing more day care centres and effective programmes to engage senior citizens is also

important. Stakeholders believe that when it comes to social support, assistance schemes, by and large, they are doing quite well.

But they say it is important to constantly review the relevance of the schemes as what works today may not necessarily work in the future.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1038708/1/.html>

- **Environmental Front**

## **Laos**

- **Political Front**
- **Foreign relations**
- **Laos, Cambodia cooperate in border demarcation survey**

Laos and Cambodia have jointly carried out a border demarcation survey in the Kaengtormorkhohi-Houai Ta-ngao area, a location sandwiched between Attapeu province of Laos and Ratanakiri province of Cambodia.

The survey started on 15 February, the Lao side was led by Mr Bounkeuth Sangsomsak, Deputy Minister of Foreign Affairs, and the Cambodian side was led by Mr Long Visalo, Deputy Minister of Foreign Affairs and International Cooperation, and together with them were geological survey teams of Laos and Cambodia. The purpose of the survey was to collect data along the border areas of Kaengtormorkhohi-Houai Ta-ngao and to seek a solution to the problem of border demarcation between the two friendly neighbours.

Laos and Cambodia expect the survey in the border areas of Attapeu and Ratanakiri to be completed by this year.

<http://www.kplnet.net/english/news/newsrecord/23.02.2010/edn10.htm>

- **Northern provinces discuss ASEAN integration**

Eight northern provinces of Laos have discussed an effective way to support the joining of Lao PDR in the ASEAN integration from 2010 to 2015. The discussion was made at a meeting under chairmanship of Deputy Minister of Foreign Affairs Alounkeo Kittikhoun, Oudomsay province on 18-19

February. Representatives from eight northern provinces have sought ways to bring the benefits from the ASEAN economic cooperation and ASEAN Free Trade Area (AFTA) as well as the framework cooperation on free trade between ASEAN and dialogue partners, especially common border between China and northern part of Laos. Mr Alounkeo focused on encouraging the implementation of expansion of ASEAN charter to set up the ASEAN community and would be completed by 2010-2015, which included social community, ASEAN stabilization, economic community and ASEAN cultural and social community. Participants also exchanged lessons on how to improve the domestic collaboration, the preparation of personnel building and the implementation of Laos obligations in the ASEAN work. During the meeting, Foreign Deputy Minister disseminated to the participants about the new development situations within ASEAN countries and between ASEAN countries and other partners. In addition, the participants also discussed plans to improve the implementation and domestic collaboration on the ASEAN work of Laos and new development plan.

<http://www.kplnet.net/english/news/newsrecord/23.02.2010/edn12.htm>

- **Economic Front**
- **Laos, India railway network to boost business cooperation**

The Lao National Chamber of Commerce and Industry in cooperation with the Indian Embassy in Laos will hold a seminar on trade and investment in Vientiane on 22 February. The emergence of a strong road and future railway network in Laos is providing yet another impetus for business ties between India and Laos. With the East-West Economic Corridor and the North-South Highway already in existence and future plans for a strong railway network, there are rich possibilities for growing trade flows from India to Laos, said the Indian Ambassador to Laos, Mr Suresh K. Goel.

Mr Goel was speaking at a seminar on Indian and Lao partnership in trade and investment in Vientiane on Monday. Deputy Minister of Industry and Commerce Siasavath Savengsuksa also attended the seminar. The status of Laos as a land-linked country is an important factor in developing trade linkages, Mr Goel added. Lao National Chamber of Commerce and Industry President Kissana Vongsay said So far, information on trade and investment between the two countries is still limited. We need to promote cooperation in every sector, especially in bilateral economic cooperation, by conducting research into the potential of each country for further economic cooperation, Mr Kissana said. The main objective of the meeting was to exchange useful information regarding the trade and investment opportunities of the two countries as a step towards real cooperation in the future. Laos enjoys a particularly important place for India because it is a substantial part of our projects in capacity building, infrastructure development and enterprise developments because the part of Asean integration initiatives is focused on Laos, Mr Goel said. The country has demonstrated that with strong political commitment, hard work and sincerity of purpose, it can be an example for other least developed country (LDC) economies with exemplary high rates of economic growth, he said.

World Bank data suggests that Laos was the second fastest growing economy in East Asia after China in the year 2009.

Laos plans to convert the disadvantage of being landlocked into the asset of becoming land-linked through important connectivity projects like road and railway networks and an information superhighway, and to become the battery of Asean through the development of hydropower. These plans indicate a bright future for Laos. India announced duty-free trade privileges for Laos over a year ago, under which most Lao exports to India would enjoy duty-free status. It is important that Indian and Lao businesses take the opportunities provided by this synergy between the fastest growing LDC and a global economy with the second highest growth rate in the interests of their own individual economic growth and social transformation. The Indian private sector looks at Laos as an important business partner for investments and market opportunities, Mr Goel said. They look at Laos as an economy where natural resources and competitive professional labour combined to make value-addition operations and manufacturing activities attractive for them.

It is also necessary for Lao businesses to explore the Indian market, to look at trading and cooperation opportunities, he said.

<http://www.kplnet.net/english/news/newsrecord/24.02.2010/edn11.htm>

- **Laos to launch modern customs system**

Laos will install the Asycuda World system at tax offices and border gates following an agreement signed between the General Department of Customs and the UN Conference on Trade and Development (UNCTAD).

Funds for the 2.2 million USD agreement will be sourced from the Lao government budget and the World Bank, to help Laos modernise its customs procedures, facilitating the declaration of goods by businesses. Instalment of the Asycuda World system is part of the country's modernisation and industrialisation policy, which targets getting off the list of undeveloped countries by 2020, said Santiphab Phomvihane, General Director of the Customs Department.

This is also a measure to help Laos improve the structure, management and control of its customs system, according to UNCTAD.

The Asycuda World will make it possible for businesses to pay taxes via the internet, ramping up the efficiency of tax declaration, as part of the requirements for Laos to become a World Trade Organisation member.

<http://www.kplnet.net/english/news/newsrecord/24.02.2010/edn6.htm>

## **Vietnam**

- **Political Front**
- **Political jockeying to raise risks in Vietnam**

Vietnam's Communist elite have begun preparing for a leadership reshuffle next year and factional jostling for power in the coming months could raise the risks for businesses and possibly trade with the United States. The party chief, state president and several others are expected to retire at the 11th Party Congress, slated for next January, creating a chain of plum vacancies that will be filled through a secretive process of factional horse trading. "The jockeying for positions starts now and will intensify as the year goes on, and as a result the real business of government, of developing policy, will suffer," said Jacob Ramsay, regional analyst at the consultancy Control Risks.

The macroeconomic risks are seen as small because the party is unified in its interest in stable economic growth and subdued inflation. Those statistics will be watched as a kind of "report card", said one well-connected Vietnamese source. Still, the stakes are high. One question some businesses and analysts are watching is whether Prime Minister Nguyen Tan Dung will stay on, which has a bearing on the level of continuity one of Asia's most dynamic economies can expect after the congress.

It may be impossible to calculate the economic cost of what one Western analyst referred to as the Party's "primary season", drawing a parallel with the start of the US election cycle. The congress happens once every five years. But with policymakers and their factions increasingly preoccupied with the pending reshuffle, executives and politics experts anticipate things like approvals and licensing for new businesses or major projects will get more difficult to obtain.

In October, party chief Nong Duc Manh felt the need to implore the party's top 160 members, the Central Committee, to "absolutely not neglect guiding production, stabilising and raising the livelihoods of the people... because of preparations for the Party Congresses". Vietnam's ties with the United States, its biggest single investor and export market, could also face new hurdles with potentially negative implications for the economy. For most portfolio investors, Vietnam is seen as a risky "frontier market". Sovereign 5-year credit default swaps for Vietnam are trading at a spread of around



244, implying the second-highest level of risk in the Thomson Reuters Emerging Asia Index after Pakistan.

If history is anything to go by, the perennial conflict between economic conservatives in the leadership and those pushing for more reform and integration with the global economy will bubble up this year. Ahead of the 8th Party Congress in 1996, frictions spilled into the economic arena when anti-foreign sentiments sparked a campaign against foreign logos and advertising, said Vietnam expert Carlyle Thayer of the University of New South Wales. "In a dramatic move, local officials in Hanoi swept through city streets and painted over billboards and offending advertising signs. Efforts were also made to restrict further the operations of foreign representative offices," he said.

Conservatives also cranked up pressure that year on South Korean firms reportedly mistreating Vietnamese workers, and tried to delay the opening of the country's stock exchange, he said. One foreign businessman who has been in Vietnam for more than a decade and worked with a wide range of foreign and local companies recalled that the government even suspended issuing visas to foreigners for about a month before a recent congress.

As in past years, he expects investments requiring high-level government support or involving staged approvals over time, like real-estate and infrastructure projects, to be vulnerable. "The main source of concern is among investors who are at critical stages of their investments," said the businessman, who declined to be identified out of concern that commenting on the country's sensitive political process could hurt his work. "It can throw a monkey wrench into the works because you've got this one year period of uncertainty when it was supposed to be business as usual," he said.

Businesses on the factional battlefield may be at risk, too. A litany of woes has befallen budget airline Jetstar Pacific, 27 percent owned by Qantas, making many in the foreign business community here nervous, and raising questions about the business environment during a sensitive year. The airline, launched in mid-2008 in a deal that privatised failing state-owned carrier Pacific Airlines, has in recent months had its safety record scrutinised, been denied fuel by the state-run jet fuel monopoly and ordered to change its logo.

Most troubling to some, however, was an economic police probe into loss-making fuel hedging at Jetstar that led to the detention of an executive and the decision to bar two Australian officials from leaving Vietnam. The case is still pending. Vietnamese and foreign observers speculate that Jetstar's troubles have roots in personal and turf battles that the long shadow of the coming congress may be exacerbating. The case "reflects the tensions in the party that will surface as socio-economic policies for the next 10 and 20 years are hammered out", said Thayer.

Political observers also point to things like the wave of convictions in political cases, a heightened tone of paranoia in state newspapers and the blocking of Facebook as linked to political posturing and jockeying before the congress. Few argue that the congress alone is responsible, and many note that the Party is worried about new challenges that have cropped up in the past couple of years, like public protests against China's claims to disputed maritime territory.

Regardless, diplomats and analysts say what has been characterised as a crackdown on dissent could have negative consequences for relations with the United States. The two

countries mark 15 years of diplomatic ties this year. "It certainly has led to a lot of people on the Hill and elsewhere asking about trade," said a senior US diplomat who asked not to be identified, referring to Capitol Hill. "It creates a more difficult environment to move ahead on all the other areas where we'd like to move ahead.

There is renewed talk of putting Vietnam back on the US State Department's list of Countries of Particular Concern over religious freedom, which carries potential sanctions, he said. Vietnam was on the list from 2004 to 2006. Members of the US Congress are also pushing to pass a Vietnam human rights resolution and the diplomat said "obviously it gives ammunition to those who think it should be passed".

For now, the United States and other Western countries are doing little more than raising concerns, and foreign businesses remain bullish on Vietnam's long-term potential. "One of Vietnam's biggest attractions has been its stable political environment and although much of this political wrangling is going on behind the scenes I think it's starting to emerge and become more apparent," said Danny Richards, senior Asia editor at the Economist Intelligence Unit in London. "This is obviously going to create some tension among the business players in the country." - Reuters

[http://www.kuwaittimes.net/read\\_news.php?newsid=NDgyMTM5Mjc1](http://www.kuwaittimes.net/read_news.php?newsid=NDgyMTM5Mjc1)

- **Economic Front**

- **Good year for Vietnamese businesses**

2010 is likely to be a good year for domestic Vietnamese companies, according to some renowned economists.

Truong Dinh Tuyen, advisor to the national financial committee and a former trade minister, said conditions would be favourable for them to develop their business. The economy would grow at 6.5 per cent and exports at 6 per cent, the trade gap would narrow, and inflation would be contained at less than 7 per cent, he predicted. The Vietnamese government would continue to increase public spending with money sourced from its revenues and bond placements to stimulate economic growth, thus boosting consumer demand, he said. It would also continue to provide credit subsidies to companies for modernising their technologies and expanding capacity, he said, with top priority given to small-and medium-d enterprises, particularly those involved in agriculture.

To create an impetus for the development of businesses, the government would speed up administrative reform and ensure economic stability, he said. "The main objectives of its monetary policy this year are to stabilise exchange rates to encourage exports and reduce the trade deficit," he said. Besides the opportunities created by the government's efforts, Tuyen said, enterprises would also enjoy favourable conditions brought about by some trade agreements that came to effect since late 2009.

These include the Viet Nam-Japan Economic Partnership Agreement under which tariffs would be eliminated on over 7,000 Vietnamese products exported to Japan, and the Asean-China Free Trade Agreement under which 90 items exported from Viet Nam to China would become tax free.

The recovery of the stock and real-estate markets is also expected to enable enterprises to expand their investment activities.

Dr Vo Tri Thanh, deputy director of the Central Institute for Economic Management, concurred with Tuyen, saying that a clear positive factor this year would be the economic revival, with GDP growth settling into an upward trajectory in the last months of

2009. Industrial production and retail sales would also grow rather strongly, he said. But he warned of some implicit risks for companies in the coming years.

Since it would take the economy three to five years to recover completely, the government as well as enterprises needed to be careful when implementing their policies and strategies, he said.

The Vietnamese economy was easily influenced by global factors and could remain volatile, he said. As a result of this factor, other analysts also warned of the possibility of inflation and the devaluation of the dong.

Tuyen said to cope with the difficulties Vietnamese firms needed to recognise risks in time and take appropriate measures.

<http://www.asianewsnet.net/news.php?id=10238&sec=2>

- **Interest in Vietnam on the up**

After a bleak past two years during the global economic downturn the Vietnam real estate market needs foreign investment to recover, it is claimed...

The industry is hoping that tentative signs of increasing interest will lead to more robust interest from overseas buyers. 'Since the global financial crisis, many foreigners have left the country and foreign demand has dried up. Although fundamentally there is still demand for property, it is not as strong as it used to be since the foreigners left,' said ECM Libra analyst Bernard Ching.

Ching believes that the real estate market in Vietnam is very much a long term investment and is very much dependent on the entry cost.

However, optimists believe that the closure of all gold trading floors in the country by the end of March will lead to a re-channelling of capital flows from gold exchanges to the stock and property markets. 'Several trillion dong could flow into stocks by the end of March. Investors will then park their money in real estate, analysts claim. They also point out that another positive factor will be in public infrastructure investment such as the Thu Thiem bridge and the East-West highway in Ho Chi Minh City which will improve the accessibility of more districts.

And Setia Bhd, president and chief executive officer of Tan Sri Liew Kee Sin, believes that Vietnam offers good opportunities for developers. 'Vietnam's favourable demographics with a population of 87 million people living mainly in the countryside presents opportunities for development. Demand for property, including suburban and modern housing, has picked up quite strongly due to a rapidly expanding urban middle class,' he explained. 'Even second home vacation properties are seeing good take-up and this shows the kind of appetite that still prevails in Vietnam,' he added. Liew also believes that Vietnamese investors are beginning to pull out of conservative asset classes like gold. Limited launches by developers during the global crisis has also resulted in a more favourable supply-demand scenario. Vietnam is also experiencing a sub-urbanisation trend with cities like Ho Chi Minh City getting over populated and the infrastructure unable to accommodate the rapid population growth and associated demands as far as housing is concerned, he added. 'As their lifestyle changes, the Vietnamese are looking to purchase second homes away from the city. This has caused a higher demand to create better homes and more choices for the Vietnamese,' said a recent report from international property consultants CB Richard Ellis. 'The market is still relatively untapped with demand higher than supply. This segment of the new money population

that are seeking better quality products such as second homes and luxury homes is growing exponentially as the people's purchasing power rises,' it added.

Savills Vietnam, in its latest market update, said demand for housing is expected to remain high in the medium term.

<http://www.themovechannel.com/news/8db2207a-4aee/>

- **Vietnam central banker lauds 'brave' response to economic crisis**

The government took the right measures at the right time to weather the global economic slump, says State Bank of Vietnam Governor Nguyen Van Giau said, giving kudos to the interest rate subsidy program. "In late 2007 and early 2008, when the global recession took its toll on many countries, including Vietnam, the government had to switch its focus from controlling inflation to preventing an economic slump and ensuring stability," Giau said in an interview published on the central bank website.

The government decided that a fiscal stimulus was necessary and that "the key measure would be offering interest rate subsidies," the governor said in the interview, in which he reviewed government's economic policies in preparation for the new lunar year.

The Vietnamese government in January 2009 offered VND17 trillion in subsidies to encourage banks to extend credit to businesses. Eligible businesses received a four-percent subsidy on short-term loans. "I was really worried when the program began because no other country had taken such a measure before," Giau said. "Moreover the program involved the whole banking system. "And it was a surprise to me that some foreign bankers strongly supported the program, saying it would be the most effective policy for the society, both psychologically and economically." Unlike many other countries, Vietnam was "brave" and "straightforward" as it forecast possible negative impacts of the global downturn on its economy at an early stage, Giau said. The country's economic forecasting began to improve in 2008, allowing proper policies to be implemented at the right time, he said. "Only one month after the collapse of some financial institutions in the US, the government frankly predicted that there would be declines in exports, foreign direct investment, overseas remittances and tourist arrivals," Giau said.

#### Interest rates

Interest rates in Vietnam have been kept at the right levels considering the impacts of the loan subsidy program and the price of gold, Giau said.

The State Bank of Vietnam's key rate is currently 8 percent, having been raised from 7 percent on December 1 last year. Commercial banks have to use this benchmark to set their rates, which are not allowed to exceed 150 percent of the base rate regulated by the central bank. Only rates on consumer loans can go beyond the cap. "The key rate was maintained at 7 percent in 11 months," he said. "If the rate had been raised one or two months earlier, it could have benefited the banking system and banks could have attracted more deposits, but it would have affected the macroeconomic balance."

"As for currency exchange policies, I already said many times before that it's a difficult problem," Giau said.

While other governments manage their currency markets by adopting either a floating exchange rate or a fixed rate, the market in Vietnam is managed flexibly by the government based on supply and demand, he said. The best solution to the forex problem is to restructure the economy and narrow the trade deficit, Giau said.

Vietnam's trade deficit stood at US\$12 billion last year and the deficit in January this year was already well over \$1 billion, official figures showed. "The prospects are generally bright," the central bank governor said, forecasting the deficit would narrow in 2010. "Cement surplus, for instance, can be exported and fertilizer imports are not necessary thanks to sufficient domestic supplies... If Dung Quat refinery works well, the country will spend less foreign currency on importing oil products."

<http://www.thanhniennews.com/business/?catid=2&newsid=55219>

- **Vietnam to grow 7 pct this year: PM Dung**

Vietnam's Prime Minister Nguyen Tan Dung attends a session at the World Economic Forum (WEF) in Davos January 28, 2010

Prime Minister Nguyen Tan Dung Friday said there are grounds to predict Vietnam's economy will expand around 7 percent this year. Addressing a press conference at the World Economic Forum in Davos, he said national economic growth had accelerated to 6.9 percent in the final quarter of 2009. Amidst the global economic downturn, Vietnam was among a few economies that still posted high economic growth last year, of 5.3 percent, he said. The country is improving its market mechanisms to create better competition and boost economic integration, Dung said, noting that Vietnam would become an industrial nation in 2020. Dung said he expects economic growth to reach 7-8 percent a year by 2011 and 2012, the average growth rate of the past two decades.

The PM's latest forecast is higher than the 6 percent estimate of the International Monetary Fund. The government was previously targeting growth of 6.5 percent. Vietnam is fully capable of containing inflation at 7 percent in 2010, Dung said. Consumer prices rose 7.62 percent in January from the same month last year, accelerating from 6.52 percent in December, according to the General Statistics Office.

PM Dung also told reporters on Friday that the World Economic Forum on East Asia 2010 will be held in Ho Chi Minh City. At the World Economic Forum's plenary session on Friday, entitled "Reshaping global governance", Dung said it's urgent to achieve greater democratization in global governance to better reflect the roles and interests of countries, especially developing nations.

<http://www.thanhniennews.com/politics/?catid=1&newsid=54945>

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

## **Brunei**

- **Economic Front**
- **Biases tend to colour employer decisions'**

During the ThinkBig Entrepreneurship Workshop at the iCentre yesterday, Dr Er Jwee Ping, programme director of the Asian Risk Management Institute, a faculty at the NUS Business School, discussed various biases and influences that affect the decision-making process whether in a business or socially. "For example, in terms of performance evaluation, employers may actually suffer from hindsight bias, where they focus more on the outcome, rather than the process," he said.

He said this bias is linked to the employee and that if employers look at making decisions based on processes rather than the outcome of a decision, they will tend to make better

business decisions. Dr Er said that these sort of biases are extremely common in a lot of businesses and are not limited to just small countries or economies.

"These sort of biases can be found everywhere, in general across various businesses or organisations, whether you're a manager in a company or a member in the government level," he said. He added that these characteristics of decision making are also not limited to just a specific culture but can also be found across cultures, race, and so on. The majority of the workshop participants were students. However there were also iCentre incubatees as well as private companies who took part. Dr Er has many year of consulting, and has experience in managing numerous projects which include risk operational systems, processing and design improvement projects and so on. "I want the audience to understand that they have to be fully aware that this is what affects their daily lives, and I am just helping them to see a different aspect of decision making," he said. The workshop was organised by the iCentre under its initiative, ThinkBig Entrepreneurship Workshop programme.

The topic of each workshop varies, while touching on topics related to business in the information technology sector. "The purpose of this workshop is to assist the general public on the topics that can help to add more business knowledge for the benefit of their business," stated the press release issued by the iCentre. One of the recent workshops organised included a workshop on bookkeeping, with global consultancy Deloitte and Touche Management Services. Some of the topics that were discussed included topics such as dealing with cash books, bank statement reconciliation and keeping a general ledger. The iCentre is the first ICT incubator in Brunei. It aims to nurture and develop the next-generation of ICT companies and entrepreneurs. iCentre provides common office facilities, linkages to government, industries, investors and mentors. <http://www.bt.com.bn/en/business-national/2010/02/26/biases-tend-colour-employer-decisions>

- **Social Front**