

Report # 120**Business and Politics in Muslim World**

South East Asia
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From 16 May to 21 May

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Summary

At political Front

- Malaysia

Malaysia's opposition won a key by-election in Sarawak state on Borneo island yesterday, albeit with a narrow majority, that showed the government had failed to win back ethnic Chinese voters.

The opposition took the Sibu seat with a majority of 398 from the National Front coalition that has ruled Malaysia for 52 years in a boost that came after a wave of defections and as its leader Anwar Ibrahim stood trial for sodomy.

Sibu is around 60% ethnic Chinese in a Southeast Asian country where they account for 25% of the 28mn population that is mainly ethnic Malay and Muslim.

- Philippine

The Philippine deputy mayor, whose wife, two sisters and four other relatives were among 57 people killed in an election-related massacre last year, was yesterday declared winner of the governorship of his troubled province.

Philippine politics will never be the same after the country's first automated ballot electrified voters long used to cheating, violence and disputes over delayed results.

Senator Benigno Aquino, 50, whose parents led the struggle to restore Philippine democracy, will soon become the country's first digitally elected president after a rapid vote count showed him winning by a landslide.

Despite daunting logistic challenges in a sprawling Southeast Asian archipelago with 50 million voters, ballot-counting machines were activated just in time for Monday's elections for 17,000 positions.

The saying that "guns, goons and gold" lord it over Philippine elections may no longer be totally true after a new weapon, the microchip, entered the scene.

After the death of his national heroine mother, Benigno Aquino rode a wave of public emotion all the way to the Philippine presidency. Now he needs to show that politically at least, he is not his mother's son. He has a strong mandate to fight graft and investigate his unpopular predecessor, but must show leadership and assertiveness so far absent in his career to ensure his market-friendly agenda is not derailed by vested interests, internal and external. He has to focus of more significantly of following line along with many others:

1. He cannot avoid the relatives and the people who campaigned for him
2. Fiscal problem is a key requirement if the Philippines wants a ratings upgrade from junk status

3. He has to plan double defence spending to 2 percent of GDP, which should help initial relations, and his large margin of victory should also give him authority.

The conduct of the May 2010 elections has forced the National Statistics Office (NSO) to delay the start of the 2010 Census of Population and Housing. The 2010 census will be conducted through interviews and self-administered questionnaires. This year's census will ask for new data like functional disability--like visual impairment, difficulty in walking, among others--and housing rentals. The latter will be among the data to be used by the Housing and Urban Development Coordinating Council in regulating rental rates, as prescribed by Republic Act 9653 or the Rent Control Act of 2009. Batas Pambansa Blg. 72 states that integrated census should be conducted every 10 years beginning 1980, and that public school teachers should be employed for enumeration work. Incidentally, public school teachers are also mandated by law to serve as board of election inspectors during elections.

- Cambodia

The Cambodian government Monday urged all parties concerned in Thailand to resume peaceful talks in order to achieve a political settlement to the current stand-off. In a statement released on Monday, the Ministry of Foreign Affairs and International Cooperation said that Cambodia, as a neighbouring country and a member state of ASEAN "is very concerned by the increasingly severe violence in Thailand."

Cambodia's ruling party has set up local committees nationwide to work out the political preferences of each citizen ahead of national elections in 2013, national media reported Wednesday. A document seen by the Cambodia Daily newspaper said people would be classified as white, gray or black, depending on their affinity to the Cambodian People's Party (CPP), with the party's strongest supporters categorized as white.

The object is to work out what motivates people who fall into the gray or black categories, then 'transform the black and gray to become white,' the document said.

It said another purpose is to prioritize help for ruling party supporters while CPP officials claimed information gathered on political affiliations would be used solely for internal purposes

- Thailand

Thousands of Red Shirt supporters in a fortified camp appeared calm as Thai troops staged a bloody operation to disperse anti-government protesters today. Some were eating or sleeping. Others prepared for battle.

The United Nations urged Thailand to "step back from the brink" to avoid further loss of life as troops and protestors Tuesday remained locked in a tense confrontation after deadly street clashes.

Leaders of the "Red Shirt" protestors offered the government a truce Monday after five days of violence in central Bangkok that have left 38 people dead and more than 270 wounded. UN High Commissioner for Human Rights Navi Pillay called on both sides to negotiate an end to the violence, which has turned parts of the Thai capital into no-go zones.

Thailand's government rejected protesters' unconditional offer to negotiate Tuesday and insisted there would be no talks until the dwindling anti-government movement abandoned the ritzy areas of central Bangkok it has occupied for weeks.

Protest leaders argued over whether they should continue to resist a crackdown that has left 39 people dead over six days. The government estimated that only 3,000 people remain in the downtown encampment, down from 5,000 on Sunday and 10,000 last week. Scattered clashes continued Tuesday outside the main protest area, but they appeared to be less intense than in previous days. Since the army surrounded the fortified entrances to the protest zone last Thursday, fiery battles have raged between soldiers firing live ammunition and hundreds of rioters with homemade weapons.

Thailand's government must engage former premier Thaksin Shinawatra in reconciliation efforts after a bloody crackdown on his Red Shirts supporters, or risk inflaming the nation's crisis, analysts said.

The government has accused Thaksin, a billionaire tycoon ousted in a 2006 coup, of bankrolling and masterminding Thailand's worst political violence in decades which has left 83 dead since Reds rallies erupted in March.

Thaksin lives in exile to avoid a jail sentence for corruption, but the government has exerted pressure on countries he has visited, moved to freeze his finances and sought a warrant for his arrest on terrorism charges.

Foreign Relation

- Singapore

Minister Mentor Lee Kuan Yew says Singapore's links with China will strengthen as China's economy continues to grow. Mr Lim said China is the top investment destination for Singapore companies.

The investments are well-diversified across many sectors, like manufacturing and retail. Singapore companies are also exploring opportunities in less developed areas in Western and Central China. On whether Singapore businesses are affected by the current upswing in China property prices, Mr Lim said that is mainly concentrated in the residential property segment.

US military presence remains crucial to the balance of power in Asia, says Singapore's Minister Mentor Lee Kuan Yew. East Asian security still needs the presence

of American forces, so the region can continue its economic growth and balance the emergence of China, a country that is also important for this balance as there is no one country that should dominate Asia

- Indonesia

Indonesian President Susilo Bambang Yudhoyono is in Singapore for a retreat with Singapore's Prime Minister Lee Hsien Loong. This is the Indonesian leader's second visit to Singapore within a span of eight months.

- Philippine

Apparent president-elect Sen. Benigno "Noynoy" Aquino 3rd and US Ambassador to the Philippines Harry Thomas Jr. discussed "potentials for increased cooperation" between Manila and Washington during a meeting on Friday.

Calling on Aquino in what could be the first for a foreign ambassador in the country, Thomas practically declared his host as the next president of the Philippines although the votes from the May 10 elections still have to be counted officially. "We want to [talk] with the incoming administration, work very closely with them, and . . . it is up to them to decide how they will like to talk with the US," the ambassador said during an interview after his meeting with Aquino.

At economic Front

- Indonesia

Indonesia is committed to have a nuclear power plant soon as new source of energy, officials said here on Monday. For the purpose, Indonesia has allocated 7 billion rupiah (about 769,633 U.S. dollars) for nuclear power plant socialization to curb fear among people.

"The government has allocated the fund in 2009. That is a clear indication that the government is ready to move to seize the opportunity," Minister for Research and Technology Suharna Suryapranata told a parliamentary hearing. He said that his ministry is given limited authority for the project, just for preparation of the power plant construction.

Malaysia He also said that in the economically point of view, the reactor must provide benefit for a country. "As the operators would be private parties, surely they know calculation in bringing profitability," he said. However, members of parliament said that the government must regulate it very carefully so people would not be burdened by the power cost

The biggest one-day drop in more than a year on Wall Street on Thursday hit the Indonesian market on Friday, as fresh doubts about the strength of the US economy added to worries about European debt, causing jittery investors to flee riskier assets such

as developing market stocks.

The Jakarta Composite Index dove 4 percent in morning trade before trimming its losses to 2.6 percent, and capping its worst week since the height of the global financial crisis in November 2008. The index tumbled 8.2 percent over the week, and has fallen 12 percent from a record high set in early May. A drop of more than 10 percent is considered a correction by some analysts.

- Thailand

The Thai stock exchange said on Wednesday that it would be closed for the last two trading days of the week due to violence that has gripped the capital Bangkok. The news was announced on the bourse's website. Dow Jones Newswires said a fire broke out on the ground floor of the Stock Exchange of Thailand's headquarters. The index was open for half a day before closing up 0.71 percent, or 5.43 points at 765.54.

The Thai government has extended an overnight curfew to 21 provinces as unrest spread from the capital to seven provinces, with town halls burnt in three northern area Central World shopping centre burns after troops evicted anti-government "Red Shirt" protesters from Bangkok's shopping district yesterday. Protesters torched at least 17 buildings, including the Thai stock exchange and Central World, Southeast Asia's second-biggest department store complex. Thailand's benchmark stock index ended up 0.71% at 765.54 yesterday. Analysts said some investors bought on news the military had moved in to disperse protesters who have paralysed a central commercial district for more than six weeks. "For investors, it is going to take years to bring credibility back to the country,"

Thai seafood exports have received minimal impact from the riots in Bangkok with only a small volume of cargoes being delayed at the capital's ports. The protests that forced the government to announce national holidays for the entire week interrupted export procedures and delayed some shipments, said Panisuan Jarnarnwej, president of the Thai Frozen Foods Association.

- Malaysia

Malaysia's minister of plantation industries and commodities, Tan Sri Bernard Dompok, has claimed that the EU's Renewable Energy Directive unfairly excludes palm oil from the European market. The minister made the statement at 3 May meeting that also saw the launch of the Indonesia-Malaysia Palm Oil Group, a coalition of six Malaysian and Indonesian palm oil producer associations. The group aims to address concerns over the sustainability of palm oil production.

- Singapore

Despite the economic uncertainties in Europe, many Singaporeans are still keen to invest

in a new property. A recent survey by PropertyGuru, an online property site, found that seven in 10 home hunters will buy a property in the next 24 months.

The private residential market remains resilient with a bumper sale of 2,207 new units in April. Private apartments are hot property, and public housing flats are also enjoying good demand since the second half of 2009.

The Singapore Environment Council (SEC) and the Singapore Institute of Manufacturing Technology (SIMTech) have inked an agreement to launch Southeast Asia's first carbon label. The label quantifies and declares the carbon footprint of products and services. SEC's executive director, Howard Shaw, said the label will encourage businesses to take steps to reduce the carbon content of their products and services

Senior finance executives worldwide have reported growing optimism about economic recovery. But the executives are proceeding with caution investing in categories that will boost growth such as sales and product development while selectively increasing discretionary spending in areas like marketing and technology; In Singapore, eight in ten respondents expect to see economic growth in the year ahead.

Some 21 per cent of the respondents said their companies have already experienced an increase in demand for their products and 51 per cent expect an increase in the second or third quarters of this year. Also, about 84 per cent said their companies plan to increase headcount this year. Meanwhile, respondents from Singapore are also expecting their companies to increase business travel spending in the next year.

Singapore's economy grew by a better-than-expected 15.5 per cent year on year in the first quarter, spurred mainly by strong global demand for electronics, official data showed Thursday. On a seasonally adjusted quarter-on-quarter basis, gross domestic product (GDP) surged 38.6 per cent in the three months to March, the Ministry of Trade and Industry (MTI) said.

Initial government estimates released in April showed the economy expanded an annual 13.1 per cent and 32.1 per cent on a quarter-on-quarter basis. The MTI said the first quarter display was driven by the manufacturing sector's annual 32.9 per cent surge amid buoyant global demand for electronics products, especially semiconductor chips.

"The strong momentum seen in the first quarter was broad-based, led by the manufacturing sector. The electronics cluster enjoyed the strongest growth, underpinned by strong global demand for semiconductor chips," the MTI said.

- Cambodia

Cambodia is devastating its coast by dredging vast quantities of sand to sell to tiny Singapore for expansion projects, with multimillion-dollar profits going to tycoons close

to the Cambodian prime minister, a watchdog group said last week.

Impoverished Cambodia has become the new prime source of the masses of sand used for projects to artificially enlarge Singapore's island territory now that several other Southeast Asian nations, including Malaysia, Indonesia and Vietnam, have banned sand exports because of environmental concerns.

Singapore has increased its surface area by 20% in recent decades by filling in coastal seabeds to create valuable waterfront ground, a process known as land reclamation.

London-based environmental watchdog Global Witness criticized Singapore for the practice, pointing out that the wealthy island city-state at the same time "presents itself as a regional leader on environmental issues.

- Vietnam

Vietnam raised this year's inflation goal to 8 percent amid signs it will miss the current forecast of 7 percent as strengthening economic growth pushes up prices.

The Southeast Asian nation's inflation expectations need to be "consistent" with its 2010 economic growth target of 6.5 percent, according to a statement on the government's website Monday.

The Vietnam government's top priorities are to implement measures to stabilize the economy, control inflation and to ensure a return to "solid economic growth," Deputy Prime Minister Nguyen Sinh Hung said Thursday.

"General socioeconomic conditions in the first months of 2010 continued to improve and inflation is still under control," Hung said in the opening speech of the National Assembly meeting in Hanoi. "The macroeconomic situation is not really stable as it is facing new difficulties and challenges."

At Social Front

- Indonesia

Amid bilateral negotiations, Indonesia and Malaysia remain committed to signing a new labor agreement to provide legal protection, which will reopen the supply of Indonesian migrant workers to the neighboring country. Manpower and Transmigration Minister Muhaimin Iskandar said upon his return from Kuala Lumpur Thursday that the agreement was expected to be signed during President Susilo Bambang Yudhoyono's official visit to the Malaysian capital on May 18.

- Cambodia

TEARFUL Cambodians marked an annual 'Day of Anger' with a re-enactment of Khmer Rouge crimes at a notorious 'killing field' on Thursday to commemorate relatives killed by the regime. Some 3,000 people, including Buddhist monks, watched as students mimed raping, bludgeoning, strangling and eviscerating bound victims to remember those

who died at Choeung Ek, a field outside the capital Phnom Penh.

Many sobbed during the performance by the black-clad students just metres from mass graves where Khmer Rouge soldiers murdered thousands of people during the rule of the hardline communist movement in the late 1970s.

- Brunei

THE arrears in electricity for homes and commercial buildings in Brunei keep rising every month and in 2009 alone have reached the \$1 billion

So Calling on Bruneians to save electricity, the religious leaders brought out facts and figures to show that the people owed the government a whopping \$1 B in electricity bills up to last year 2009 alone. And up to March 2010, hotel owners owed \$4Million dollars to the Government.

Trying to make the point that what one can't pay shouldn't be used, the Imams said that it's a colossal waste to use so much more than one needs. They urged Bruneians to be prudent in electricity usage. The government and the private sectors call upon the public to be proactive in answering the call to be wise and prudent in energy usage through three simple ways namely by switching off lamps when not in use, switching off water heaters when not in use, as well as to setting air conditioners to 24 degrees Celsius or at least, one degree higher than usual

At environmental Front

- Philippine

Seven people, including the governor of a province in the southern Tagalog region in the Philippines, died in a helicopter crash yesterday afternoon.

Quezon Governor Rafael Nantes, a pilot and two of his security aides were on board the ill-fated private helicopter that crashed in a residential area in the provincial capital of Lucena five minutes after taking off from a state-run school where he had a speaking engagement.

The Philippines' largest Muslim rebel group wants incoming President Benigno Aquino to offer a clear, long-term solution to the rebellion in the south of the mainly Catholic country, a senior guerilla leader said yesterday.

Since 1997 there have been off-and-on negotiations between the government and the Moro Islamic Liberation Front (MILF) to end a conflict that has run more than 40 years, killing 120,000 people and displacing 2mn in the resource-rich south.

A sustained resolution to the conflict is essential to removing a long-term investment risk in the Philippines, and could improve access to gold and copper deposits on the island of Mindanao, as well as nearby offshore gas and oil fields. Mohaqher Iqbal, the MILF's chief peace negotiator, said he was optimistic talks would continue under Aquino, who

has a commanding lead in unofficial tallies of last week's vote, but wanted more details of the new government's plans. Iqbal said the 11,000-strong MILF had dropped demands for a separate and independent Islamic state but wanted more than just an autonomous government, including a greater share of revenues generated by strategic resources, such as oil and gas and metals.

Muslim separatists blamed for years of conflict and displacement on the southern island of Mindanao have agreed to help the government rid the area of unexploded ordnance and landmines. The move is part of an effort to protect thousands of civilians returning to their ruined homes and villages, rebel and government spokesmen confirmed to IRIN.

Heavy fighting broke out between two separate factions of the Moro Islamic Liberation Front in Barangay Kulambog, Sultan sa Barongis in Maguindanao province Friday afternoon allegedly due to a turf war, police and government reports said.

Senior Superintendent Alex Lineses, Maguindanao police provincial director, said fighters from the 105th and 106th MILF Base Commands started an armed confrontation at around 4 p.m, which escalated and continued for several hours. At least 2 houses went up in flames during the fighting, he said

- Cambodia

The European Union is likely to sign an agreement with Bangladesh, Cambodia and the Maldives to assist the three countries to combat the adverse impact of the climate change. The agreement is expected to be signed at the two-day regional conference of the Global Climate Change Alliance to be held in Dhaka on May 30-31 in collaboration with the European Union, officials said. Nine countries of Asia - Bangladesh, Afghanistan, Bhutan, Cambodia, Laos, Maldives, Myanmar, Nepal and Yemen - will participate in the conference.

ASEAN

ASEAN countries are developing cooperative programs of defense, Vietnam's official said at an ASEAN defense ministers' meeting wrapped up in Hanoi on Thursday,

Minister of National Defense Phung Quang Thanh was quoted as saying that the cooperative programs will include joint sea and land patrols, and fighting terrorism.

ASEAN countries will also plan rehearsals for rescues and humanitarian missions in case of emergencies caused by natural disasters, Thanh told the meeting on regional security and defense. During the four-day session, the ministers and high-ranking defense officials shared their views about ASEAN current security situation and report on each countries' defense policy, another news website Vietnamnet said.

Clockwise, friends console a woman looking for a relative, a "red shirt" protester

who was not on the train arriving from Bangkok, at the Chiang Mai train station, 700 km north of Bangkok yesterday. An army soldier stands guard over anti-government "red shirt" supporters detained at a Buddhist temple in central Bangkok. Bullets and a picture of former Thai premier Thaksin Shinawatra are found from the encampment of the "red shirt".Reuters

Indonesia

- **Political front**
- **Indonesian president calls on ASEAN leaders to jointly seek solution for Thailand**

Through a letter sent to Vietnam that chairs the ASEAN pact this year, Indonesian President Susilo Bambang Yudhoyono called on ASEAN leaders to seek peace solution for Thailand together, Indonesian Foreign Affairs Ministry Spokesperson Teuku Fazasyah said here on Friday. Teuku said that the letter was sent on May 16 amid the escalating tension and violence in Thailand. The letter would be distributed by Vietnam leader who acts as ASEAN chairman to all leaders of countries joined in group of southeast Asian nations, Teuku added. "In the letter, the president called on his counterparts to unite their stances in responding Thailand issue, draft the way out steps for Thailand as the political impasse has turned out to violence," Teuku said in media briefing held in the ministry's premises.

Further steps to seek the way out from crisis in Thailand will be communicated actively by foreign affairs ministries of each ASEAN countries, Teuku added.

Meanwhile, considering the ongoing violence that has escalated to a concerning level in Thailand, Indonesian embassy in that country has opened a temporary office in a hotel located near Svarnabhumi Bangkok international airport that particularly provides counseling service for Indonesians on whether they should return to Indonesia or may continue their stay in Thailand.

- **Economic Front**
- **Indonesia committed to have nuclear power plant soon**

Indonesia is committed to have a nuclear power plant soon as new source of energy, officials said here on Monday. For the purpose, Indonesia has allocated 7 billion rupiah (about 769,633 U.S. dollars) for nuclear power plant socialization to curb fear among people.

"The government has allocated the fund in 2009. That is a clear indication that the government is ready to move to seize the opportunity," Minister for Research and Technology Suharna Suryapranata told a parliamentary hearing. He said that his ministry is given limited authority for the project, just for preparation of the power plant construction.

However, he said that Indonesia is ready to embrace the technology as since its first preparation in 1979 there has no single case that indicates the government's incapability. "According to our view, we are ready now and we are waiting for the Ministry for Energy and Mineral Resources to implement it, " said the minister. He admitted that resistance has emerged from various elements of people.

"But we have to know that the nuclear power plant needs a common commitment and we have to coordinate among stakeholders," he said, adding that his ministry agreed to embrace non-governmental organizations that are pro-nuclear power plant. The minister said that the parliament should bridge the intention to related departments.

Soetan Batoegana and Halim Kalla, members of parliament, said that the legislative institution supports the intention as long as it is beneficial for human kind. "We will urge the government to materialize the program, not just delaying it for years," said Soetan.

Kalla said that as it is time now for Indonesia not to just depend on fossil fuel for electricity. Head of the National Atomic Agency (BATAN) Hudi Hastowo said that socialization is badly needed as people are still fear of nuclear explosion in Russia's Chernobyl. In fact, he said, after the tragedy, there has been a nuclear safety convention, in which party countries that signed and ratified the use of the energy must agree on certain regulations that there is no secret related to the energy utilization.

"The convention says that countries must agree among others to ask each other on the safety condition of nuclear power plants that have been built," said Hudi.

Head of Nuclear Surveillance Body (BAPETEN) As Natio Lasman said that the International Atomic Energy Agency (IAEA) requires strict condition for a country that wants to build a nuclear power plant. "The IAEA said that nuclear power plants must be built on the ground, not on floating surface. They must be also proven of well-operated no less than three years," he said.

He also said that in the economically point of view, the reactor must provide benefit for a country. "As the operators would be private parties, surely they know calculation in bringing profitability," he said.

However, members of parliament said that the government must regulate it very carefully so people would not be burdened by the power cost.

- **Indonesia's New Finance Minister Agus Takes Up SBY's Challenge**

During the inauguration of Agus Martowardojo as finance minister on Thursday, President Susilo Bambang Yudhoyono instructed him to maintain prudent fiscal policy, boost tax revenue while continuing reforms at the tax office, improve the flow of money to underdeveloped regions as well as the transparency and accuracy of the government's financial reports, and play an active role in international forums.

It was, in short, a daunting to-do list for even the most accomplished executive, and Yudhoyono did not mention, because he did not need to, that Agus should also be prepared for political warfare.

Agus said he was up to the challenge, and that he would continue to implement reforms of the tax and customs offices as well as the ministry's bureaucracy. "One of the main

agenda items is reform of the bureaucracy,” he said. “What is good for the Finance Ministry, we will continue, and what is left we will improve.” Asked whether tax and customs reform would also continue, he said: “Yes, we will handle that.”

He also vowed to implement a “change of culture” at the ministry, saying he expected officials to work with pride and integrity. Agus also promised to continue pursuing tax-evasion cases against the corporate sector, but added that it was equally important to create a healthy climate for development.

The former president director of PT Bank Mandiri is seen as a market-friendly, accomplished banker with an excellent reputation among domestic and international investors. His deputy, Anny Ratnawati, worked as a technical adviser at the Finance Ministry for five years and was promoted to director general of budgeting two years ago.

They are both likely to need all of their skills, and each other, to surmount the challenges and navigate the potential pitfalls ahead, analysts said. In a note to clients, PT Bank Danamon analysts Helmi Arman and Anton Gunawan wrote that Agus’s lack of experience in macro economic, fiscal and public policy making would be a hindrance, especially given Coordinating Minister for the Economy Hatta Rajasa general lack of macroeconomic experience. However, they wrote, Anny’s experience in policy making in these areas would help compensate, but not entirely.

“This could mean an increasing role for [State Minister for Development Planning] Dr. Armida Alisjahbana in advising the government on macroeconomic policy issues,” Helmi and Anton said in the note. Nick Cashmore, head of securities broker CLSA in Indonesia, said: “The primary task will be maintaining fiscal stewardship of the government’s budget, implementing government policy while also supporting a broader reform agenda.”

Another challenge just ahead includes pushing a new draft law on the new Financial Service Authority (OJK), which once established will reduce Bank Indonesia’s supervisory role over banks and detach the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) from the Finance Ministry. The 2004 central bank law said such a body must be established by the end of this year based on the lessons learned from the 1997-98 Asian financial crisis. The process of drafting the law has been slow as Bank Indonesia is keen to retain the power to oversee the nation’s banks, despite Bapepam officials having no objection to their detachment.

Senior central bank officials have said the stability of the financial system may be put at risk, but the deadline is nearing.

Fuad Rachmany, the head of the committee who drafted the OJK law and the head of Bape pam, said on Wednesday that he would deliver the draft to lawmakers but warned

the politics of it would not be easy.

Social front

- **Indonesian police uncover plot to kill president, launch Mumbai-style attack, declare Islamic state, and murder Obama**

Indonesian police said today they had uncovered and foiled a plot to assassinate the president and other top officials, massacre foreigners in Mumbai-style attacks, declare an Islamic state, and possibly even kill Barack Obama.

The attackers planned to launch their assault during this year's Independence Day ceremony.

The ceremony, on August 17, will be attended by President Susilo Bambang Yudhoyono and the country's top dignitaries, national police chief General Bambang Hendarso Danuri told reporters.

Targets: The militants planned to assassinate both U.S. President Barack Obama and Indonesian President Susilo Bambang Yudhoyono

The plot also included taking over hotels and killing foreigners, especially Americans, in violence that would have been reminiscent of the 2008 Mumbai attacks, he said.

Earlier, an expert on militants said that U.S. President Barack Obama, who is due to visit Indonesia in June, was one of several suspected targets of the militants.

Intelligence expert Mardigu Wowi Prasantyo, who is close to the police investigation, said books and documents found in the raids suggested the militants planned an attack on Obama, possibly during his visit to Indonesia.

'They did not say it, but this was evident in their books and documents, that the leader of America was their enemy and should be attacked whenever possible,' he told Reuters by phone. The plot was revealed during interrogations of dozens of suspects arrested since a February raid on a terrorist training camp in the western province of Aceh, Danuri said.

'They were confident that all state officials and dignitaries would be there,' Danuri said. 'Killing all the state officials would have accelerated the transition from a democracy to a state controlled by Islamic Shariah law.'

Plot: Indonesia's National Police Chief Bambang Hendarso Danuri holds a paper picturing terrorist suspects during a press conference at police headquarters in Jakarta, Indonesia today

Some of the newest information on the plot came from a series of raids this week on militant hideouts in and around the capital.

Twenty arrests were made and a supply of assault rifles, ammunition, telescopes and jihadist literature seized.

Five suspected militants were killed in those raids.

Most of those arrested were believed to have trained at the Aceh camp, run by a group called Al Qaeda in Aceh, a new splinter of the Southeast Asia terror network Jemaah Islamiyah. 'If we had not detected them and their military training had been successful, then they would have assassinated foreigners ... as well as police and military posts in Aceh,' Danuri said. 'Their plan was also to launch attacks in Jakarta against foreigners - especially Americans - and attack and control hotels within certain communities, imitating what happened in Mumbai,' he said.

A map of Singapore was found among the militants' possessions, Danuri said.

Mardigu said other suspected targets included President Susilo Bambang Yudhoyono, police officials, ministers, oil depots and electricity infrastructure, dams, and liberal Muslims, in order to destabilise the government.

'This we know from what they said and also we got from their laptops and documents. As for when, however, we do not know,' Mardigu said.

He added that the information was gathered mostly from documents taken during a series of raids in Solo this week, as well as in Jakarta, Medan, and Aceh in recent weeks.

Obama, who spent part of his childhood in Jakarta, was expected to visit Indonesia in March but delayed his trip until mid-June so he could oversee the passage of the U.S. health bill.

Another intelligence expert told Reuters last year that militants planned to use snipers to attack Obama's convoy during his visit.

In November 2008, a group of young Pakistanis attacked luxury hotels, a Jewish centre and a busy train station in India's financial capital, claiming the lives of 166 people.

Indonesia, which has the world's largest Muslim population, stipulates religious freedom in its constitution. The country has been engaged in a long battle against militant extremist groups.

Read more: <http://www.dailymail.co.uk/news/worldnews/article-1278363/Indonesian-police-uncover-Independence-Day-assassination-massacre-plot.html?ITO=1490#ixzz0oZ4yfGQo>

- **Indonesia And Russia To Devise Anti-terrorism Cooperation Scheme**

The Indonesian and Russian governments are to form a joint working group to devise a scheme for bilateral cooperation in fighting terrorism, Antara news agency said on Saturday.

It quoted Ansyad Mbai, head of the anti-terror desk at the Coordinating Ministry for Political, Legal and Security Affairs, as saying that Indonesia and Russia recently signed a memorandum of understanding to cooperate in the eradication of terrorism. "Next month, the two countries will hold their first meeting on the implementation of their MoU

and form the joint working group," he said. Indonesia already had similar cooperation agreements with a number of other countries including Australia, India, Pakistan, Sri Lanka, Romania, Egypt, Saudi Arabia, Afghanistan and Kuwait.

Cooperation in the same field had also been established with European Union nations as well as with the United States, Canada, Japan, New Zealand and countries grouped in the Association of South East Asian Nations (ASEAN).

- **Indonesia, Malaysia to sign new labor pact next week**

Amid bilateral negotiations, Indonesia and Malaysia remain committed to signing a new labor agreement to provide legal protection, which will reopen the supply of Indonesian migrant workers to the neighboring country. Manpower and Transmigration Minister Muhaimin Iskandar said upon his return from Kuala Lumpur Thursday that the agreement was expected to be signed during President Susilo Bambang Yudhoyono's official visit to the Malaysian capital on May 18.

"I visited Kuala Lumpur on Monday and Tuesday, meeting with Malaysia's relevant officials and preparing the signing of the new labor agreement. Both delegations were enthusiastic and optimistic about solving any technical problems a few days before *the labor treaty* is signed," he said.

The agreement's draft contains four crucial points. It deals with migrant workers maintaining access their own working passport and ensures their right to at least one day off per week, recruitment fees and the minimum wage.

Under the current labor pact, Indonesian migrant workers have their passports held by their Malaysian employers, leaving them vulnerable to exploitation and abuse in the workplace.

Some 2 million Indonesians work in Malaysia, most of whom are employed as domestic helpers and plantation workers. Rife labor abuses have drawn strong criticism from the International Human Rights Watch and led the Indonesian government to suspending labor supply to that country since June 26, 2009.

The Malaysian government has repeatedly claimed that it's difficult to stop labor abuses due to the high influx of illegal immigrants to the booming country from Indonesia, Bangladesh and Sri Lanka.

Meanwhile, the director for overseas labor placement at the Manpower and Transmigration Ministry, Rosmawati, said bilateral negotiations on labor affairs in Jakarta and Kuala Lumpur were still going on intensively and were expected to conclude in a few days.

"The Malaysian delegation is still negotiating with the Indonesian ambassador and labor attache in Kuala Lumpur and the Indonesian team is still negotiating with the Malaysian

ambassador and labor attache in Jakarta. We will meet again early next week to conclude negotiations in Kuala Lumpur," she said.

Rosmawati admitted the joint team had faced difficulties pertaining to the recruitment fees and the minimum wage, mainly because the recruitment fees varied depending on workers' home villages in Indonesia and Malaysia had never set a minimum wage for its own workers, let alone those from other countries.

"The joint team will set recruitment fee components and establish which ones will be covered by Malaysian employers and which ones by workers. The minimum wage will be evaluated periodically by considering the Malaysian labor market," she said, adding Indonesian migrant workers had received about 600 Malaysian ringgit per month.

- **Indonesia foils plot to kill president, foreigners**

Indonesian police said Friday they had foiled a plot by militants to kill President Susilo Bambang Yudhoyono and foreigners in an attack during an Independence Day celebration on August 17. "They planned to target Indonesian president (Susilo Bambang Yudhoyono), state officials and foreign guests attending the ceremony," national police chief Bambang Hendarso Danuri told a press conference.

He said that the planned attack was inspired by one carried out by the Islamist militants who killed 166 people in Mumbai, India, in November 2008. The Indonesia militants "planned to launch a series of assassinations in Java and Jakarta with their specific target foreigners, especially Americans, and the Indonesian president," he said.

They also planned to lay siege to hotels, "copying what had occurred in Mumbai," he said, adding that if the attack had succeeded the militants would have "declared Indonesia as an Islamic state." The police chief was speaking at a briefing on raids carried out by counter-terror police after the discovery of a terrorist training facility in Aceh, in northern Sumatra island, in February. Danuri said 58 terror suspects have been arrested and 13 people killed in the raids over the past three months.

Arms from Mindanao

Danuri said that one of the arrested suspects was set to collect firearms and grenade launcher from an Islamist stronghold on Mindanao, the main island in the southern Philippines, to be used in the planned attack. Experts said that recent police raids found that terrorists in Indonesia may be shifting their strategy from bombings to military-style shootouts.

"It is the most effective way to target the foreigners without killing Indonesian civilians," Noor Huda Ismail from the Institute for International Peace Building told AFP. He added the militants' "dream" was to target US President Barack Obama, who was expected to visit Indonesia in March and is now expected in June.

On March 9 police killed the alleged leader of the Aceh group, Dulmatin, who was considered one of the masterminds of the 2002 nightclub bombings in Bali that killed 202 people, mostly Western tourists.

Dulmatin had been a leader of regional terror network Jemaah Islamiyah (JI) but analysts believe the Aceh group was a new, more extreme outfit which combined militants from various Islamist organizations around Southeast Asia.

JI, an Al Qaeda-inspired group whose mission is to create a Muslim caliphate across Southeast Asia, is blamed for multiple terror attacks across Indonesia, including the 2002 carnage in Bali and attacks on Jakarta hotels last year.

- **Malaysia, Jakarta fail to resolve maid crisis**

The Indonesian government showed no sign of lifting its ban on sending maids to Malaysia after the leaders of both nations failed to agree yesterday on a minimum wage for the domestic workers.

Malaysian Prime Minister Najib Razak and Indonesian President Susilo Bambang Yudhoyono signed a labour pact yesterday stating several new working conditions for Indonesian maids but were unable to agree on a minimum wage.

The issue “will continue to be discussed between the two countries,” Najib said at a press conference after the two leaders held a short meeting in the Malaysian administrative capital of Putrajaya.

The systems in Indonesia and Malaysia are different, “so it complicates matters,” Najib said. In June, Indonesia imposed a ban on agencies sending domestic workers to Malaysia after several reports of violent maid abuse.

Jakarta had said the ban would not be lifted until working conditions of the maids, who were not protected under local labour laws, were improved.

Indonesian maids currently claim the lowest salary among foreign domestic workers in Malaysia with monthly wages starting at 450 ringgit, and they are required to work seven days a week.

The Indonesian workers also give up their travel and work documents to their employers as security, but the system has been abused by unscrupulous employers holding their workers to ransom. Non-governmental organisations claim that every year, hundreds of maids lodge complaints against their employers ranging from ill treatment to nonpayment of salaries. Najib said yesterday that the new labour pact would require Malaysian employers to give their maids one day off a week and foreign maids would also be able to keep their passports. However, he declined to give an estimate of when the maid ban would be lifted, saying only that the deadlock was likely to be resolved once a solution to the issue of minimum wage is reached.

“(Indonesia) has suggested a figure, but it needs more discussion because it has implications for workers in this country,” Najib said.

Earlier news reports quoted Indonesian government officials of demanding a minimum monthly wage of 800 ringgit, which local maid agencies have said is unreasonably high. Malaysia is home to more than 300,000 Indonesian maids with a growing number of domestic workers from Cambodia, the Philippines and Vietnam. Before the ban, Indonesian agencies were sending more than 4,000 maids each month.

Local newspapers reported on Monday that the ban had created a thriving business of smuggling illegal workers from Indonesia to meet the high demand for labour.

- **Dismissed auto workers in Indonesia win court battle for compensation**

IMF affiliate FSPMI won a major court battle on May 14, which is unprecedented in an industrial dispute, involving PT Kymco Lippo Motor Indonesia, located in Bekasi, Indonesia. The Special Regional Court ruled in favour of the workers by declaring the company bankrupt (insolvent) and ordered that the movable and immovable assets including land and building be auctioned off and the workers paid their due compensation from the proceeds of the sales of these assets.

PT Kymco Lippo Motor Indonesia is a joint-venture between 75 per cent majority shareholder Kwang Yang Motor Company (Taiwan) and 25 per cent shareholder PT Lippo (Indonesia). In October 2008 the company ceased operation and since then more than 300 workers have been locked out and abruptly dismissed from employment. The company's problem arose due to internal shareholder conflicts that affected the company's business operation and forced its closure.

The FSPMI, whilst keeping the struggle going on since 2008, also embarked on a series of legal battles. The 300 workers who are members of the FSPMI took turns to keep daily vigils inside the company premises, in order to prevent any possible attempts by the local shareholder or other creditors from removing the movable assets of the company.

Said Iqbal, President of FSPMI, lamented that he has mixed feelings about the victory in the courts. He said that while the FSPMI succeeded in declaring the company insolvent and obtained an order to dispose of the assets of the company, the local share holder might mount an appeal to the higher courts. The FSPMI will fight them at every level, he assured.

Iqbal felt sad that the workers lost their jobs at a time when Indonesia is facing severe unemployment crisis. "Most of these workers have worked loyally in this company for more than ten years and they were dumped like trash," he said in disgust. "However, if the sales of the company's assets go through, the workers would be compensated for loss of wages and termination benefits," he added. He admired the courage and determination

of the workers to carry on with the struggle despite facing severe hardship. "This decision of the court has established the fact that workers are stakeholders in a company and not to be treated as commodities," he stressed.

FSPMI also thanked the IMF for the solidarity support and publicly highlighting the plight of these unfortunate workers. May 19, 2010 – P. Arunasalam

- **At Environmental Front**
- **6.0-magnitude earthquake hits West Java, Indonesia**

A shallow powerful earthquake with magnitude of 6.0 struck West Java of Indonesia on Tuesday, but there was not potential for tsunami, the local Meteorology and Geophysics Agency said. The quake jolted at 6:59 p.m. Jakarta time (1159 GMT) with epicenter at 147 km southeast Sukabumi of West Java, and the depth at 13 km under seabed, an official of the agency named only Lukito said.

The intensity of the quake was felt at 3 to 4 MMI (Modified Mercally Intensity) at Sukabumi, Ciamis, 3 MMI in Garut and Bandung, the capital of West Java province, and 2 to 3 MMI in Bogor and Jakarta, he said.

Malaysia

- **Political Front**
- **Malaysian opposition wins key Borneo by-poll**

Malaysia's opposition won a key by-election in Sarawak state on Borneo island yesterday, albeit with a narrow majority, that showed the government had failed to win back ethnic Chinese voters.

The opposition took the Sibu seat with a majority of 398 from the National Front coalition that has ruled Malaysia for 52 years in a boost that came after a wave of defections and as its leader Anwar Ibrahim stood trial for sodomy.

Sibu is around 60% ethnic Chinese in a Southeast Asian country where they account for 25% of the 28mn population that is mainly ethnic Malay and Muslim.

"It is too early to say that the opposition can win Sarawak and (neighbouring) Sabah (states), but this election has opened up the possibility of national power for them," said Bridget Welsh, a Malaysia expert at Singapore Management University.

The by-election saw millions of dollars of spending promises from Prime Minister Najib Razak as the government fought to hold a seat in a state that provides almost a quarter of its MPs and where local polls are due this year.

The vote was a referendum on powerful Sarawak state Chief Minister Abdul Taib Mahmud who has been in power since 1981. Mahmud, whose business interests dominate the state, will probably be forced from office, political analysts said.

It was also fought against a backdrop of rising ethnic tensions with the government

seeking to stop Christians, many of whom live in Borneo, from using the word “Allah” for their god, saying it is offensive to Muslims.

Sarawak and neighbouring Sabah state gave the government 54 of its 137 parliamentary seats in the 2008 general election.

They provided a bulwark against opposition gains in mainland Malaysia in national and state polls in 2008 when the National Front lost its two-thirds parliamentary majority and control of five of Malaysia’s 13 states in its worst ever election results.

Najib has pledged to deliver a “New Economic Model” to boost competitiveness, including dismantling costly subsidy regimes for petrol and food which helped push the budget deficit to a more than 20-year high of 7.4% of gross domestic product in 2009.

However, the government has backed off changes that could hit the poorer Malays who account for 55% of the population.

Political uncertainty since the 2008 polls has dented foreign investment at a time when the global economy was also hit by the US sub-prime mortgage crisis.

Net portfolio and direct investment outflows hit \$61bn in 2008 and 2009 according to official data, although money came back into the bond market this year fuelled by two Malaysian interest rate hikes and the use of the ringgit as a proxy for a possible Chinese yuan revaluation.

Najib’s government is currently considering new measures to cut subsidies, but with polls looming in Sarawak and rising Malay anger on reforms, it may back away again, fearing a backlash.

- **Economic Front**
- **Malaysia Sees Possible WTO Case against EU Palm Oil Limits**

Malaysia’s minister of plantation industries and commodities, Tan Sri Bernard Dompok, has claimed that the EU’s Renewable Energy Directive unfairly excludes palm oil from the European market. The minister made the statement at 3 May meeting that also saw the launch of the Indonesia-Malaysia Palm Oil Group, a coalition of six Malaysian and Indonesian palm oil producer associations. The group aims to address concerns over the sustainability of palm oil production.

Dompok said he would seek legal advice from the WTO and consult informally with his Indonesian counterpart regarding the possibility of launching a WTO dispute to redress the situation. Under a new directive on renewable energy, which was adopted in 2009 and will enter into force by the end of this year, biofuels must make up ten percent of transport fuel in EU countries. However, the EU has put in place a system of checks and balances to ensure that these biofuels are sustainable.

Notably, biofuels entering the EU market must be at least 35 percent more carbon

efficient than fossil fuels, and they cannot be derived from cleared forest or wetlands. In practice, these sustainability criteria would keep Malaysian and Indonesian palm oil off the EU market, while European rapeseed biodiesel, for example, would meet the criteria. According to Dompok, the sustainability criteria represent green protectionism. Purboyo Guritno, Indonesian Palm Oil Association Chair, said his industry has been victimised by developed country environmental activists. “Indonesia and Malaysia must take a more proactive approach in protecting the growth of the oil palm industry that supports tens of millions of livelihoods,” he stressed.

The environmental claims of certified sustainable palm oil have been in question recently as Unilever, the world’s largest purchaser of palm oil, blacklisted two major Indonesian members of the Roundtable on Sustainable Palm Oil (RSPO) for engaging in “unsustainable” practices. While the oil is primarily used as an ingredient in food and detergents - products like margarine, cooking oil, soaps and shampoos - it is increasingly being used as a biofuel.

Nestlé, the world’s biggest food and nutrition company, has also made a move to promote palm oil sustainability. The Swiss-based firm announced this week that it has partnered with The Forest Trust, an international non-profit group, to help the company achieve its goal of getting 100 percent of its palm oil from sustainable sources by 2015. As part of this initiative, Nestlé is promising to scrutinise its supply chains and enforce strict new standards.

“Nestlé’s actions will focus on the systematic identification and exclusion of companies owning or managing high risk plantations or farms linked to deforestation,” the company said in a statement posted on its website on Monday.

For years, several green groups have been campaigning against the palm industry, which they say destroys wildlife habitat, causes widespread forest loss and releases huge quantities of greenhouse gases into the atmosphere, primarily in Southeast Asia. Together, Malaysia and Indonesia produce 85 percent of the world’s palm oil.

- **Malaysia plans \$600m bond sale in first overseas offering in eight years**

The headquarters of Bursa Malaysia Bhd in Kuala Lumpur. Malaysia is such a rare issuer that the bond issue is going to be a main global attraction. Image Credit: Bloomberg News Kuala Lumpur/Dubai : Malaysia may sell more than \$600 million (Dh2.2 billion) of five-year Islamic bonds, the country's first overseas debt offering in almost eight years, according to Barclays Capital as the prime minister officially launched the sale.

The Southeast Asian nation began marketing the securities in Asia yesterday, with the roadshow set to end in New York on May 27, when the final size will be determined, said Steven Clayton at Barclays Capital Markets Malaysia, one of three arrangers along with

HSBC Holdings Plc and Malaysia's CIMB Group Holdings Bhd.

Stops are also planned in Europe and the Middle East, a banker familiar with the deal said on Tuesday.

Growth boost

Malaysia is tapping the international debt market for the first time since 2002 as the government aims to increase development spending to boost economic growth.

Sales of notes that comply with the religion's ban on interest rose 24 per cent so far in 2010, the most in three years, as the European financial crisis bolstered demand for alternative investments in emerging markets. Malaysia is "such a rare issuer, so that's going to be a main global attraction," said Rajeev De Mello, the Singapore-based head of Asian investment at Western Asset Management Company, which oversees about \$482 billion. Barclay's Clayton said the size of the sukuk will probably exceed the last offering. Malaysia sold \$600 million in its first overseas sale of Islamic notes in 2002, five-year securities that matured in July 2007. "The global market is a little bit uncertain, but there's a scarcity value attached to Malaysia, so we believe there'll be high demand for this bond," said Clayton, who is managing director for Malaysia.

Malaysia's only outstanding debt is a 7.5 per cent regular bond due in July 2011, which yielded 1.21 per cent Tuesday, 59 basis points less than at the end of last year.

All fired up

Malaysia is prepared to spearhead the establishment of a fund for the development of clean energy for Islamic countries, Prime Minister Najeeb Razzaq said yesterday.

He said there was an urgent need for collaboration in formulating policies to promote renewable energy options. He added that clean energy was now a priority for countries with few hydrocarbon resources, thus creating a "tremendous potential for the development of alternative energy sources."

- **Federal Government Approves RM100 Million For Kulim High-Tech Park Expansion**

The Federal government has approved RM100 million to develop a new site under the fourth phase of the Kulim High-Tech Park (KHTP)'s expansion project. The Chairman, Kedah Industrial and Investment, Agriculture and Agro-Based Industries and Biotechnology Committee, Datuk Amiruddin Hamzah said the location was in the midst of being identified. "Under phase three, First Solar Sdn Bhd has taken up one-third of the space while the rest was already booked by others.

"Therefore, we have to proceed to open up phase four for new investors. The Kulim High-Tech Park is Malaysia's "flagship"," he told reporters here Monday. Since its inception in 1996, Amiruddin said 25 big corporations and 50 small-and-medium

enterprises had together invested RM24 billion in setting up operations in the park.

"More than 80 per cent of the operators here are foreign investors. The trend shows there is no cut back in foreign investors setting up shop in the park," he added.

- **Gaza: RM1.1 Million From Malaysians For Cancer Centre**

The RM1.1 million contributed by Malaysians for the 'Life Line for Gaza' (LL4G) will be used to build the Cancer Centre in Gaza, besides being used to buy food and medical supplies. The chairman of the Coalition of Graduates of Higher Educational Institutions of Malaysia (HALUAN), Noorazman Mohd Samsuddin, who is leading the Malaysian international humanitarian convoy to Gaza, said the mission this time was considered highly risky. This was because the AFP news agency report Tuesday claimed that Israel would prevent any humanitarian aid to Gaza using the sea route, he said at a media conference, here Tuesday.

He said, however, participants of the convoy this time were prepared to face various negative scenarios that might crop up during the mission, including blockades by Israel warships.

- **Western Digital to invest \$1.2 bln in Malaysia**

Disk-drive maker Western Digital (WDC.N) will spend \$1.2 billion over the next five years to expand its operations in Malaysia, a move that could boost foreign investments in this Southeast Asian country.

Western Digital's new investments will include expanding its research and development as well as manufacturing facilities, the Malaysian prime minister's office said in a statement on Tuesday. "Construction is planned to be completed by the third quarter of 2011 and the facility will be ramped to full capacity over the following five years," the statement said. "There will be up to 10,000 additional jobs."

The announcement comes about two months after another multi-national company, Coca-Cola Co (KO.N), said it would expand its investment by \$300 million in this trade-dependent country. [ID:nSGE62F0B3] Malaysia is seeking to win foreign investment to help offset recent large investment outflows. In 2009, it recorded a net outflow of direct investment of 24.9 billion ringgit after an outflow of 26.1 billion ringgit in 2008 as Malaysian companies went overseas to invest.

Prime Minister Najib Razak had in March launched the country's new economic model to boost economic growth so that Malaysia achieves income levels of a "rich nation" by doubling the \$7,000 per capita income currently. [ID:nSGE62T035] Economists have said that private investments, which remain at about 12 percent of gross domestic product, would have to increase substantially if Malaysia was to achieve its economic goals.

- **6th World Islamic Economic Forum meets in Malaysia Tomorrow**

The ex-President SAARC Chamber of Commerce and Industry and former president Federation of Pakistan Chambers of Commerce and Industry Tariq Sayeed, left for Malaysia to represent private sector of Pakistan and to address the 6th World Islamic Economic Forum (WIEF). The two-day WIEF is scheduled to start on May 19 at Kuala Lumpur, said a FPCCI release here on Monday.

Before leaving for Kuala Lumpur, Tariq Sayeed, who is also a member of Advisory Panel of the WIEF Foundation informed that the forum will be addressed by 7 heads of Muslim States/ Governments, that is, Bangladesh, Brunei, Indonesia, Maldives, Kosovo and Senegal. The forum will deliberate on emerging issues and challenges faced by the Islamic world. The 6th WIEF is being organised with the theme “Gearing for Economic resurgence.”

Prime Minister of Malaysia will inaugurate the 6th WIEF. Tariq Sayeed said during two-days forum more than 130 renowned speakers from 40 countries will speak at various sessions while the forum will be participated by more than 3000 delegates from 67 countries of the world.

Sayeed will address the session titled “Empowering SMEs: Turning Size Into a Comparative Advantage” on May 20, 2010 and will participate in the organising Committee meetings and allied activities. Former prime minister of Pakistan, Shaukat Aziz and Federal Minister for Privatization Senator Waqar Ahmed Khan will also speak at the Forum.

The World Islamic Economic Forum is the most prestigious annual event of Muslim Business World, which is represented by both OIC and non-OIC countries at the highest level. Pakistan had the privilege to host 2nd WIEF in 2006 at Islamabad.

- **Malacca expects 8.2 million tourists for 2010**

The tourism sector was the main revenue earner for Malacca last year, contributing RM4.4 billion from 8.9 million tourists who visited the state.

State Tourism, Culture and Heritage Committee chairman Datuk Seet Har Cheow said this figure was higher than that achieved in 2008 where 7.2 million tourists contributed RM4 billion to the state. “Malacca targets 8.2 million tourists this year, which is less than last year’s figure in view of the economic slowdown,” he said at the “Jom Ke Melaka” tourism promotion drive on Thursday organised in conjunction with the 13th Malaysia Games (Sukma).

Also present at the function were Malacca Yang Dipertua Negeri Tun Mohd Khalil Yaacob and Terengganu Menteri Besar Datuk Ahmad Said. Seet said that between 1999 and 2009, 47.25 million tourists had visited Malacca with an average annual increase of almost 20 per cent. Most of the tourists who visited Malacca were from China, Indonesia

and Singapore, besides Europe.

Seet said Malacca which was chosen to host the 10-day 2010 Sukma Games from June 10 was expected to see about 500,000 visitors during this period, with 198 units of accommodation available, offering 11,215 rooms. "These accommodation include first-class hotels, resorts, chalets, budget hotels and homestay throughout the state."

He said to further boost the tourism industry in Malacca, the Batu Berendam Airport had been upgraded to become the Malacca International Airport (MIA), which was officially opened by Prime Minister Datuk Seri Najib Tun Razak on Feb 4. Besides the Sukma Games in June, Malacca will also organise various tourism events such as the three-day Malacca International Air Carnival 2010 from June 4 at the MIA. "So far, we have received 100 entries involving 31 small aircraft and four helicopters from Malaysia and other countries like Singapore and Indonesia," Seet said

- **Geo Strategic Front**
- **Social Front**
- **Malaysian Woman Gets 8 Years in Jail for Abusing Indonesian Maid**

A Malaysian court on Thursday sentenced a woman to eight years in prison for scalding her Indonesian maid with hot water and assaulting her with scissors and a hammer. The case was one of several involving the abuse of Indonesian domestic workers that strained ties between the two countries last year, causing Indonesia to stop supplying new maids to its neighbor. Hau Yuan Tyng, a 44-year-old single mother of two, pleaded not guilty last June to charges of assaulting Siti Hajar Sadli — in one case allegedly using hot water; in another, a hammer; and in a third, a pair of scissors.

A Kuala Lumpur district court convicted Hau but allowed her to remain free on bail pending an appeal, said her lawyer, M Manoharan. She had faced a maximum sentence of 43 years.

Siti, 34, ran away last June after working for three years at Hau's luxury condominium. She claimed to have been abused over a 34-month period, or virtually the entire time she had been employed by Hau. She also said that during this period, Hau had withheld her pay.

Siti has since received compensation in the form of Rp 40 million (\$4,500) from an insurance policy and through her labor placement agency.

Photographs of Siti's scalded and bruised face and body were widely publicized, sparking anger in Indonesia and prompting President Susilo Bambang Yudhoyono to vow to seek justice for her.

Malaysian Prime Minister Najib Razak met with Yudhoyono earlier this week.

After the talks, the Malaysian leader said Indonesia was expected to soon end its freeze

on allowing recruiting companies to send new maids, after both sides agreed on measures to improve the welfare of the domestic workers.

Some 230,000 Indonesian maids work in Malaysia.

- **Environmental Front**

Philippine

- **Political Front**
 - **Aquino needs to prove himself after election win**

After the death of his national heroine mother, Benigno Aquino rode a wave of public emotion all the way to the Philippine presidency. Now he needs to show that politically at least, he is not his mother's son. He has a strong mandate to fight graft and investigate his unpopular predecessor, but must show leadership and assertiveness so far absent in his career to ensure his market-friendly agenda is not derailed by vested interests, internal and external.

If not he risks being distracted from reining in a large budget deficit, frittering away the electoral support which will be crucial in his reform drive, and wasting an opportunity to start rebuilding confidence in the economy and its institutions. "I think Aquino should learn some lessons from his mother's administration," said Earl Parreno of the Institute for Political and Electoral Reforms. "She was surrounded by various power blocs, each with competing interests, and I think that is also the problem that 'Noynoy' Aquino is going to face," Parreno said.

Cory Aquino is a national heroine for taking on Ferdinand Marcos after the assassination of her husband Benigno in 1983. She became president in 1986 after the dictator was overthrown. While her personal integrity was never in question, she was not a political operator or strong leader, and her administration soon lost focus and faced a number of coup attempts. Her son shares her reputation for honesty, but his unremarkable career has raised doubts over whether he can run a government, keep the military on his side and take on an opponent as experienced as outgoing President Gloria Macapagal Arroyo.

First of all, he cannot avoid the relatives and the people who campaigned for him. He has to pay his political debt whether he likes it or not," said Benito Lim, political science professor at Ateneo de Manila University. "The question is ... does he have that make up or personality to tell them off?"

Official results have not been declared, but election commission figures show Aquino with a decisive lead in the presidential vote with nearly 80 percent counted. Media and watchdog groups say that has been maintained in further counting. However his deputy, the politically experienced Mar Roxas, may not win. Roxas a trade minister under former

President Joseph Estrada and Arroyo, was expected to run for president until Cory Aquino's death last August sparked an emotional push for her son.

A Roxas loss would be a hurdle - losing candidates cannot be appointed to a government position for a year and he would lose an experienced operator - but it is a manageable setback. Moody's Investor Services said the vice-presidential result was not as important for the country's credit fundamentals as the calibre of Aquino's cabinet and economic policy team. For investors, cutting a budget deficit of around 300 billion pesos (\$6.7 billion) and improving government finances loom as the major issues for the new government.

Addressing the fiscal problem is a key requirement if the Philippines wants a ratings upgrade from junk status - which would lower the cost of issuing and servicing the debt of Asia's largest sovereign issuer of foreign debt. "Whoever Aquino selects to head Finance, Budget, Agriculture, Transportation and Communication and Public Works would be deemed a first test in Aquino's ability to generate investor attention in the next administration's upcoming policy agenda," Citigroup analyst Jun Trinidad said.

Aquino needs to make sure he can focus on running the economy and keeping control of his team, as he pursues an election pledge to investigate allegations of graft, electoral fraud and rights abuses against the Arroyo administration that preceded him. Arroyo, who denies all allegations of impropriety, has shored up her power base through a raft of appointments to government agencies and bodies - from a new military head and new chief justice to putting her manicurist and palace gardener on boards - and won a seat in Congress' lower house in Monday's election.

She is widely expected to run for Speaker of the House, from where she could block investigations and push for constitutional reform that would weaken the power of the presidency. The new president will also need to manage the military, a power bloc over the last quarter century but one which analysts said was now more under civilian control. The military's removal of support was key in the fall of Presidents Marcos in 1986 and Estrada in 2001. Both Cory Aquino and Arroyo faced a number of coup attempts.

Aquino plans to double defence spending to 2 percent of GDP, which should help initial relations, and his large margin of victory should also give him authority. "He should be very, very careful... because the forces of Arroyo still have enough support and the logistics to create destabilisations," Parreno said. "So it would be like what happened through Cory Aquino's term, with so many coup attempts to topple her. It might be the same for this administration." -

http://www.kuwaittimes.net/read_news.php?newsid=OTUzNzAyMzIx

- **Automated voting jolts Philippine politics into digital age**

Philippine politics will never be the same after the country's first automated ballot electrified voters long used to cheating, violence and disputes over delayed results.

Senator Benigno Aquino, 50, whose parents led the struggle to restore Philippine democracy, will soon become the country's first digitally elected president after a rapid vote count showed him winning by a landslide.

Despite daunting logistic challenges in a sprawling Southeast Asian archipelago with 50 million voters, ballot-counting machines were activated just in time for Monday's elections for 17,000 positions.

The saying that "guns, goons and gold" lord it over Philippine elections may no longer be totally true after a new weapon, the microchip, entered the scene.

"That was so pleasant: waking up to the results the morning after general elections," political scientist Alex Magno wrote in the daily Philippine Star. "If there was any group wanting to disrupt the voting and the count, they were stumped by the speed of the process."

In the past, paid thugs as well as rouge soldiers and policemen working for politicians snatched ballot boxes, intimidated voters and doctored tallies. This time, Filipinos were thrilled by the chance to slip their own ballots into digital scanners and know the results were being stored electronically for delivery to a central computer server in Manila, safe from theft and tampering. "It was really an overwhelming experience for me because I knew that at that moment, I was making history for the country," said Franz Jonathan de la Fuente, 19, a first-time voter studying journalism at the University of the Philippines. "I understand that other kids my age during past elections voted manually. Somehow I felt assured that through automation, there was a better chance of my vote being counted," he told AFP.

The United States and other countries welcomed the overhaul of the flawed election system in one of the world's most boisterous democracies.

European Union Ambassador to Manila Alistair MacDonald said after observing the election that "voters seemed generally comfortable with this new system" and the process seemed to work well. Not everybody was happy -- former president Joseph Estrada, trailing Aquino by five million votes, has indicated he will raise technical questions when the Philippine Congress certifies the electronic results in a few weeks.

Violence remained a problem, highlighted by last November's massacre of 57 civilians by gunmen loyal to a powerful Muslim politician in the southern island of Mindanao. The clan's leaders are now in detention.

Dozens of other people were killed in election-related violence, including 10 on polling day, mostly in the restive south where Muslim militants and communist guerrillas are a

perennial threat. Legacy problems such as inaccurate voter lists also cropped up during the vote and election officials admit further improvements are needed.

But the country appears to have bought the idea that computers can safeguard democracy. In the old system, ballots were dropped by hand into locked metal boxes and counted by hand after sundown, when mischief was easier to commit in outlying provinces under cover of darkness. Small disputes and transport delays in thousands of polling centres could prolong the process all the way down to the national tally.

Modern-day Philippine democracy can be said to owe its existence to dirty elections. In 1986, the dictator Ferdinand Marcos was challenged in a snap election by Corazon "Cory" Aquino.

She was the widow of Marcos's bitter foe, Benigno "Ninoy" Aquino, who had been assassinated three years earlier by government troops. Amid massive cheating and protests, Marcos was proclaimed the winner of the 1986 elections but Aquino led a "People Power" revolution that sent the dictator into US exile and the widow into the presidency.

Twenty four years later, her son, Benigno "Noy" Aquino, is awaiting proclamation as president after the most dramatic reform of the Philippine election system.

http://www.terradaily.com/reports/Automated_voting_jolts_Philippine_politics_into_digital_age_999.html?

- **Elections delay 2010 census**

The conduct of the May 2010 elections has forced the National Statistics Office (NSO) to delay the start of the 2010 Census of Population and Housing.

Carmencita Ericta, NSO administrator, said that the national census was supposed to start on May 1, but they had to move it to May 17 or a week after the first nationwide automated elections, so their activity wouldn't be mistaken for partisan purposes.

"We were not able to start it on May 1 because of the elections." Ericta said during the launch of the 2010 census in Quezon City. "We don't want the attention of the people to be divided." Ericta said they were afraid that if they conduct the survey before the elections, people might think that their data gathering is part of the campaign strategy of the candidates.

"We do not want to be identified with them. People may think that field enumerators are part of the campaign team of candidates." said Ericta, adding that they did not also announce the dates of their training of field enumerators so politicians wouldn't take advantage of it. "They (politicians) might send free food to our enumerators if we announce the dates of their training," she added.

The 2010 census will be conducted through interviews and self-administered questionnaires. This year's census will ask for new data like functional disability--like

visual impairment, difficulty in walking, among others--and housing rentals. The latter will be among the data to be used by the Housing and Urban Development Coordinating Council in regulating rental rates, as prescribed by Republic Act 9653 or the Rent Control Act of 2009. Batas Pambansa Blg. 72 states that integrated census should be conducted every 10 years beginning 1980, and that public school teachers should be employed for enumeration work. Incidentally, public school teachers are also mandated by law to serve as board of election inspectors during elections.

Erica encouraged the people, especially those living in Metro Manila, to participate in the census and assured them that all the data that would be collected will be kept confidential. "Based on our experience, conducting census in Metro Manila is the hardest. People here are too cautious," Erica said. "We cannot blame them because of security concerns that's why they should ask for the IDs of the enumerators so they would know if they are really working for NSO or are just selling fire alarms."

Accredited census enumerators, she said, have official IDs bearing her signature and census questionnaires have National Statistical and Coordination Board approval number. Population data serve as the basis of socio-economic development plans of the government. It is used in: the computation of the internal revenue allotment (IRA) given to the local government units. The IRA, which is the share of the LGUs on the taxes collected by the national government, is computed based on equal sharing and the locality's land area and population. Fifty percent of the IRA is based on LGUs' population. the redistricting and apportionment of congressional seats. A city or group of LGUs that has reached a minimum population of 250,000 is entitled to one representative in Congress.

the creation and conversion of local government units. Population, land area, and annual income are the criteria used in creating, merging, fragmenting of LGUs and in conversion of municipalities to cities.

<http://www.abs-cbnnews.com/nation/05/17/10/elections-delay-2010-census?>

- **Philippine election probe opens**

Philippine politicians began a hearing yesterday into the credibility of automated voting in last week's national and local elections, but the investigation is not expected to have any impact on the presidential race.

Senator Benigno Aquino has a massive lead in the presidential vote count for the May 10 election and is due to be proclaimed winner during a Congress session that starts next week. Commission on Elections (Comelec) chairman Jose Melo, a retired supreme court justice, was questioned at the hearing and called for any evidence of fraud to be presented.

“This is obviously something to derail the elections,” Melo told the House of Representatives’ committee on suffrage and electoral reform after a video was played of a disguised man making allegations of electoral fraud.

“He must come out and identify himself and come out with specific charges.”

Officials from Comelec and Smartmatic, which supplied the voting machines, were also asked about discrepancies in time and date stamps on ballots and transmission, and claims some machines had been reset. The hearings resume today.

Comelec said last week it had discovered discrepancies involving around 150,000 votes stored in some memory cards during the trial run of the counting machines.

Unofficial tallies since the night of May 10 have shown Aquino a clear leader in the presidential race, and the latest show his lead at more than 5mn votes over nearest rival, former president Joseph Estrada, consistent with opinion polls.

The relatively smooth election process and the emergence of a clear winner with market-friendly credentials is seen as positive for improving long-term investor perception in the Philippines, although a messy transition period could keep sentiment cautious.

Prospero Nograles, outgoing speaker of the House of Representatives who lost his bid to become mayor of southern Davao City, has said several politicians offered stories of pre-programming of memory cards used in vote-counting machines.

“We cannot allow our people to be hoodwinked by hallelujahs to a totally flawed election process,” he said in a statement yesterday, adding he would file charges against “the perpetrators of this nationwide election sabotage”, including Smartmatic and Comelec.

<http://www.gulf->

[times.com/site/topics/article.asp?cu_no=2&item_no=362701&version=1&template_id=45&parent_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=362701&version=1&template_id=45&parent_id=25)

- **Foreign Relation**
- **US envoy opens talks with Aquino**

Apparent president-elect Sen. Benigno “Noynoy” Aquino 3rd and US Ambassador to the Philippines Harry Thomas Jr. discussed “potentials for increased cooperation” between Manila and Washington during a meeting on Friday.

Calling on Aquino in what could be the first for a foreign ambassador in the country, Thomas practically declared his host as the next president of the Philippines although the votes from the May 10 elections still have to be counted officially. “We want to [talk] with the incoming administration, work very closely with them, and . . . it is up to them to decide how they will like to talk with the US,” the ambassador said during an interview after his meeting with Aquino.

Thomas personally congratulated Aquino on the apparent victory of the senator, the

leading candidate for president to succeed President Gloria Arroyo, at Aquino's home on Times Street in Quezon City. When asked if US President Barack Obama has any message for Aquino, the US ambassador said: "We have to respect the Filipino process. Remember we have to wait and see what the Filipino Senate and Congress [have to] say." Before the meeting, Aquino said that he has not received any phone calls from Obama. "Always we want to show our respect for the Philippine election process. You are our long-term ally, our long-term partner," Thomas said.

Aquino expressed hopes that the relations between the Philippines and the United States would get even better under his administration. When asked if he and Thomas discussed the RP-US Visiting Forces Agreement (VFA), he answered in the negative.

The controversial VFA governs the presence in the Philippines of US and other foreign troops, who, under the agreement, are banned from engaging in armed combat with threat groups.

Thomas replaced Kristie Kenney, who left Manila in January this year. Aquino said that he also had met with Kenney, the first woman to be US ambassador to the Philippines, before she left the country.

Prior to his meeting with Thomas, he said that he recognized the important global role of America, "the biggest economy in the world." "What happens in America's economy impacts the rest of the world. [The US is] still our biggest trading partner," Aquino said during a press conference Thursday night.

He added that since job generation is first in his platform of governance, maintaining "good working relationship with the biggest market in the world is our highest priority." Aquino said that it was the camp of Ambassador Thomas that had asked for an appointment with him, adding that he did not know what the agenda of the meeting would be. "They [US Embassy people] set an appointment, I did not know what topics would be discussed. I had my staff prepare the necessary staff work," he said. During the press conference, Aquino announced that his running mate, Sen. Manuel "Mar" Roxas 2nd, would be joining him when he met with Thomas. Roxas was present at the meeting on Times Street.

After the meeting with Thomas, the apparent president-elect also announced that he was set to meet with a head of state on Saturday. Aquino, however, refused to disclose the venue and identity of the person whom he was to meet with for security reasons.

Earlier, Director Walter Lohman of Heritage Foundation's Asian Studies Center said that Obama and Aquino would have a chance to move bilateral relations a "notch higher," in part because the two have two important things in common.

First, according to Lohman, Obama and Aquino won clear mandates on the promise of change. Second, the two are both 50 years old and belong to the same new breed of leaders. Aquino is the only son of late former President Corazon “Cory” Aquino—who toppled strongman President Ferdinand Marcos and restored democracy in the Philippines in 1986—and the slain Sen. Benigno “Ninoy” Aquino Jr.

<http://www.manilatimes.net/index.php/top-stories/17854-us-envoy-opens-talks-with-aquino?>

- **Economic**
- **Philippines gains in 2010 global competitiveness list, but...**

Much still has to be done to improve the Philippines’ competitiveness even as the country rose 4 notches in the latest edition of an annual global ranking. While 39th in the Institute for Management Development (IMD)’s 2010 list of 58 economies was the Philippines’ best performance since its inclusion over a decade ago, the result was still short of the top third placing local authorities claimed could be achieved by 2010.

A 5-notch gain to 40th place in 2008 had spurred optimism among the National Competitiveness Council (NCC) and the IMD’s local partner, the Asian Institute of Management, which said at that time the Philippines should rank 18th or 19th by 2010.

The country, however, slipped 3 notches to 43rd in 2009. Officials commenting on the latest report said that with a new government set to take office in a little over month, the focus should be on improving governance, reducing the bureaucracy, building infrastructure, and supporting exporters.

In this year’s edition of the IMD’s World Competitiveness Yearbook, the Philippines improved its score by more than 2 points to 56.526 from 54.49 last year, mostly due to improvements in the economy and government efficiency.

The highest ranked country, Singapore, received a perfect score of 100. Of the 4 indicators monitored, the Philippines improved in terms of economic performance (to 34 from 51) and government efficiency (31 from 42).

A lack of progress in business efficiency and infrastructure, however, kept the Philippines at 32nd and 56th place, respectively. While still in the bottom third, the Philippines surpassed countries like Italy, Greece, and Russia. It, however, still lagged peers in the Asia-Pacific region, at the bottom in 13th place.

The Philippines, according to the IMD, faces the following challenges:

Ambassador Cesar B. Bautista, NCC co-chairman, said in a phone interview that "the next administration should focus on improving governance to ensure that the program aimed at improving the country’s global competitiveness -- which is mainly generating more employment and reducing poverty in line with the Millennium Development Goals

-- are implemented efficiently."

Mr. Bautista, who is to speak today at the report's launch, stressed the need to improve transparency and reduce the bureaucracy. He added that in terms of infrastructure, the government should ensure that it is designed for competitiveness. "It is not how many ... we are actually building that matters but on how are we going to plan together to design infrastructure for competitiveness," he said, adding that more of the focus should be on transportation. "It must be noted that improving the country's competitiveness is not only a government's responsibility," Mr. Bautista said.

With respect to business efficiency, Philippine Chamber of Commerce and Industry Chairman Emeritus Donald G. Dee said more effort must be seen in simplifying registration and licensing. "Other local government units should follow the simplified registration and licensing procedures of cities like Marikina, Mandaluyong, Quezon City and Manila to attract more investors," he said.

The 4 cities were identified by the World Bank's International Financial Corp. early this year as models in simplifying business registration by substantially cutting the average 18 stages to 2 -- filing and payment. Federation of Filipino-Chinese Chamber of Commerce and Industry, Inc. Vice President Alfonso G. Siy, meanwhile, urged the government to support the local export industry.

<http://www.abs-cbnnews.com/business/05/19/10/philippines-improves-global-rank-2010-competitiveness>

- **Social Front**
- **'Victory for Philippines massacre victims'**

The Philippine deputy mayor, whose wife, two sisters and four other relatives were among 57 people killed in an election-related massacre last year, was yesterday declared winner of the governorship of his troubled province.

Esmael "Toto" Mangudadatu, deputy mayor of the lakeside town of Buluan, was proclaimed Maguindanao governor by the elections commission, beating two rivals with links to Andal Ampatuan Snr, patriarch of a clan that ruled the province for nearly 10 years. "This is a victory for the victims of the massacre," said Mangudadatu supporters.

<http://www.independent.co.uk/news/world/asia/victory-for-philippines-massacre-victims-1973969.html>

- **PHILIPPINES: Muslim rebels agree to help de-mine, ready for talks**

Muslim separatists blamed for years of conflict and displacement on the southern island of Mindanao have agreed to help the government rid the area of unexploded ordnance and landmines. The move is part of an effort to protect thousands of civilians returning to their ruined homes and villages, rebel and government spokesmen confirmed to IRIN.

At the same time, the agreement - signed by both parties earlier this month during closed meetings in Kuala Lumpur - is an important confidence-building mechanism as the 12,000-strong Moro Islamic Liberation Front (MILF) prepares to sit down with the government of president-elect Benigno Aquino when he assumes office in June, chief rebel negotiator Mohagher Iqbal said. "We are expressing our willingness to sit down and negotiate with Aquino. We are open to negotiating with him and believe he will pursue the peace agenda," Iqbal said from an MILF rebel base in southern Maguindanao Province.

The de-mining agreement was meant to allow some 3,000 families displaced from eight Maguindanao towns to return home without fear of accidentally setting off the explosives, he said. MILF troops have been sent to scour these areas and retrieve the landmines and unexploded ordnance with the help of experts from the Swiss Foundation for Mine Action [<http://www.fsd.ch/>] Thousands of rounds of mortars and artillery were exchanged between the military and MILF positions in Maguindanao when severe fighting erupted in late 2008. The rebels launched coordinated attacks across many towns and villages after the Supreme Court overturned a proposed land deal that would have given them control over vast tracts of what they claim as ancestral land.

More than 700,000 people were evacuated at the height of the fighting, which also destroyed entire villages and left nearly 400 dead on both sides. A ceasefire took effect in July last year, and both sides have since launched back-door negotiations to revive formal talks, although the MILF had said it would wait for a successor to outgoing President Gloria Arroyo before signing any deal.

Displaced

The National Disaster Coordinating Council (NDCC) [<http://www.ndcc.gov.ph/>] and the Social Welfare Department said about 100,000 people were still displaced, with many staying with relatives or in evacuation centres.

The International Committee of the Red Cross (ICRC) [<http://www.icrc.org/>] estimates there are about 60,000 still in various shelters.

In recent months, scores of civilians have been wounded or killed by accidental explosions of ordnance and mines, including one incident in which a farmer hit a mortar with his machete as he was clearing a grassy area in the town of Datu Unsay.

Civilians have also reported finding mortars and landmines near mosques and areas where IDPs were staying, police and military report. "We are signatories to the Geneva conventions against landmines and this is part of our commitment," Iqbal said.

Aquino, who has not yet been declared victor but has an unassailable margin over his nearest rival in the 10 May polls, vowed in a speech before the vote to get rid of private

armies and warlords used by his predecessor in pursuing the Muslim rebels, which has complicated the insurgency.

Moreover, he promised that all negotiations would be carried out in a transparent manner, to avoid situations similar to those that led to the Supreme Court decision in 2008.

"The absence of a clear national policy and coherent strategy for peace negotiations led to confusion and false expectations across the table," Aquino, who has spent the past 11 years in Congress, said.

"The negotiations were done secretly and without involving the views of key stakeholders whose futures depend on the promise of Mindanao."

"The next administration will have to pick up the pieces and resume the quest for peace with vigour and clarity of purpose," he said, adding that within three months of his government, he would come up with a fresh National Security Policy that would guide internal security policies, including talks with insurgents.

jg/ds/mw

<http://www.reliefweb.int/rw/rwb.nsf/db900SID/LSGZ-85NH78?OpenDocument>

- **Heavy fighting breaks out in Maguindanao town**

Heavy fighting broke out between two separate factions of the Moro Islamic Liberation Front in Barangay Kulambog, Sultan sa Barongis in Maguindanao province Friday afternoon allegedly due to a turf war, police and government reports said.

Senior Superintendent Alex Lineses, Maguindanao police provincial director, said fighters from the 105th and 106th MILF Base Commands started an armed confrontation at around 4 p.m, which escalated and continued for several hours. At least 2 houses went up in flames during the fighting, he said.

A separate report from the GRP-Coordinating Committee on the Cessation of Hostilities said supporters of Kagui Badi of MILF 105th Base Command are fighting the troops of Abdusalam Simpall after Badi's men allegedly encroached on the area being occupied by the MILF 106th Base Command. A military intelligence report said the fighting has led to some casualties, which remain unconfirmed as of posting time.

<http://www.abs-cbnnews.com/nation/regions/05/21/10/heavy-fighting-breaks-out-maguindanao-town?>

- **Political violence and automated elections**

In spite of widespread trepidation and major fears of possible failure, the May 10 elections proved to be a qualified success. Namfrel agrees that "the new process of voting and automated election system worked better than most people's expectations." It notes the dramatic change where losing presidential and vice-presidential candidates have conceded within 48 hours of elections, "thereby reducing political tension and

contributing to the public acceptance of results. This is a significant change in the Philippine political scene.”

My daughter and I waited for four and a half hours to vote while my son took only two hours. It is unfortunate that Comelec did not provide a manual of operations to the Board of Election Inspectors for the entire process, relying on the “good sense” of the BEIs to manage the flow of voters. The BEI in my son’s precinct worked out an efficient assembly line system. The BEI in my precinct, unfortunately, was not as efficient. It took hours before they were convinced to follow the system of the precinct next door. Imagine this scenario happening nationwide and you have an idea of how much discomfort voters had to endure in order to vote. Many gave up in frustration and went home. How many were disenfranchised? No one can know since Comelec has no tracking mechanism for this.

However, we forgot all the frustrations with the novelty of automated counting of votes. Within 24 hours, election results for the national positions from more than half of the precincts were transmitted and tabulated by Comelec and media. Unfortunately, the system went into suspended animation after 48 hours.

Namfrel observes: “Given that enough time has lapsed for all other remaining digital counts to have been completed and for election returns to have been picked up, it will be important for the public to receive a full report on this, especially as this may have material effect in tight races. With the counts still pending at 89 percent as of mid-day of May 13, we estimate that some 8,000 PCOS machines had not yet transmitted their results for a variety of reasons. We recommend that a full report be given on the status of these machines and their results and that these areas be included in the Random Manual Audit. Moreover, canvassing still needs to be completed and reports submitted from many areas across the country.”

One of the areas where the transmission has been painfully slow is – surprise, surprise! – the conflict-affected, democracy-challenged Autonomous Region of Muslim Mindanao.

Elections are a pillar of democracy and, properly implemented, are the tools for peaceful change in a government’s administration and policy. According to the International Institute for Democracy and

Electoral Assistance (IDEA), elections are a major catalyst for change. However, it cautions: “elections also make deeply rooted social conflicts more visible and thus hold great potential for triggering violence. If such violence is ignited by the electoral process, or perceived to be so, effects may have grave implications for human rights, local economies and may create an inherent distrust in the credibility of democracy. This is particularly critical in fragile contexts, notably where violence is protracted, or in post-

conflict settings.”

True enough, ARMM (Autonomous Region in Muslim Mindanao) has been the arena for most of the political violence that marred this national election. Political intimidation in ARMM is still a major problem.

Election violence in Maguindanao has resulted in at least five deaths. The assailants in a shooting incident in Lanao del Sur were actually caught on video by foreign observers and uploaded on Youtube. Have any been arrested? Further, Namfrel had earlier “pointed out the potential for problems and issues starting with the voters lists which indicated large increases in numbers of registered voters from 2007 to 2010.

(Note : Comelec records indicated a 42 percent increase in ARMM and 83 percent increase in Lanao del Sur). Moreover, the area has had a history of vote-buying, election-related violence, flying and underage voters, and vote count manipulation.”

We at Namfrel, noting that the ARMM continues to present challenges to the electoral process, call on Comelec to address the electoral problems in ARMM soon since the elections there will take place in August 2011. Namfrel Chair Jose Cuisia reminded the public, “we had earlier recommended that elections be held separately and in advance in ARMM using the AES system. This would have served as both a pilot test of the system as well as a means of minimizing any other election-related risks as all Comelec resources and attention could have been brought to bear on the region. However, new legislation is required for this. The incoming Congress should seriously recommend such an approach.”

As of today, it is clear that Senator Noynoy Aquino won the election—even as former President Erap Estrada awaits Congress to do the canvass before conceding. (I can completely understand why Erap would remain adamant and say, “I will not concede!”) However, for the vice-presidential, affected senatorial candidates, and local candidates, the road to public office will seem interminably long. In the ARMM and other hotspots, systemic problems, political violence and intimidation have delayed the appreciation of votes. Suspicions abound over these delays, coming from a region made notorious by the Arroyo-Garci phone conversations. I suspect, after a week, long-suffering Filipinos will be wondering if the manipulators of previous elections have found a way to tamper with the PCOS. And wondering where the notorious Maguindanao Comelec officer Bidol is. Bidol has been accused of responsibility over the massive election fraud in the 2007 elections. Comelec, even as it takes pride in the efficiency of the automated counting, has to act immediately on the problems of political intimidation and violence. The PCOS does not determine whether a vote has been cast freely or illegally. It just counts.

<http://www.manilatimes.net/index.php/opinion/17432-political-violence-and-automated->

elections?

- **Governor killed in chopper crash**

Seven people, including the governor of a province in the southern Tagalog region in the Philippines, died in a helicopter crash yesterday afternoon.

Quezon Governor Rafael Nantes, a pilot and two of his security aides were on board the ill-fated private helicopter that crashed in a residential area in the provincial capital of Lucena five minutes after taking off from a state-run school where he had a speaking engagement.

The governor, a close ally of leading presidential candidate Senator Benigno "Noynoy" Aquino III, was reportedly en route to Manila. The three other fatalities, including a child, were killed on the ground. "The bodies were charred beyond recognition," said Senior Superintendent Erickson Velasquez, provincial police chief.

Nantes, treasurer and chief fund-raiser of Aquino's Liberal Party, lost his re-election bid. Nantes, who ruled the province for 12 years, was accused of mismanagement and misallocation of government funds. He was also implicated in a drug trafficking scandal. Key leaders of the party in the province led by Congressman Lorenzo "Erin" Tañada withdrew their support for the governor before the elections.

<http://gulfnews.com/news/world/philippines/governor-killed-in-chopper-crash-1.628095?>

- **Rebels demand clear deal from new govt**

The Philippines' largest Muslim rebel group wants incoming President Benigno Aquino to offer a clear, long-term solution to the rebellion in the south of the mainly Catholic country, a senior guerilla leader said yesterday.

Since 1997 there have been off-and-on negotiations between the government and the Moro Islamic Liberation Front (MILF) to end a conflict that has run more than 40 years, killing 120,000 people and displacing 2mn in the resource-rich south.

A sustained resolution to the conflict is essential to removing a long-term investment risk in the Philippines, and could improve access to gold and copper deposits on the island of Mindanao, as well as nearby offshore gas and oil fields. Mohaqher Iqbal, the MILF's chief peace negotiator, said he was optimistic talks would continue under Aquino, who has a commanding lead in unofficial tallies of last week's vote, but wanted more details of the new government's plans.

"So far, what we've been hearing from his peace advisers are short-term solutions, such as sustaining the ceasefire, allowing displaced families to return home and resuming formal peace talks," Iqbal said by phone from the southern island of Mindanao.

"What we wanted to hear from them are much clearer, more specific and long-term political commitments that can be carried out faithfully. We're tired of promises and

band-aid solutions.” Teresita Quinto-Deles, one of Aquino’s advisers, said the next government had targets on resolving the rebellion it wanted to achieve in the first 100 days in office. These included compensation to displaced families and setting up mechanisms to “rebuild trust and confidence in the peace process”.

Iqbal said the 11,000-strong MILF had dropped demands for a separate and independent Islamic state but wanted more than just an autonomous government, including a greater share of revenues generated by strategic resources, such as oil and gas and metals.

“The autonomy set-up is a failed experiment,” he said, adding there were other models where Muslims and other ethnic tribes could govern themselves under the Philippine republic.

<http://www.gulf->

[times.com/site/topics/article.asp?cu_no=2&item_no=362265&version=1&template_id=45&parent_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=362265&version=1&template_id=45&parent_id=25)

Thailand

- **Political Front**
- **Thai PM committed to reconciliation; no poll offer**

Thai Prime Minister Abhisit Vejjajiva said on Friday he was committed to national reconciliation but made no offer of fresh elections, after troops quelled the worst political violence in modern Thai history.

The anti-government "red shirt" protesters who rioted in Bangkok come mainly from the rural and urban poor. They have demanded new elections, saying they are disenfranchised by the urban elite. "Let me reassure you that this government will meet these challenges and overcome these difficulties through the five-point reconciliation plan that I had previously announced," said Abhisit in a televised address to the nation.

The plan, first announced on May 3, offers political reforms, social justice and an investigation into political violence. Before the latest violence, Abhisit had offered elections in November, but he withdrew the offer when the "red shirts" refused to disperse, leaving Thailand's political divisions unhealed. Troops manned razor-wire roadblocks and searched vehicles in Bangkok on Friday. Others swept through the posh shopping area that had been the protesters' camp for six weeks, searching for weapons and explosives in the now-deserted battleground. Department stores smouldered after Wednesday's violence. "You can be assured that this government has every intention of moving the country forward, restoring order, making sure that our recovery is well on track, and that we will do so in a transparent manner," said Abhisit.

But Thai political historian Charnvit Kasetsiri at Thammasat University said: "How can he bring reconciliation when he is a party in the conflict? He can't reconcile."

The "red shirts" say Abhisit lacks a popular mandate after coming to power in a controversial parliamentary vote in 2008 with tacit military support. They broadly support former premier Thaksin Shinawatra, ousted by the military in 2006 and now living in self-imposed exile to avoid a jail term for abuse of power.

Finance Minister Korn Chatikavanij said he still expected an early poll and that it was highly unlikely the government would stay in office for its full term, which ends in early 2012.

ECONOMIC IMPACT

The military crackdown began before dawn on Wednesday, killing at least 15 people and wounding nearly 100. Erawan Emergency Medical Centre said 53 people had died and 413 were wounded in the latest flare-up since May 14.

Cleaning ladies scrubbed the entrances to Bangkok's ritziest stores on Friday to remove the soot left from burning barricades made up largely of tyres. Firemen trained a hose on a mass of rubble and twisted metal that was once part of Central World, Southeast Asia's second-largest shopping mall. Erawan said on Friday nine bodies were reported to have been found among the debris, although the agency that collects corpses could only confirm one. Outside the 6 sq-km (2.3 sq-mile) ringed-off area, Bangkok's chaotic traffic clogged roads as travellers were forced around the military zone. Many shops and banks were closed, public transport was limited and a week-long public holiday ensured many of the 15 million residents stayed at home.

The protests have decimated tourism, which accounts for 6 percent of GDP and employs 15 percent of the workforce, and they could have a significant impact on growth in Southeast Asia's second-largest economy.

Finance Minister Korn estimated the unrest had already cut 0.3 to 0.5 percentage point off growth this year -- he had been looking for 4.5 to 5.0 percent -- but he said the economy could pick up fairly quickly if the stability seen over the past 24 hours was maintained. "Clearly, with the events that took place the past several weeks and pictures of those events flashing across TV screens around the world, it is going to have a very disastrous impact on tourism as a sector, probably, frankly speaking, for the remainder of the year," Korn said at a seminar in Tokyo. Occupancy rates in guesthouses in the popular Khao San Road area were down to 10-15 percent compared with 40 percent a year ago, said Taifah Chayavoraprapa, spokesman for a guild of guesthouse and shops owners in the area.

The area -- featured in the 2000 Hollywood film "The Beach", starring Leonardo DiCaprio -- is popular with backpackers. There was violence in the area in April but it was unscathed in May. "Though our area has been fairly safe, compared to the rest of

Bangkok, our business has been hit hard," Taifah said.

With an overnight curfew in force for at least two more nights and mopping-up operations continuing under a state of emergency, officials may have their work cut out trying to reassure foreign investors and tourists Thailand is safe."This has gravely shaken confidence in Thailand," Nandor von der Luehe, chairman of the Joint Foreign Chambers of Commerce of Thailand, told Reuters.

<http://www.bernama.com/bernama/v5/newsworld.php?id=500261>

- **ANALYSIS Thai government must swallow its pride, engage Thaksin to end enmities**

Thailand's government must engage former premier Thaksin Shinawatra in reconciliation efforts after a bloody crackdown on his Red Shirts supporters, or risk inflaming the nation's crisis, analysts said.

The government has accused Thaksin, a billionaire tycoon ousted in a 2006 coup, of bankrolling and masterminding Thailand's worst political violence in decades which has left 83 dead since Reds rallies erupted in March.

Thaksin lives in exile to avoid a jail sentence for corruption, but the government has exerted pressure on countries he has visited, moved to freeze his finances and sought a warrant for his arrest on terrorism charges.

But political observers said the government of Prime Minister Abhisit Vejjajiva, appointed with the Army's backing after Thaksin's allies were ejected from power by a 2008 court ruling, must now change tack."This government keeps making wrong decisions, including the crackdown. Squeezing Thaksin is another wrong decision," said Pavin Chachavalponpun of the Institute for Southeast Asian Studies in Singapore. "Thaksin is not the only problem here. For the government to squeeze him, to punish him, it won't solve the current crisis."

Thawil Pliensri, secretary general of the kingdom's National Security Council, urged the government to tread carefully and said it should shift to reconciliation, abandon confrontation."At this moment we are at the most difficult point in Thai history," he said this week.Thaksin is idolized by many Red Shirts for his populist policies, including cheap healthcare and village funds. But the elites see him as corrupt, authoritarian and a threat to the revered monarchy.

His image featured on T-shirts, banners and headbands worn by the Red Shirts during the two months of rallies that were crushed in an Army offensive Wednesday, but opinion is divided on how much control he now exerts over the movement.Michael Nelson, from Bangkok's Chulalongkorn University, said little was known about Thaksin's real role among Red Shirts leaders other than the fact he met them in exile and sent messages

urging the protests to continue.

“We don’t know anything about the real process of decision-making among the Red Shirt leadership,” Nelson said, adding that Thaksin was a useful excuse for those seeking to ignore the Red Shirts’ grievances against Thailand’s elites.

“If we have Thaksin as mastermind and decision-maker than we don’t have to think about all these other issues involved,” Nelson said, referring to complaints that the rural and urban poor have been denied the fruit of Thailand’s development and economic success.

Thaksin denied he undermined peace talks between protesters and the government this month, but France and Montenegro tried to gag him from speaking about politics during recent visits to their countries.

Duncan McCargo, professor of Southeast Asian politics at the University of Leeds, said Thaksin had not “faded from the scene” and might have been able to get the protesters to agree to the government’s peace initiative. “I still believe if he had called upon the Red Shirts to compromise and accept the roadmap last week, a lot of further strife might have been avoided,” he said.

But any moves towards reconciliation would need to involve him if they were to succeed. “With rumbles of discontent now coming from the Red Shirts’ heartland in Thailand’s rural and impoverished north and northeast, observers said it was time for the government to swallow its pride. “I think the government will sooner or later have to open channels of communication with Thaksin,” Pavin said. “If you isolate Thaksin, he could make the situation worse. But by talking to him he might be able to convince some of the Red Shirts to calm the situation.”

<http://www.manilatimes.net/index.php/opinion/17892-analysis-thai-government-must-swallow-its-pride-engage-thaksin-to-end-enmities>

- **Thailand govt: No talks until protesters clear out**

Thailand's government rejected protesters' unconditional offer to negotiate Tuesday and insisted there would be no talks until the dwindling anti-government movement abandoned the ritzy areas of central Bangkok it has occupied for weeks.

Protest leaders argued over whether they should continue to resist a crackdown that has left 39 people dead over six days. The government estimated that only 3,000 people remain in the downtown encampment, down from 5,000 on Sunday and 10,000 last week. Scattered clashes continued Tuesday outside the main protest area, but they appeared to be less intense than in previous days. Since the army surrounded the fortified entrances to the protest zone last Thursday, fiery battles have raged between soldiers firing live ammunition and hundreds of rioters with homemade weapons.

The mood in the core protest zone was subdued Tuesday, with none of the dancing and

festivities that previously lent the area a carnival-like atmosphere.

Periodically, protest leaders delivered fiery speeches, meant to keep the crowd motivated. But the responses were not as full throated as before. Gone also were most food vendors, and mounds of rotting garbage piled up outside the camp's sharpened bamboo gates.

The violence in a zone that includes some of Bangkok's toniest areas has destabilized a country once regarded as one of Southeast Asia's strongest democracies.

The government appeared confident that its operation to choke off the so-called Red Shirts was working, and it would settle for nothing less than the complete clearance of Bangkok's streets. Cabinet minister Satit Vongnongteay on Tuesday quoted the prime minister as saying he welcomed the Red Shirts' proposed negotiations, mediated by a group of senators, to halt the violence, but that "talks will happen only after the protest has ended."

Later Tuesday, after a meeting with senators, at least one Red Shirt leader appeared to offer an immediate, unconditional cease-fire to end the violence - a prospect that was met with jeers at the main protest site.

Another leader said any truce would not mean an end to the protest.

"We have come too far to surrender," said Jatuporn Prompan, a key protest leader. "We are negotiating to have them stop killing, but not to surrender." He also urged Red Shirt protesters in other provinces to decide their next move.

It was not clear how much control the leaders wield over the rioters and whether they would stop the violence if the two sides went into negotiations.

The protesters are demanding that Prime Minister Abhisit Vejjajiva dissolve Parliament and call early elections. They say the current administration came to power through manipulation of the courts and the backing of the powerful military, and that it goes against results of a 2007 election to restore democracy after a military coup.

The protesters' two-month standoff deteriorated into street clashes after a military adviser to the Red Shirts was shot by an apparent sniper last Thursday, just after the army surrounded the protest zone in an attempt to cut off supplies of food and water.

On one major roadway that had been a violent flashpoint in recent days, soldiers appeared to have stopped shooting Tuesday. Rioters used the break in fighting to reinforce the giant tire barricades they have set up.

Natchapon Soiket, a 15-year-old student stationed behind one of the large stacks of tires, said he was unafraid of the soldiers just a few hundred yards (meters) down the road.

"We use firecrackers and Molotov cocktails and the other side uses rifles," he said. "But the fighters at the front line are not worried about their lives anymore. If I was scared, I would be far behind, not here."

After nightfall, explosions echoed across parts of central Bangkok near the protest zone and there were unconfirmed reports of a blast near the Japanese Embassy.

At least 39 people - mostly civilians - have been shot and killed and 313 wounded since the government's blockade began. According to government figures, 67 people have died and more than 1,700 have been wounded since the Red Shirts began their Bangkok protest in March.

With no end to the protest in sight, authorities announced that a two-day public holiday was being extended to Friday and there would continue to be a ban on selling gasoline in several Bangkok districts because rioters were using it to make weapons. Police also outlawed the sale of tires in the capital without a police permit because rioters were using them to set fires.

Previous attempts to negotiate an end to the standoff have failed. A government offer earlier this month to hold November elections fell apart after protest leaders made more demands.

The violence in Bangkok, a popular stop for tourists heading to Thailand's world-famous beaches, has caused concern internationally.

The United Nations called for a negotiated solution to the crisis, saying Monday that "there is a high risk that the situation could spiral out of control." It urged the military to show restraint and the protesters to "step back from the brink."

Amnesty International condemned the military's use of live ammunition in its bid to suppress the protest, saying in a statement that the government "cannot allow soldiers to essentially shoot at anyone within an area it wishes to control."

The military defended its use of deadly but limited force, saying troops fired only to protect themselves and Bangkok's citizens and did not pursue pre-emptive attacks.

"If they don't move close to us, there won't be any losses," army spokesman Col. Sansern Kaewkamnerd said. The government has repeatedly blamed "terrorists" within the Red Shirt ranks for instigating violence.

A group of about 20 Red Shirt protesters held a "nude" rally near the site of previous deadly clashes Tuesday to dramatize their claim that they are unarmed and that the military had shot defenseless civilians. Men and women, old and young, stripped down to their underwear and held a banner reading, "We Are Unarmed."

Associated Press writers Denis D. Gray, Jocelyn Gecker, Thanyarat Doksone, and Vijay Joshi contributed to this report. Additional research by Warangkana Tempati and Sinfah Tunsarawuth.

<http://www.kentucky.com/2010/05/17/1268795/thai-red-shirt-offers-ceasefire.html?>

- **UN urges Thailand to 'step back from brink'**

The United Nations urged Thailand to "step back from the brink" to avoid further loss of life as troops and protestors Tuesday remained locked in a tense confrontation after deadly street clashes.

Leaders of the "Red Shirt" protestors offered the government a truce Monday after five days of violence in central Bangkok that have left 38 people dead and more than 270 wounded. UN High Commissioner for Human Rights Navi Pillay called on both sides to negotiate an end to the violence, which has turned parts of the Thai capital into no-go zones.

"Ultimately, this situation can only be resolved by negotiation. I urge leaders to set aside pride and politics for the sake of the people of Thailand," she said in a statement.

Pillay said the situation could spiral out of control as thousands of protestors defied government warnings to leave their fortified camp in the heart of Bangkok by 3:00 pm (0800 GMT) Monday or risk jail. "As the latest government deadline passes, there is a high risk that the situation could spiral out of control," she said.

"To prevent further loss of life, I appeal to the protestors to step back from the brink, and the security forces to exercise maximum restraint in line with the instructions given by the government," she added.

The escalating violence has turned parts of the city of 12 million into no-go zones as troops use live ammunition against protestors, who have blocked streets with burning tyres and fought back, mainly with homemade weapons.

Korbsak Sabhavasut, a top aide to the prime minister, responded positively to a phone call from one of the leaders of the "Red Shirt" protestors offering a truce earlier Monday.

Nattawut Saikuar had telephoned him to offer to call Reds back to the main protest camp from outlying areas, where fierce street battles have occurred, said Korbsak.

"He said that if soldiers stop firing, he will call protestors back to the Ratchaprasong site," he added. "If he calls protestors back to Ratchaprasong site and stops the action around Bangkok, there will be no more bullets fired by soldiers. Soldiers have not invaded the protest site," said Korbsak, the premier's secretary general.

Normally bustling streets almost emptied as hospitals were put on alert to receive heavy casualties in the event security forces attempted to clear the Reds' encampment after the deadline passed.

But defiant Red Shirts were seen dancing and a Buddhist monk led prayers on the stage inside the rally site, where the government said an estimated 3,000 people remained despite the threat of forced dispersal.

Those who stayed faced two years in prison, the government said, warning also that their lives were at risk from "terrorist attack" at the rally site.

Authorities had said they would send the Red Cross to help evacuate the area of women, children and the elderly who wanted to leave. But there was no rush to leave the camp where men, children and women remained. The recent spate of heavy violence began after Prime Minister Abhisit Vejjajiva shelved a plan to hold early elections, which the Red Shirts had initially agreed to, because the protesters refused to disperse.

Renegade Major-General Khattiya Sawasdiapol, a key Red backer known as Seh Daeng, died in hospital Monday after being shot in the head Thursday night.

Street violence since late Thursday has claimed 38 lives and left more than 270 wounded, officials said.

About 1,000 people attended a funeral for the general at a pagoda in the city's historic district. The government has ordered schools not to reopen after summer holidays, and it declared two days of national holidays to keep civilians off the streets.

The Reds consider the government illegitimate because it came to power in a 2008 parliamentary vote after a court ruling ousted elected allies of their hero, telecoms tycoon turned former prime minister Thaksin Shinawatra.

Thaksin called on the government and his Red Shirt supporters in a Monday statement to step back from a "terrible abyss" and start talks to end violence.

The two-month crisis has now left 67 people dead and about 1,700 wounded. Twenty-five people died in a failed army crackdown on April 10

http://news.yahoo.com/s/afp/20100517/wl_asia_afp/thailandpoliticsprotest?

- **Will fight all the way for democracy'**

Thousands of Red Shirt supporters in a fortified camp appeared calm as Thai troops staged a bloody operation to disperse anti-government protesters today. Some were eating or sleeping. Others prepared for battle.

Protesters showed no obvious sign of fear, as gunfights raged at the entrance to their encampment, and as troops broke through burning barricades that sent black smoke engulfing office towers, hotels, malls and embassies in Bangkok's commercial district. "I'm not scared, I will fight all the way for democracy. We're not armed, we having nothing. They have guns. We are here in peace," said protester Somkiet Thongdamuang, a 38-year-old farmer from Kampheng Phet province.

But peace was nowhere to be seen as troops moved closer to the camp in a major operation that killed at least four people and wounded an estimated 50 people, the Thai News Agency said.

Thai television showed bodies being dragged away or hurriedly carried to safety, as ambulances ferried people to hospitals. Two journalists were among the wounded and one western journalist identified as an Italian was believed dead. The military operation,

apparently part of a final offensive to disperse protesters, had successfully gained control of the Lumpini Park area south of the protest camp, said a government spokesman.

http://www.telegraphindia.com/1100520/jsp/foreign/story_12468816.jsp?

- **Economic front**
- **Minimal impact seen on exports**

Thai seafood exports have received minimal impact from the riots in Bangkok with only a small volume of cargoes being delayed at the capital's ports. The protests that forced the government to announce national holidays for the entire week interrupted export procedures and delayed some shipments, said Panisuan Jamnarnwej, president of the Thai Frozen Foods Association. As protesters did not block the ports in Bangkok and Laem Chabang in Rayong, exports remained on track although there were some additional transport expenses to avoid traffic gridlock in the inner city.

Agriculture Minister Theera Wongsamut also instructed all government offices to continue providing services for clients during the holidays. "Thanks to flexible government agencies, they are able to issue necessary documents to certify export products every day," he said.

Shipments of seafood products require documents from various government agencies including the departments of Fisheries, the Livestock Development, Customs, and Foreign Trade. The normal procedure is one day, but some products that need two or three days for laboratory tests from the Fisheries Department will be delayed.

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Dr Panisuan said the impact on seafood exports this quarter would be slight. "More than half of the seafood exporters are located in the South. Those operators in Mahachai in

Samut Sakhon could feel the pinch from the current political tension," he said.

Normally the second quarter is a slow export season for seafood products. "The impact would be critical if it happened late in the year," he said. "It's still difficult to forecast export performance this year despite strong sales in the first quarter, especially shrimp." In the first three months of this year, Thailand exported frozen shrimp worth US\$587 million, a rise of 34% over the same period last year.

The financial crisis in Europe is expected to affect the exports of Thai shrimp to the EU, which imported about 44,000 tonnes of shrimp products, or 11% of the total Thailand's shrimp exports. Dr Panisuan expects that Thai shrimp shipments will rise by about 5% this year as the outbreak of infectious myonecrosis virus in shrimp farms in Indonesia and Brazil and a lower catch in the United States due to an oil spill off Louisiana benefit Thai producers. impact on seafood exports this quarter would be slight. "More than half of the seafood exporters are located in the South. Those operators in Mahachai in Samut Sakhon could feel the pinch from the current political tension," he said.

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<http://www.bangkokpost.com/business/marketing/178788/minimal-impact-seen-on-exports?>

- **Bangkok burns after protesters surrender**

The Thai government has extended an overnight curfew to 21 provinces as unrest spread from the capital to seven provinces, with town halls burnt in three northern area

Central World shopping centre burns after troops evicted anti-government "Red Shirt" protesters from Bangkok's shopping district yesterday. Protesters torched at least 17 buildings, including the Thai stock exchange and Central World, Southeast Asia's second-biggest department store complex

Rioting and fires swept Bangkok yesterday after troops stormed a protest encampment, forcing anti-government protest leaders to give up but triggering clashes that killed at

least six and sparked unrest in Thailand's north.

The Thai government extended an overnight curfew in Bangkok to 21 provinces as unrest spread from the capital to seven provinces, with town halls burnt in three northern areas, strongholds of anti-government protesters.

"Red Shirt" protesters earlier torched at least 17 buildings in the capital Bangkok, including the Thai stock exchange and Central World, Southeast Asia's second-biggest department store complex. The store was gutted by fire and looked like it may collapse, said a witness.

The unrest is now the "most widespread and most uncontrollable" political violence Thailand has ever seen, said Charnvit Kasetsiri, a prominent political historian. Yesterday's violence came exactly 18 years after unrest known as "Black May".

It was unclear whether the continued rioting, after protest leaders surrendered, was a final outpouring by anti-government forces or the start of more intense, widespread fighting.

"The situation is worse than expected now and it's very difficult to stop," said Kavee Chukitsakem, head of research at Kasikorn Securities.

"After the Red Shirt leaders surrendered, things were out of control. It's like insects flying around from one place to another, causing irritation." Thai Prime Minister Abhisit Vejjajiva earlier imposed a curfew in Bangkok, a city of 15mn people, yesterday from 1300 GMT until 2300 GMT. Travellers heading overseas or returning to Thailand during the curfew will need to show their passports to security forces to get through checkpoints. A news blackout has also been imposed, with local TV running programmes of dancing and flag-waving Thais, periodically interrupting them for government statements like the extension of the curfew. "It's going to be hard to quell this, and tonight is going to be very ominous with the media taken off air and the curfew in place. There will be chaos and a widespread crackdown can be expected," said Charnvit.

Authorities have ordered medical and disaster teams to be on standby as troops continue operations overnight. Bangkok was quiet soon after the curfew began, said sources on the streets. Thailand's Stock Exchange, which closed early yesterday, will close today and tomorrow, along with the city's banks, as a result of the continued violence.

Thailand's benchmark stock index ended up 0.71% at 765.54 yesterday. Analysts said some investors bought on news the military had moved in to disperse protesters who have paralysed a central commercial district for more than six weeks. "For investors, it is going to take years to bring credibility back to the country,".

The market fundamentals are just not the same any more, said Kongkiat Opaswongkarn, head of Asia Plus Securities.

<http://www.gulf->

times.com/site/topics/article.asp?cu_no=2&item_no=362696&version=1&template_id=45&parent_id=25

- **Thai market to remain close on Thursday, Friday**

The Thai stock exchange said on Wednesday that it would be closed for the last two trading days of the week due to violence that has gripped the capital Bangkok. The news was announced on the bourse's website. Dow Jones Newswires said a fire broke out on the ground floor of the Stock Exchange of Thailand's headquarters. The index was open for half a day before closing up 0.71 percent, or 5.43 points at 765.54. afp

http://www.dailytimes.com.pk/default.asp?page=2010\05\20\story_20-5-2010_pg5_30

- **Social Front**

Cambodia

- **Political Front**
- **Geo-strategic Front**
- **China, Cambodia to beef up military ties**

China and Cambodia pledged to strengthen military ties when senior military officials from the two countries met here Tuesday. Liang said recent years have witnessed high-level contacts, a deepening of economic and trade cooperation, productive exchanges in science and technology, and sound growth in military relations between China and Cambodia.

Both countries have also supported each other on major issues concerning their respective core interests, Liang added.

China hopes to make joint efforts with Cambodia to consolidate their traditional friendship, promote reciprocal cooperation, and constantly enrich their comprehensive cooperative partnership, Liang said.

Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA) of China, also had talks with Pol Saroeun Tuesday. Chen said China-Cambodia military relations have smoothly developed with pragmatic and meaningful cooperation in personnel training and the building of military schools and hospitals.

China is ready to work with Cambodia to further boost their military relations, Chen said. Pol Saroeun said the Cambodian government attaches great importance to its relationship with China and will continue to adhere to the one-China policy. The Cambodian armed forces would like to work with China to enhance cooperation in various fields, he added.

http://www.chinadaily.com.cn/china/2010-05/11/content_9836770.htm?

- **Cambodia Urges Thailand To Resume Peaceful Talks To Restore Peace**

The Cambodian government Monday urged all parties concerned in Thailand to resume peaceful talks in order to achieve a political settlement to the current stand-off. In a

statement released on Monday, the Ministry of Foreign Affairs and International Cooperation said that Cambodia, as a neighbouring country and a member state of ASEAN "is very concerned by the increasingly severe violence in Thailand."

It said the current awful situation in Thailand has gravely affected not only Thailand's image, but also that of ASEAN as well, according to China's Xinhua news agency on Monday. Moreover, the statement urges all parties concerned in Thailand "to resume peaceful talks in order to achieve a political settlement to the current stand-off and restore peace and normalcy to the Thai people, thus stability in the region."

"The Cambodian people's only wish is to see the friendly Thai people enjoy a normal and peaceful life," the statement said. Violence in Thailand has escalated in recent days, and more than 30 people have died and several hundreds people suffered injuries since the protests began.

<http://www.bernama.com/bernama/v5/newsworld.php?id=498862>

- **Cambodia's ruling party to record political bent of all voters**

Cambodia's ruling party has set up local committees nationwide to work out the political preferences of each citizen ahead of national elections in 2013, national media reported Wednesday. A document seen by the Cambodia Daily newspaper said people would be classified as white, gray or black, depending on their affinity to the Cambodian People's Party (CPP), with the party's strongest supporters categorized as white.

The object is to work out what motivates people who fall into the gray or black categories, then 'transform the black and gray to become white,' the document said.

It said another purpose is to prioritize help for ruling party supporters while CPP officials claimed information gathered on political affiliations would be used solely for internal purposes.

Observers and the opposition, however, expressed concern.

Koul Panha, the head of the independent election-monitoring body COMFREL, described the move as 'unprecedented.' 'It's something new this time - it's a big project,' he said, adding he was concerned the CPP plan might compel some people to take part in ruling party activities against their will. The main opposition Sam Rainsy Party said it was concerned that information gathered could be used to target its supporters.

Minister of Information Khieu Kanharith said the CPP leadership told party officials to collate data to determine the party's strength. 'We don't blacklist people,' Khieu Kanharith said. A CPP deputy governor of Phnom Penh said people classed as 'black,' who had either left the party or did not support it should not be worried.

'When we highlight people as black, we don't regard them as enemies,' Pa Socheatvong said. 'The CPP and the opposition parties are not enemies.'

The CPP won more than two-thirds of parliamentary seats at the 2008 general election, which allows it to pass legislation without support from other parties

http://www.monstersandcritics.com/news/asiapacific/news/article_1556833.php/Cambodia-s-ruling-party-to-record-political-bent-of-all-voters?

- **Cambodian royalist parties to merge ahead of 2013 election**

Royalist parties of FUNCINPEC and Nationalist Party with former name as Norodom Ranariddh Party have agreed to establish an alliance to compete in 2013 general election, a party spokesman said Friday.

Peng Senga, spokesman of Nationalist Party said his party has held talks four times since last month with FUNCINPEC party and had agreed to establish an alliance, but more party's structures need further talks.

He said as the last meeting was convened on Wednesday, the two parties agreed to have co-presidents of the so-called "FUNCINPEC- Nationalist Alliance" while the position as secretary-general will need more discussion before final agreement to be made.

However, he said, the format for the secretary-general will be likely called as first and second with consensus voice or just first and second. FUNCINPEC was originally brainstormed and set up as a front by then prince Norodom Sihanouk in 1986, but in 1992, it was transformed to a political party to challenge with Hun Sen's ruling Cambodian People's Party. FUNCINPEC won general election in 1993, but had lost in the following three consecutive elections in 1998, 2003 and 2008.

Prince Norodom Ranariddh was the top leader since FUNCINPEC party was formed, but he was kicked out from the party in 2006, and the party then split into two: FUNCINPEC and Norodom Ranariddh Party, but now changed to Nationalist Party. Currently, Cambodian People's Party has 90 seats in 123-seat parliament; Sam Rainsy Party gains 26, Human Rights Party has three, FUNCINPEC gains two and Norodom Ranariddh gains two. Cambodia holds general election every five years and the next election will be held in 2013.

<http://english.people.com.cn/90001/90777/90851/6994584.html?>

- **Economic Front**

- **Climate Change: EU to sign accord with 3 countries**

The European Union is likely to sign an agreement with Bangladesh, Cambodia and the Maldives to assist the three countries to combat the adverse impact of the climate change.

The agreement is expected to be signed at the two-day regional conference of the Global Climate Change Alliance to be held in Dhaka on May 30-31 in collaboration with the European Union, officials said. Nine countries of Asia - Bangladesh, Afghanistan, Bhutan, Cambodia, Laos, Maldives, Myanmar, Nepal and Yemen - will participate in the

conference. In 2007, the European Commission formed the Global Climate Change Alliance to assist the countries most vulnerable to the climate change.

<http://www.thedailystar.net/newDesign/news-details.php?nid=1386>

- **Cambodia's sand exports damage coast, report says**

Cambodia is devastating its coast by dredging vast quantities of sand to sell to tiny Singapore for expansion projects, with multimillion-dollar profits going to tycoons close to the Cambodian prime minister, a watchdog group said last week.

Impoverished Cambodia has become the new prime source of the masses of sand used for projects to artificially enlarge Singapore's island territory now that several other Southeast Asian nations, including Malaysia, Indonesia and Vietnam, have banned sand exports because of environmental concerns.

Singapore has increased its surface area by 20% in recent decades by filling in coastal seabeds to create valuable waterfront ground, a process known as land reclamation.

London-based environmental watchdog Global Witness criticized Singapore for the practice, pointing out that the wealthy island city-state at the same time "presents itself as a regional leader on environmental issues."

"The country's failure to mitigate the social and ecological cost of sand dredging represents hypocrisy on a grand scale," Global Witness said in a report released Tuesday.

Cambodian Prime Minister Hun Sen last year announced a blanket ban on sand exports after local protests, but the Global Witness investigation indicates that the country continues to supply Singapore with tens of thousands of tons of sand dredged up from rivers and estuaries along the fragile coastline. Operations from just one province were estimated to be worth \$248 million annually in retail value in Singapore, the group said.

Cambodia's law on sand actually banned only river sand from export, but Global Witness said its investigators found that both river and sea sand has been exported since the law was passed. Global Witness said the government has been "failing to ensure compliance with Cambodia's other environmental and socioeconomic legal framework," though a government spokesman said that dredging is confined to areas where the environment would not be degraded. Singapore's National Development Ministry said sand import is carried out by private enterprises, which must by law "not breach any of the source countries' environment rules and other relevant laws."

The Cambodian sand trade, Global Witness said, is monopolized by two senators with close ties to Hun Sen "with no evidence of any revenues [from the exports] reaching Cambodia's state coffers."

One of the senators, Mong Rethy, declined to comment when reached by telephone, and the other, Ly Yong Phat, could not be reached despite several attempts. Over the last

decade Global Witness has published several reports chronicling the stranglehold of what it calls Cambodia's "kleptocratic elite" on the country's forests, minerals and other natural resources through corruption and cronyism, often accompanied by abuses of human rights.

The government has denied such charges, but Cambodia's international donors, including the United States and the European Union, have leveled similar criticism.

Global Witness' latest report said Cambodia's sand-dredging industry "poses a huge risk to its coastal environment, threatening endangered species, fish stocks and local livelihoods. There is no evidence that basic environmental safeguards have been applied." It said that concessions had been allocated inside protected areas and that on one day alone, nine dredging vessels were spotted inside such a zone. Extraction has increased since last year, it said.

The report quotes a government website as estimating that as many as 60,000 tons of sand are mined each month from the water of Koh Kong province in the country's southwest. Government spokesman Khieu Kanharith said a total ban was in place on sand dredging near islands and eco-tourism areas, deep water regions and in zones with large number of fish stocks.

However, he said, some dredging is permitted to serve local demand and allow passage of ships in silted-over areas. Surplus sand could be exported, he said.

Singapore's government denied any wrongdoing and disputed the Global Witness report's allegations. "The report suggests that the Singapore government seeks to import sand without due regard to the law or environmental impact of the source country. This is not true," a statement from National Development Ministry said. Sopheng Cheang in Phnom Penh, Cambodia, and Alex Kennedy in Singapore contributed to this report.

<http://www.chicagotribune.com/news/nationworld/la-adfg-cambodia-sand-20100515,0,1978786.story?>

- **Social Front**
- **Day of Anger' in Cambodia**

TEARFUL Cambodians marked an annual 'Day of Anger' with a re-enactment of Khmer Rouge crimes at a notorious 'killing field' on Thursday to commemorate relatives killed by the regime. Some 3,000 people, including Buddhist monks, watched as students mimed raping, bludgeoning, strangling and eviscerating bound victims to remember those who died at Choeung Ek, a field outside the capital Phnom Penh.

Many sobbed during the performance by the black-clad students just metres from mass graves where Khmer Rouge soldiers murdered thousands of people during the rule of the hardline communist movement in the late 1970s.

'I still feel very much anger toward the regime,' Chea Thov, 63, told AFP during Thursday's ceremony. 'Justice is near. But I want all bad Khmer Rouge leaders to be sentenced to death,' she said, adding that Khmer Rouge killed her husband and 15 relatives. Up to two million people were executed or died from starvation, overwork and torture during the communist regime's 1975-1979 reign as it emptied Cambodia's cities and enslaved the population on collective farms.

Five Khmer Rouge leaders are being held by a UN-backed genocide court over their roles in the hardline communist government. Final arguments in the court's first trial, of Khmer Rouge's main prison chief Kaing Guek Eav, alias Duch, ended in November and a verdict is expected later this year

http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_529038.html?

Vietnam

- **Political Front**
- **Vietnamese democracy activist released after more than 3 years in prison(pol,Social)**

An official says a Vietnamese pro-democracy activist has been released after serving three and a half years in prison for spreading anti-communist information.

The official at the Z30A prison in southern Dong Nai province lawyer Nguyen Bac Truyen was freed on Monday and taken home by his family members. The official spoke on condition of anonymity because he was not authorized to release the information. Truyen, member of the banned People's Democratic Party, was sentenced to four years in prison in May 2007 and an appeal court three months later reduced the term by six months.

Two other members of his party were sentenced to three and five years respectively on the same charges.

<http://www.baltimoresun.com/news/nationworld/world/wire/sns-ap-as-vietnam-dissident-released,0,3265669.story?>

- **Vietnam urges peace in Thailand**

Part of the Southeast Asia's second largest shopping complex, CentralWorld, lays in ruins in Bangkok. Vietnam hopes the parties concerned in Thailand's political crisis can resolve their differences through peaceful means and avoid further violence, Vietnam's Ministry of Foreign Affairs spokeswoman said on Thursday.

It wishes to see a peaceful resolution and return to stability for the sake of the Thai people and the entire region, Nguyen Phuong Nga said when asked about the reaction of Vietnam, which holds the ASEAN presidency this year, to the strife in the neighboring country. Vietnam is watching developments closely and discussing the situation with the

other ASEAN members and the need for ASEAN to put on a united front, Nga said.

Thailand's anti-government red-shirted protesters under the United Front for Democracy against Dictatorship have been demonstrating in the streets since March 14. The conflict has erupted in violence. So far, clashes between demonstrators and security forces in Thailand and blasts have killed 83 people, including two foreign journalists, AFP reported on Friday. A further 1,800 people have been injured.

<http://www.thanhniennews.com/2010/Pages/20100521114548.aspx>

- **Peace, stability in Thailand crucial to Asean**

Clockwise, friends console a woman looking for a relative, a "red shirt" protester who was not on the train arriving from Bangkok, at the Chiang Mai train station, 700 km north of Bangkok yesterday. An army soldier stands guard over anti-government "red shirt" supporters detained at a Buddhist temple in central Bangkok. Bullets and a picture of former Thai premier Thaksin Shinawatra are found from the encampment of the "red shirt". Reuters

Afp, Hanoi Peace and stability in Thailand are crucial to the Association of Southeast Asian Nations (Asean), the bloc said yesterday, in a rare statement about the internal affairs of a member state.

Asean members "underscore that peace, stability and development in Thailand is crucial to the advancement of the goal of (an) Asean Community by 2015," said the statement released on behalf of the bloc by Vietnam, its current chair. Asean's statement expressed concern over the violence in Thailand and said member states support the Thai people and government "in finding a peaceful resolution to the ongoing challenge in the country through dialogue and in full respect of democratic principles and rule of law."

The statement on behalf of the bloc follows individual expressions of concern during the crisis from Vietnam, Singapore, Laos, and the group's Secretary General Surin Pitsuwan.

<http://www.thedailystar.net/newDesign/news-details.php?nid=139509>

- **Geo-strategic Front**
- **ASEAN countries plan defense cooperation**

ASEAN countries are developing cooperative programs of defense, Vietnam's official said at an ASEAN defense ministers' meeting wrapped up in Hanoi on Thursday, Minister of National Defense Phung Quang Thanh was quoted as saying that the cooperative programs will include joint sea and land patrols, and fighting terrorism.

ASEAN countries will also plan rehearsals for rescues and humanitarian missions in case of emergencies caused by natural disasters, Thanh told the meeting on regional security and defense. During the four-day session, the ministers and high-ranking defense officials shared their views about ASEAN current security situation and report on each countries'

defense policy, another news website Vietnamnet said.

They also began preparing for the extensive ASEAN Defense Ministers Meeting to be held in Vietnam this October. The 4th ASEAN Defense Ministers Meeting is part of the region's efforts to establish a political and security community as a step towards founding the full-fledged "ASEAN Community" in 2015, according to the news source

<http://www.thanhniennews.com/2010/Pages/20100511125724.aspx?>

- **Vietnam, US extend air pact**

Vietnam and the United States agreed on Tuesday to extend the validity of their 2003 air transport convention to March 3, 2012. Under an agreement signed by Vietnam's Transport Minister Ho Nghia Dung and US Ambassador Michael W. Michalak, the convention will also have its terms extended to facilitate the operation of the two countries' carriers, especially of freight. For now, United, Northwest and FedEx are the only airlines flying between Vietnam and the US.

Vietnam Airlines hasn't begun direct flights to the US partly because Vietnam is yet to meet the other's standards of flight safety monitoring, the Saigon Times reports.

The Civil Aviation Authority of Vietnam (CAAV) is conducting the second and third stages of a US-sponsored project to enhance the country's capacity to monitor flight safety. The US\$1.4 million project began in 2007.

Once the project is completed, the CAAV will invite the US Federal Aviation Administration to assess Vietnam's flight-safety monitoring capacity, likely between this August and October.

<http://www.thanhniennews.com/2010/Pages/20100519101009.aspx>

- **Economic Front**
- **Vietnam aims to reach 7.5%-8.5% growth in the next five years**

Vietnam is targeting annual economic growth of 7.5 percent to 8.5 percent over the 2011-2015 period, according to a development strategy drafted by the Ministry of Planning and Investment. The Southeast Asian nation also set a goal for gross domestic product to reach almost US\$200 billion in 2015, and aims to increase per capita income to about \$2,100, a 70 percent gain from 2010, a statement on the government's website cited the draft strategy as saying.

Vietnam's government plans to boost economic growth to 6.5 percent this year from 5.3 percent in 2009 as it woos investment to help create jobs for its 90 million people. The country may cease to be a low-income economy as GDP per capita reaches an estimated \$1,200 in 2010, the ministry said. The ministry's development strategy will be part of a political report for the 11th Congress of the ruling Communist Party to be held in the first quarter of 2011, according to the statement. Some of the GDP targets are relatively high

and Vietnam needs to focus more on the quality of economic growth, the statement cited the World Bank as saying.

<http://www.thanhniennews.com/2010/Pages/20100519225453.aspx?>

- **Vietnam, EFTA to study feasibility of free trade deal**

The four members of the European Free Trade Association and Vietnam will start examining the possibility of establishing a free trade agreement, Switzerland said Tuesday.

“On 19 May, a feasibility study for a free trade agreement between the EFTA states and Vietnam will officially be launched in Geneva,” said the Swiss Economy Ministry in a statement.

“The Joint Study Group will examine all topics covered by comprehensive free trade agreements such as trade in goods, trade in services, investment, government procurement, intellectual property rights, competition,” added the ministry. Results of the study would be ready within a year, it said.

The EFTA member states – Iceland, Liechtenstein, Norway, and Switzerland, and Vietnam would then decide if they would open formal negotiations for a free trade deal. The announcement came as Vietnamese President Nguyen Minh Triet was in Switzerland for an official visit.

The president held talks on Tuesday with his Swiss counterpart Doris Leuthard and Foreign Minister Micheline Calmy-Rey on bilateral issues, economic relations, development cooperation, as well as international political issues.

Switzerland is the 19th biggest foreign investor in Vietnam. It imported 2.142 billion francs (€1.529 billion, US\$1.891 billion) worth of goods from Vietnam in 2009. Exports from Switzerland to the Asian country last year amounted to 559 million francs.

<http://www.thanhniennews.com/2010/Pages/20100519230312.aspx?>

- **Infrastructure problems slow Vietnam industrialization**

Shipments are delivered to Song Than Industrial Park, Binh Duong Province. Vietnam plans to double the land allocated to industrial parks by 2015. (Photo by Nghia Pham)

Vietnam’s plan to double the amount of land allocated to industrial parks has met roadblocks in the form of poor infrastructure, stalled site clearance and compensation procedures.

Marc Townsend, managing director of real estate services CBRE, said Vietnam’s industrial parks were less attractive to foreign investors because they were developed in areas with weak infrastructure, poor roads, a lack of seaports and minimal logistics to support manufacturers and businesses in the areas.

“These become more important than rent and prices for developers and investors,” said

Townsend, who added Vietnam has the advantages of an abundant population and improved taxes, and the parks still offer reasonable rent for investors.

He said Vietnam should improve on its weaknesses like infrastructure and launch more effective marketing campaigns, at home and abroad, to woo investors.

Dang Huy Dong, deputy minister of Planning and Investment, said the government planned to develop an additional 40,000-50,000 hectares of land for industrial parks throughout the country over the next five years, totaling 60,000-80,000 hectares. He said the goal for 2020 was 120,000 hectares of industrial parks.

“Developing the parks also supports the national economic development plan that the government is focusing on,” said Dong.

Dong said the ministry’s goal was to lure US\$45-50 billion in investment capital from local and foreign investors at the parks who would hire more than two million workers in the next five years and over three million workers by 2020 to contribute 25 percent of the nation’s total GDP.

He said the government had asked investors to help meet the goal via public-private partnerships to develop the parks with effective waste treatment systems and skilled human resources.

Pham Minh Hiep, deputy general director of Idico, an industrial park (IP) developer under the Ministry of Construction, said Vietnam would lure more investors if it had good infrastructure both inside and outside the parks.

Hiep said foreign investors who wanted to set up factories in Vietnamese parks sometimes raised concerns about travel times and traffic jams in particular. Tran Tan Sy, marketing director at Long Hau Industrial Park, said IP developers should base their policies on their competitive advantages. He said such policies – which may include helping investors set-up procedures, waste treatment or labor development – would help to remove “barriers” in the eyes of investors.

<http://www.thanhniennews.com/2010/Pages/20100515130600.aspx?>

- **Officials concerned over Hanoi development budget, anti-migrant policy**

Minister of Construction Nguyen Hong Quan introduces the Hanoi development plan.

National Assembly Standing Committee members said Tuesday that a new Hanoi development plan might not be affordable and could hinder growth with measures to curb migration to the capital.

Head of the Finance and Budget Standing Committee Phung Quoc Hien questioned whether the municipal government would be able to afford the US\$90 billion plan through 2050.

The Hanoi city government had been raking in an annual average income of some some

VND70 trillion (\$3.6 billion) over the last few years, Hien said. But even if the current 15-percent annual income growth rate continues, "would we be able to afford the new plan?" he asked.

He said Vietnam had not been saving any of its annual income in the state coffers as all funds were being spent on health, education and infrastructure. Hien stressed that major upcoming nuclear projects and a high speed railway would be expensive and use up huge amounts of government funds.

The Economic Standing Committee also said that the government needed to consider that real construction costs would likely end up being much higher than estimated by the time the projects are finished, as is commonplace in Vietnam. The committee pointed out in a statement that infrastructure projects in Hanoi tended to spend up to 80 percent of their investment just on compensation paid to local people for site clearance.

For example, the city last month began construction of a 550-meter long road with a total investment of VND642 billion (\$33.8 million), 91 percent of which was spent on compensation.

Closed-door policy

Hien also voiced his concerns over a stipulation in the plan that aims to restrict the migration of people of other provinces into the city between this year and 2020.

Vietnam wanted to become an industrial country in 2020, meaning that laborers from the countryside will need to move to urban areas, the official said, stressing that the plan may come into conflict with the objective. Nguyen Van Thuan, chairman of the Laws Standing Committee, agreed with Hien. He said that urban planners were under an "illusion" that Hanoi was an island that belonged only to Hanoians.

Spread too thin

Le Quang Binh, chairman of the National Defense and Security committee, meanwhile, didn't agree with measures in the plan that would set up a national administrative center around Ba Vi Mountain, some 60 kilometers from the city's center, while at the same time having many central political and administrative agencies stay in central Hanoi's Ba Dinh District. All of Vietnam's political infrastructure should be local in the same area, he said. Agreeing with Binh, Tran Dinh Dan, chairman of the National Assembly's Office, was also concerned about effects possibly caused by the separation on administration and management.

First prepared in December 2008, the master plan was put on display at an 11-day exhibition for public feedbacks last month. A survey among 6,700 visitors showed that most of them agreed with the plan, according to the Ministry of Construction's deputy minister Nguyen Dinh Toan. The project was expected to be finalized and submitted to

the upcoming National Assembly's session scheduled to open on May 20.

<http://www.thanhniennews.com/2010/Pages/20100512144509.aspx>

- **Vietnam to focus on stabilizing economy, inflation**

The Vietnam government's top priorities are to implement measures to stabilize the economy, control inflation and to ensure a return to "solid economic growth," Deputy Prime Minister Nguyen Sinh Hung said Thursday.

"General socioeconomic conditions in the first months of 2010 continued to improve and inflation is still under control," Hung said in the opening speech of the National Assembly meeting in Hanoi. "The macroeconomic situation is not really stable as it is facing new difficulties and challenges."

The government is targeting annual growth of 7.5 percent to 8.5 percent over the period of 2011 to 2015. The country will encourage exports to narrow the trade deficit and increase foreign currency reserves, Hung said, adding Vietnam will try to achieve its economic growth target of 6.5 percent for this year.

Gross domestic product in the Southeast Asian nation of 86 million people increased 5.8 percent in the first quarter from a year earlier. The economy expanded 5.3 percent last year. "Growth is most likely to head up for the remainder of the year," Wellian Wiranto, a Singapore-based economist at HSBC Holdings Plc., said in a research note this month. He expects the economy to expand 7.2 percent this year. Vietnam will try to gradually bring down interest rates as credit growth in the first four months of this year was low, Hung said. The Vietnamese government has asked lenders to reduce interest rates and requested that the central bank keep the exchange rate at a "reasonable level" as it seeks to buoy the economy after last year's global recession.

Vietnam earlier this month raised its 2010 inflation forecast to 8 percent from 7 percent. The consumer price index rose 9.46 percent in March from a year earlier, the fastest pace in a year, before gains eased to 9.23 percent last month.

<http://www.thanhniennews.com/2010/Pages/20100520145324.aspx>

- **Vietnam raises inflation target as growth strengthens**

Vietnam raised this year's inflation goal to 8 percent amid signs it will miss the current forecast of 7 percent as strengthening economic growth pushes up prices.

The Southeast Asian nation's inflation expectations need to be "consistent" with its 2010 economic growth target of 6.5 percent, according to a statement on the government's website Monday.

The consumer price index rose 9.46 percent in March from a year earlier, the fastest pace in a year, before gains eased to 9.23 percent last month. The government increased electricity prices by an average of 6.8 percent in March, and in February state-run

Vietnam National Petroleum Corp., which supplies 70 percent of Vietnam's fuel, raised gasoline prices by 3.6 percent.

The government "would be very successful" if it manages to keep inflation under 10 percent this year, Saigon Securities Joint-Stock Co., Vietnam's second-largest brokerage, said in March. A goal of 7 percent inflation is "impossible," the securities firm said.

In order to meet the full-year growth forecast, Vietnam needs to target 7 percent economic growth in the second half, Prime Minister Nguyen Tan Dung said at a ministerial meeting last week. The country will also limit the budget deficit at 6 percent of gross domestic product this year, according to the statement.

The government will try to keep the economy stable this year and prevent the inflation rate from accelerating to a very high level, Dung said last week. The government asked the State Bank of Vietnam to lower deposit rates to 10 percent, borrowing rates to 12 percent and to keep the dong's exchange rate at a "reasonable level," according to today's statement. The central bank also needs to improve liquidity in the banking system and increase the amount of outstanding loans in the economy, the statement said.

<http://www.thanhniennews.com/2010/Pages/20100510170803.aspx?>

- **Social Front**

Singapore

- **Political Front**
- **Geo-Strategic Front**
- **US military presence crucial to balance of power in Asia**

US military presence remains crucial to the balance of power in Asia, says Singapore's Minister Mentor Lee Kuan Yew. East Asian security still needs the presence of American forces, so the region can continue its economic growth and balance the emergence of China, a country that is also important for this balance as there is no one country that should dominate Asia.

This was the message from Mr Lee at the 16th annual Nikkei Future of Asia Symposium in Tokyo.

Mr Lee also stressed the need to keep the US bases in Japan. Japan is in the midst of deciding where to relocate the US forces now based in Okinawa, and Mr Lee emphasized that US bases in Japan are necessary to maintain the balance of power in Asia.

Mr Lee said: "We believe that their presence brings about stability and peace. They need a base in the northeast, and if there is no base in Japan, they can't deploy their weaponry and project their power. If Japan closes them off from Okinawa, I think it will be a setback for the deployment of the American forces, which is not to the benefit of Asia."

Minister Mentor Lee also emphasized that Japan might take the Singaporean model to

face the problem of an aging population, by opening up immigration and allowing immigrants' integration into the society without compromising local values.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1058034/1/.html>

- **Economic Front**
- **Investments in Asia's clean energy sector likely to reach US\$70 billion**

Investments in the clean energy sector in Asia are likely to double this year - to up to US\$70 billion. In 2009, global investments in this sector hit US\$145 billion and Asia accounted for one third of the investments. So experts say prospects are bright, especially for Asia.

The winds of change are certainly blowing in the direction of countries like India and China when it comes to clean energy. China is expected to pump in about 4 trillion yuan or US\$585.8 billion to build up its renewable energy infrastructure over the next 10 years. And experts say that will translate into investment opportunities.

"I think there's a green race that's on and you're absolutely right that Asia is recognising that there's a huge opportunity, a chance for Asia, Asian companies to be leaders in some of these renewable energy segments, said Aaby Karmali, MD, Global Head of Carbon Markets, Bank of America Merrill Lynch. "As an example, in the Chinese solar sector, we've got four or five companies that are world leading that happens to be based in China, we've got one of the largest wind manufacturers that happens to be an Indian company. So there are big big opportunities," he added. "Europe and the US have been pre-occupied for the last 12 months or so. Doesn't mean they're out of the race, but certainly they've been side-tracked for the time being," said Karmali.

As the renewable energy sector grows in Asia, observers believe that merger and acquisition activities will also grow. Mr Karmali said, "As part of the drive towards creating these larger companies in the renewable space, there's going to be consolidations that take place." Aside from relying on yet another sector now, in the form of clean energy, to boost a country's economic performance, experts say Southeast Asian countries will also stand to benefit through greater energy diversification, energy security and better interconnectedness such as shared gas pipelines among regional countries. - CNA/f

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1057998/1/.html>

- **Singapore's economy grows 15.5% in Q1**

Singapore's economy grew by a better-than-expected 15.5 per cent year on year in the first quarter, spurred mainly by strong global demand for electronics, official data showed Thursday. On a seasonally adjusted quarter-on-quarter basis, gross domestic product (GDP) surged 38.6 per cent in the three months to March, the Ministry of Trade and

Industry (MTI) said.

Initial government estimates released in April showed the economy expanded an annual 13.1 per cent and 32.1 per cent on a quarter-on-quarter basis. The MTI said the first quarter display was driven by the manufacturing sector's annual 32.9 per cent surge amid buoyant global demand for electronics products, especially semiconductor chips.

"The strong momentum seen in the first quarter was broad-based, led by the manufacturing sector. The electronics cluster enjoyed the strongest growth, underpinned by strong global demand for semiconductor chips," the MTI said.

Other key industries also showed strong performances, it said. These included construction, which expanded 13.7 per cent annually, wholesale and retail trade, which was up 17.7 per cent while financial services surged 18.1 per cent, the MTI said.

In a separate announcement, the island-state's trade promotion agency raised its growth outlook for overall trade in 2010 to 14-16 per cent from 9-11 per cent previously.

"The global economy has rebounded with strong trade growth in Q1 2010," International Enterprise Singapore (IE Singapore) said. It said the United States economic recovery bode well for Singapore as the bulk of its exports were destined for consumers in developed markets, particularly the US. IE Singapore said total trade during the first quarter amounted to S\$210 billion (US\$150 billion), up 27 per cent from a year ago.

Singapore's economy has expanded for three straight quarters as the it stages a strong recovery from recession.

The MTI is maintaining its 2010 forecast for growth of 7-9 per cent, a dramatic turnaround from last year, when GDP shrank a revised 1.3 per cent.

However, despite the strong recovery, the ministry said Europe's debt crisis and worries of excessive asset price increases in Asia were some of the downside risks that could derail the global economy. Singapore, one of Asia's wealthiest countries, has one of the world's most open economies, which makes it vulnerable to volatility in the global economy.

- **S'pore-China ties to strengthen as Chinese economy grows**

Minister Mentor Lee Kuan Yew says Singapore's links with China will strengthen as China's economy continues to grow.

He was speaking to Singaporeans in Beijing during an event held by the Singapore Chamber of Commerce and Industry in China (SingCham).

Before Minister Mentor Lee arrived at the reception, SingCham members and guests observed one minute of silence to remember Singapore's late former deputy prime minister Dr Goh Keng Swee.

Mr Lee, who arrived in Beijing on Sunday on the second leg of his visit to China, said there are many business opportunities available to Singaporeans in China.

Mr Lee said: "Their links with us will grow, organisations here like SingCham will also grow. And having a good organisation here will make them come and make new entrance in Singapore." As Singapore and China celebrate 20 years of bilateral relations this year, SingCham is in discussion with the Singapore Business Federation to set up a Singapore Business Center@SingCham. It will help more Singapore companies venture into China as well as link Singapore companies in China back to the homeland.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1057057/1/.html>

- **S'pore, Indonesian leaders hold retreat aimed at strengthening ties**

Indonesian President Susilo Bambang Yudhoyono is in Singapore for a retreat with Singapore's Prime Minister Lee Hsien Loong. This is the Indonesian leader's second visit to Singapore within a span of eight months.

Last November, Singapore hosted the APEC Summit and President Yudhoyono was also here for an official visit.

At that time, the two leaders agreed to this retreat which would provide for an exchange of views on a wide range of topics. They're expected to start the day with a private lunch followed by a delegation meeting.

The Indonesian leader's delegation includes several key ministers from Foreign Affairs, Trade and Defence. Singapore and Indonesia cooperate in many areas and key among them is defence where the armed forces of both nations hold several joint exercises and have exchange visits of military officials.

Another area of close cooperation is in the fight against terrorism and the sharing of intelligence between the security agencies of both countries. Indonesia will be assuming the Chair of ASEAN next year instead of Brunei Darussalam after Vietnam's term is over. That's because in 2013 when it is Indonesia's turn to chair, it will hosting APEC and so chairmanship of ASEAN has been brought forward. - CNA/vm

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1057147/1/.html>

- **Survey shows S'poreans still keen to invest in property**

Despite the economic uncertainties in Europe, many Singaporeans are still keen to invest in a new property. A recent survey by PropertyGuru, an online property site, found that seven in 10 home hunters will buy a property in the next 24 months.

The private residential market remains resilient with a bumper sale of 2,207 new units in April. Private apartments are hot property, and public housing flats are also enjoying good demand since the second half of 2009.

Announcing its survey results at the sidelines of the Cityscape Conference, PropertyGuru

said that market sentiment remains strong in the near term.

Steve Melhuish, CEO, PropertyGuru, said: "Some of the drivers for that are the interest rates are still low - so cost of borrowing is very low - and people's general wealth has continued increasing. "So if you look at just HDB, prices have increased 45 per cent in the last three years, so if you bought a HDB (flat) three years ago, you will be 45 per cent better off in terms of value of property." Its survey findings found that 75 per cent of home seekers hope to buy a property within the next two years, while four in 10 want to upgrade to a better unit in the next 12 months.

PropertyGuru added that only seven per cent of those polled wish to downgrade to a smaller apartment. The respondents also expect property prices to rise by six to 10 per cent in the next year. PropertyGuru said that the majority of them felt that homes are generally too expensive.

Mr Melhuish said: "But what was interesting in our survey, which was actually conducted after all these government measures, was that 75 per cent of those surveyed said property prices were still unaffordable and still too expensive.

"And out of those people who said that, 58 per cent said that the government measures to cool the market were not enough, and they wanted to see even tougher measures to cool the market down." PropertyGuru expects total home sales for the year to range between 13,000 and 14,000 units, which is line with analysts' forecast of 13,000 to 16,000 homes.

The survey polled 2,208 respondents between April 1 and May 12 this year. - CNA/ms

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1057492/1/.html>

- **S'pore to develop Southeast Asia's first carbon label**

The Singapore Environment Council (SEC) and the Singapore Institute of Manufacturing Technology (SIMTech) have inked an agreement to launch Southeast Asia's first carbon label.

The label quantifies and declares the carbon footprint of products and services. SEC's executive director, Howard Shaw, said the label will encourage businesses to take steps to reduce the carbon content of their products and services.

He added that it will create real opportunities for businesses to innovate, grow revenues and reduce costs, as well as to celebrate and market their achievements. For the first time, Mr Shaw says consumers will also have the information they need to make a positive difference through the choices of the products and services they buy. The label will be formally launched in the fourth quarter of 2010. - CNA

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1057384/1/.html>

- **S'pore firms invested US\$40b in China as at end-2009**

Singapore firms invested a cumulative US\$40 billion or S\$55.5 billion in China as at end

of last year. Trade and Industry Minister Lim Hng Kiang gave these figures in a written parliamentary reply to West Coast GRC MP, Ho Geok Choo.

Mr Lim said China is the top investment destination for Singapore companies.

The investments are well-diversified across many sectors, like manufacturing and retail. Singapore companies are also exploring opportunities in less developed areas in Western and Central China. On whether Singapore businesses are affected by the current upswing in China property prices, Mr Lim said that is mainly concentrated in the residential property segment.

Even though there has been some spillover to the commercial and industrial property segments, Mr Lim said office and industrial rentals do not seem to have risen excessively.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1057520/1/.html>

- **Senior finance executives optimistic about economic recovery**

Senior finance executives worldwide have reported growing optimism about economic recovery. But the executives are proceeding with caution investing in categories that will boost growth such as sales and product development while selectively increasing discretionary spending in areas like marketing and technology.

That's according to the third annual American Express and CFO Research Global Business & Spending Monitor. Nearly three-quarters of all respondents expect economic expansion for their countries over the next 12 months while only 10 per cent expect contraction. The report added that going forward, Asia and Australia have the brightest economic prospects.

In Singapore, eight in ten respondents expect to see economic growth in the year ahead.

Some 21 per cent of the respondents said their companies have already experienced an increase in demand for their products and 51 per cent expect an increase in the second or third quarters of this year. Also, about 84 per cent said their companies plan to increase headcount this year. Meanwhile, respondents from Singapore are also expecting their companies to increase business travel spending in the next year.

Some 45 per cent of the senior finance executives polled here said they plan to increase business travel spending and 30 per cent plan to maintain spending compared to last year. Meanwhile, 42 per cent report plans to loosen travel policies to meet with new clients or for business development. The survey polled 479 senior finance executives from the United States, Europe, Canada, Mexico, Asia, and Australia. - CNA/vm

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1057760/1/.html>

- **Social Front**

Laos

- **Political Front**

- **Laos expresses concern over political conflict in Thailand**

The ongoing political conflict in Thailand keeps intensifying and leaving casualties as a consequence of the armed clashes between protesters and the government, said Ministry of Foreign Affairs spokesman on 18 May, at a press conference. The Lao PDR is closely monitoring the current development in Thailand. As a neighbouring country, it hoped that all parties concerned would try to keep tolerance and seek resolution by peaceful means to bring the current worsening situation back to normal as soon as possible and benefit to the Thai people as well as peace, stability and development cooperation in the region.

<http://www.kplnet.net/english/news/newsrecord/18.05.2010/edn10.htm>

- **Economic Front**
- **French businessmen seek investment opportunities in Laos**

French Ambassador to Laos on May 18 held a reception for a French business delegation which is on its working visit to Laos to seek investment opportunities in the country on May 18-20. The business delegation was led by President of the General Confederation of Employers of Small and Medium Enterprises (CPGME) of the Rhone Alps, Mr. Francois Turcas. Attending the function were Minister of Health, Dr. Ponemek Dalalay, and Minister to the President's Office, Mr. Soubanh Srithirath, and relevant officials of both Laos and France. The delegation of French businessmen will also meet members of the National Chamber of Commerce and Industry. The French Ambassador to Laos, Mr. Francois Senemaud, said, the delegation is seeking investment opportunities in Laos, particularly in the fields of health, transport, infrastructure, food production and tourism. CGPME represents over 3,500 companies and 25 branches in France

<http://www.kplnet.net/english/news/edn3.htm>

- **Rice price in central and southern provinces rises**

The price of rice in central and southern provinces seems to be higher over last month, as a result of more rice collection and purchase for further sale along the common border with neighbouring countries. The hike in the rice price is also attributed to the purchase of rice purchased as relief for southern flood victims and rice hoarding in preparation for upcoming wet season rice production.

According to early this week's record of the Commerce services of four southern and two central provinces, the price of rice in these provincial markets last month increased by 1,000 kip per kg. This is a current concern of local people that they have to increase their expenditure.

In addition, the prices of consumer goods including white sugar, fish sauce, MSG - seasoning powder, also soar. Mr. Sikham, director of the Foodstuff Company of central Khammouane province, said that last month the price of sticky rice stood at 3,500 kip per

kg and that of long grain ordinary rice was 5,000 kip, but only in a month the price surges by 1,000 kip. The rice price hike might be resulted from the rice sale by rice farmers to neighbouring countries or by natural disaster impacts, he claimed.

The rice price in Savannakhet province has risen to 5,000 kip per kg for sticky rice from 4,000 kip and to 7,000 kip from 5,000 kip for ordinary rice.

This is a traditional practice of local farmers who will sell their harvest from the monsoon and dry season rice crop to middlemen. They would retain only a small amount enough for consumption, according to a local farmer in central Savannakhet province.

An official in charge of the Commerce Service of Champassak province, Mr Somboun told the Lao News Agency that the price of rice on local market have also risen as in other provinces. The price of sticky rice rose to 5,000 kip from 4,000 kip per kg and that of ordinary rice to 6,000 kip from 5,000 kip. Mr Somboun gave the same reason for the increase in rice price rice purchase for helping flood victims in southernmost provinces. However a technical officer in foodstuff service said that some part of the country would see rice shortage this year, particularly the flood-affected areas. Since their rice fields have been badly damaged by floods. Thus it is necessary to bring rice from other province for local consumption.

Some middlemen also took advantage of the situation and stocked rice for further sale at high price, added the officer.

<http://www.kplnet.net/english/news/edn4.htm>

- **Lao garment export on decline**

The volume of export of Lao garment industry in the first quarter of the current fiscal year has not yet revived and kept on sliding down compared to last year's same period, according to this year's latest record. The garment export in the 2010 first quarter decreased by 16.4 per cent, amounted to US\$36.9 million despite more purchasing orders from overseas market than last year.

The Lao Garment Industry Association pointed that the decline in garment export was caused by late service and distribution sectors. But it expected that the export volume in the second quarter would increase due to more overseas purchasing orders compared to last year's.

The Lao garment export in last year's first quarter amid the complicated economic environment were valued at US\$44.2 million and soared by 5 per cent if compared to the 2008 figure. But last year's second quarter the figure went down by 15 per cent, amounting to US\$159 million of export. Of the total value of the Lao garment export to its main European market, 84 per cent of the Lao garment export in last year's first quarter, the all-year-round figure saw a strong decline, down to US\$29 million from

US\$133 million. In the first quarter of this year, the export volume of Lao garment to European market accounted for 78 per cent of its entire garment export.

Lao garment export to the Japanese, Canadian and US markets has also shared a similar condition. The association said that this year's net value of Lao garment export would likely to rise to the 2008's record, amounting to US\$ 189 million.

However the association expressed concern of the kip currency appreciation that would affect the costs of domestic production such as currency exchange to offset wages. But if the national economy starts to recover the overseas order capacity will be better.

<http://www.kplnet.net/english/news/newsrecord/13.05.2010/edn7.htm>

- **Japan grants for improving financial reform and human resource development**

The Government of Japan has agreed to provide one billion yen of grant to Lao Government to improve financial reform and human resource development.

The Exchange of Notes on Japan's Non-Project Grant Assistance and the Grant Assistance Project for Human Resource Development Scholarship (JDS) took place at the Ministry of Foreign Affairs yesterday between Mr. Masaaki Miyashita, Ambassador of Japan to the Lao PDR and Mr Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs.

The Non-Project Grant Aid is worth one billion yen or around 11 million US dollars, which is financial aid provided by the Government of Japan to the Government of the Lao PDR. This grant assistance will enable the Lao Government to import materials such as fuel and iron, and to utilise the Counter-Value Fund created through the sale of these materials. This is expected, as a direct budgetary assistance, to contribute to the Lao government's efforts to achieve socio-economic development and poverty reduction.

On the occasion, another note of exchange was signed to provide financial assistance amounting to 277 million Japanese Yen, or approximately three million US dollars, for sending young Lao Government officials to Japanese higher education institutions. This JDS scholarship started in 1999. Over the last ten years, more than 200 students have been sent to Japan, enrolling master's programmes in Japanese universities. Later this year, around 20 students are due to depart for Japan to study development economics, education, law, agriculture and engineering.

Mr. Miyashita said that these two projects intend to support self-help efforts being made by the Lao Government in pursuing its socio-economic development. The non-project grant assistance is a direct budgetary assistance for improving financial conditions of the Lao PDR and thereby encourages the Lao Government to make continuous reform efforts to achieve development goals of the country, including the graduation from the least

developed country status by 2020. On the other hand, the scholarship project is aimed at training government officials who will lead this country with particular emphasis on producing highly skilled officials in designing and planning national development of this country and the government of Japan will continue to support self-help efforts in these areas by the Lao Government

<http://www.kplnet.net/english/news/newsrecord/13.05.2010/edn2.htm>

- **Laos, China pledge to boost cooperation ties**

Standing Deputy Prime Minister Somsavat Lengsavad, received here on 14 May a courtesy visit of new Chinese ambassador to Laos, Mme Bu Jiangua.

Standing Deputy Prime Minister Somsavat expressed congratulation and highly valued the ambassador's new mission in Laos, which was a great and important contribution to a long standing traditional cooperation between the two countries, Laos and China. The cooperation between the two countries seems to be further extended day by day, he said. Chinese ambassador Jiangua expressed thanks to the Standing Deputy Prime Minister Somsavat for the warm welcome and pledged to make all her efforts to contribute and enhance the long existing friendship between China and Laos.

<http://www.kplnet.net/english/news/newsrecord/14.05.2010/edn1.htm>

- **Government's seven priority projects to be studied**

A feasibility study for government's seven priority projects to prepare for making the 7th five-year plan of socio-economic development was tabled last week.

The discussion was held by the National Economic Research Institute (NERI) of the Ministry of Investment and Planning on May 13-14 at the NERI office. Chaired by Mme Silivanh Khounthaphanh, NERI Head, the discussion drew the attendance of Mr Bounthavy Sisouphanthong, Deputy Minister of Investment and Planning, and technical officials from the ministry and the institute.

The participants have together shared comments and exchanged lessons on the feasibility study for the government's seven projects, which include the cow rearing complex in northern Xiengkhouang province and on Nakai and Bolaven plateaus in Borikhamsay and Champassak province, the dairy cow farm countrywide, the disaster and flood prevention, development village cluster construction in small cities and Viengkham township in Vientiane province and Bounneua district of Phonsaly province, the new industrial development complex, employment and skilled labourer development building and the supply of engineers to all fields.

<http://www.kplnet.net/english/news/newsrecord/17.05.2010/edn7.htm>

- **Social Front**

- **Laos sends Vietnamese remains back home**

Leading officials of Houaphanh province last week paid homage to 136 Vietnamese volunteers who had dedicated their lives to the revolutionary movement in Laos during the war time and sent their remains back to their homeland in Thanh Hoa province.

Col. Sengthong Douangbandid, Commander of Houaphanh's Military Unit, on behalf of Houaphanh province, has officially handed the remains of Vietnamese volunteers to his Vietnamese counterpart Hoa Van Ba, Commander of Thanh Hoa's Military Division.

Taking part in the event were Mr Khamhoung Heuangvongsy, Houaphanh Governor, and high-ranking officials of this northeastern province.

In the same week, on 6 May, 186 remains of Vietnamese volunteers who died in Champassak province during the war have also been sent back home. Exploration was made to find remains of Vietnamese volunteers between 1995 and 2009.

A hand-over ceremony was held at the club of Champassak's Military Unit in witness of Major General Chansamone Chanyarath, Deputy Minister of National Defence, who is also head of an adhoc committee of the Lao Government, Mr Soukanh Maharath, Champassak Party Secretary, and Mrs Tran Thi Ngoc Anh, Deputy Chairman of Kom Tom Administration Province of Vietnam.

The repatriation of the remains of Vietnamese volunteers is based on a cooperation agreement between the Lao PDR and Vietnam, especially the comprehensive cooperation on remains excavation between Houaphanh and Thanh Hoa, and Champassak and Kom Tom provinces.

Both sides have highlighted a long-standing traditional cooperation, special solidarity and joint victories of the two countries, particularly between Houaphanh and Thanh Hoa, and Champassak and Kom Tom provinces that these provinces have so far stood shoulder to shoulder to fight against the same enemy for national liberation, territorial defence and saving people's lives. Presently, the peoples of the two nations are working to heal the wound of war, develop their living conditions and maintain mutual all-around assistance.

<http://www.kplnet.net/english/news/newsrecord/10.05.2010/edn4.htm>

- **NA discusses 7th Socio-economic Plan**

The Commission on Economy, Planning and Finance of the National Assembly met in Sayaboury province on May 4-7 to discuss the drafting of the 7th Five-Year National Socio-Economic Development Plan (2011-2015).

Presided over by Mr. Khamsing Sayakone, Head of the Commission on Economy, Planning and Finance of the National Assembly, the meeting was attended by Mr. Saysomphone Phomvihane, Vice-President of the National Assembly, Mr Lien Thikeyo, Governor of Sayaboury province, and representatives of relevant authorities in this northwestern province. The participants also shared viewpoints on the socio-economic

development plan for the 2009-2010 and 2010-2011 periods and the national budget plan of the government for this year and the 2010-2011 period.

Their discussion also covered the management of land concession for mining projects by domestic and foreign investors, the management of state property, the gold and copper extraction in central Savannakhet and Vientiane provinces as well as the monitoring of the Hongsa Thermal Power Plant Project in Sayaboury province.

Mr. Saysomphone urged the commission to pay attention to monitoring the implementation of the current socio-economic development plan as well as the national constitution and laws on economic and financial areas.

<http://www.kplnet.net/english/news/newsrecord/11.05.2010/edn3.htm>

- **More market-oriented production is key factor to lift off from poverty, advises President**

President Choummaly Sayasone has called on people in Saysomboune and Hom districts, Vientiane province, to focus on boosting the use of local potentials for the development of their market-oriented production, especially agriculture and animal rearing.

The President's comment came during his two-day working visit to Vientiane province on 10-11 May. The President and his delegates were warmly welcomed by Vientiane Provincial Party Secretary, Mr Chansy Phosikham, and local authorities.

He stressed that the market-oriented production was necessary for people in society--more markets more income. Mr. Choummaly, who is also Party Secretary General, was informed of the achievement in socio-economic development, especially the grassroot political building and village construction - development village cluster. He has expressed appreciation to the efforts by local and central official authorities in disseminating the Party and Government's political guideline on the national construction and development to local people for their profound understanding.

In the recent period, the province has showed that the local development has made much progress, particularly in animal raising and social order, he said. However some weak points should be improved. In order to improve the living condition, people should pay attention to the market-oriented production and further study pasture tending for animal grazing. However, a local veterinary service centre should also be set up to monitor and prevent the outbreak of animal diseases.

He called on authorities to further inspect the movement of land and forest allocation for people for effective use of agricultural land. Hopefully, it will help improve the living condition of poor people in remote areas. I am very happy to see local people's better living condition, security in development village clusters, children access to health service, primary education and water supply, said the President.

- <http://www.kplnet.net/english/news/newsrecord/12.05.2010/edn1.htm>

Brunei

- **Political Front**
- **Economic Front**
- **Power arrears rose to \$1b in 2009**

THE arrears in electricity for homes and commercial buildings in Brunei keep rising every month and in 2009 alone have reached the \$1 billion, according to yesterday's Friday sermon.

The sermon highlighted the need to cooperate in energy conservation with hotel owners in the country getting special attention as the sector hit the \$4 million mark for the first three months of this year.

The figures were released in the Friday sermon, which was read out by imams across Brunei, weighing in on the energy conservation debate. "It is the responsibility of each layer of the community to work together to practise energy conservation," reminded the sermon, before divulging the staggering statistics.

"It has to be realised that each month His Majesty's government bears the burden of arrears in the sale of electricity, which has amounted to hundreds of millions of dollars, and each month this figure grows," said the sermon. "In 2009 alone, the arrears for tariff 'A', domestic and tariff 'B', commercial buildings have hit \$1 billion," it stated.

Hotels in the country are also urged to practise energy conservation as the arrears as of May 2010 have already amounted to \$4 million dollars.

Bruneians also heard first hand that wastefulness is frowned upon by Islam, as the push to be more conservative and frugal with energy was echoed by the Friday sermon.

"Islam puts great weight on the question of being prudent (frugal) as it forms a basis for peace and prosperity for the nation," said the sermon. It added that as such Islam expects each ummah to practice thrift and not wastefulness in whatever they do. "For example, being prudent with their spending, water usage, electricity consumption and so on," said the sermon.

Bruneians were implored to consume or use only what is needed, and not to be excessive, to the point where wastefulness occurs. When usage or consumption "extends beyond what is needed per day, it is considered as wastefulness (excess)".

The sermon added that such actions or deeds were not of a pious Muslim and is loathed by God. "As citizens of Brunei Darussalam, we are extremely privileged to be able to enjoy the benefits of oil and gas, and enjoy the convenience such as supply of energy and electricity. As such we must appreciate and be mindful of it in the right manner, not through wastefulness," advised the sermon.

The sermon then outlined the correct way to appreciate and be grateful wa through the use of Brunei's energy resources such as fuel, gas and electricity in moderation.

"We all play a vital role in overcoming this challenge and all should fully comprehend the importance of being frugal (sensible) in its use,"outlined the sermon.

It also reminded both the citizens and the residents of the Sultanate, whether in public or private sectors, that it was up to the community as a whole to save the energy resources with a view to ensure that it can be enjoyed by future generations. Households and schools were also urged to get involved with the initiative such as teaching children the importance of using energy in moderation and not wasting. "Acts such as switching off electrical appliances, lights and air-conditioning," said the sermon.

<http://www.bruneitimes.com.bn/news-national/2010/05/22/power-arrears-rose-1b-2009>

- **Eatery apathy on halal tag perplexing**

THE Deputy Minister of Religious Affairs has voiced his concern as to why in Brunei, a renowned Islamic state, only 110 out of 1,000 restaurants and eateries have applied for the halal label and certification, especially since nearly two years have passed since the legislation was enforced.

Pehin Udana Khatib Dato Paduka Seri Setia Ustaz Hj Badaruddin Pengarah Dato Paduka Hj Othman raised the issue during the presentation of the halal certification and halal label to two of Royal Brunei Catering's (RBC) restaurants at the Brunei International Airport, the first in the country to officially receive the documentation.

The deputy minister highlighted that some 110 out of more than 1,000 restaurants and eateries throughout the country have acquired the application forms for the certificate and logo, since the Halal Certificate and Halal Label Order 2005 was implemented on August 1, 2008.

"What surprises us is that, for a country that adheres to the teachings of Islam with a majority of its population are Muslims, there are still a lot of restaurants and eateries that make and prepare food without possessing a halal certificate and logo, in accordance with the (Order)," he said.

In contrast, the deputy minister pointed out that in one of the neighbouring countries, which he said that 15 per cent of the population were Muslims, the halal logo and certificate were popular among the restaurants there, including the large, branded international restaurants and cafes.

"It has already been made clear that halal food and drink are not exclusively for Muslims only. It can be enjoyed by all people, regardless of race and religion," he said.

Pehin Dato Hj Badaruddin acknowledged that the Halal Certificate and Halal Label Order 2005 did not make it mandatory for restaurants and eateries to possess the certificate and

label, as was the case in neighbouring countries which imposed similar legislation.

The Order ultimately determines what is halal or non-halal for food products sold in Brunei. "Nonetheless, restaurateurs over there, particularly the non-Muslim vendors, strive to get the certificate and logo for the mutual benefits, namely the benefit from the business aspect and for the good of the public from the aspect of facilitating access to eateries and restaurants that serve authentic halal food."

"We, in this country, should not use the fact that there are no laws that require restaurateurs to possess the halal certificate and logo as an excuse (not to have them)," he said.

The deputy minister advised all the restaurateurs to come forward and apply for the halal documentation for their restaurants. He explained that it was their "humanitarian responsibility" to verify the food and drink they serve are halal, in accordance to Syariah laws. He congratulated RBC on their achievement in getting both the Airport Restaurant and RBC Airport Express Fast Food to be legally halal-certified and labelled, while noting that RBC's other branches such as the Seasons Restaurant, Emperor's Court and Dynasty have already applied for the documents.

<http://www.bruneitimes.com.bn/news-national/2010/05/22/eatery-apathy-halal-tag-perplexing>

- **Social Front**
- **Save Energy Urge Imams**

Calling on Bruneians to save electricity, the religious leaders brought out facts and figures to show that the people owed the government a whopping \$1 B in electricity bills up to last year 2009 alone. And up to March 2010, hotel owners owed \$4Million dollars to the Government.

Trying to make the point that what one can't pay shouldn't be used, the Imams said that it's a colossal waste to use so much more than one needs. They urged Bruneians to be prudent in electricity usage.

In their weekly Friday sermon yesterday, the religious leaders said every month, the government incurred electricity dues reaching hundreds of millions of dollars and it has also increased monthly. In 2007, the total subsidy provided by the government amounted to over \$200 million in gasoline and diesel.

The religious authorities added that Islam has urged its Ummah to be prudent in using electricity, water, spending and so on. It is a waste if one uses electricity or water to cook food excessively until one is unable to finish and have to end up throwing it away.

Allah dislikes those who practise wastage. As a people residing in the country, we are fortunate to be blessed with rich oil and gas resources and it should not be wasted. Allah

will intensify the rewards if we express our thanks.

Among other ways to say our thanks is by saving electricity. In the effort to save energy, the government will observe May 24 as Energy Day.

The people should be wise in using electricity and it is the joint responsibility to save energy through education by educating our children to switch off electrical appliances when not in use, by planning our destination when behind the wheel so as to save petrol as well as to educate the family and the individual to live in moderation. We might not be able to change the lifestyle of every individual and ask to save energy. This is obvious when lights are still switched on at government buildings, schools, shopping complexes and so on. This attitude should be overcome.

In some schools, an energy class is set up to educate the children on the need to save energy. Touching on the earth hour initiated by Australia, in 2007, Imams said this year, Brunei has officially joined the international community in taking part in an electricity project involving government and private sector buildings and residential areas for 60 minutes along with over 100 countries. As a result, the government through the Department of Electrical Services has succeeded in saving some 38.5 megawatts, equivalent to 1.7 million energy saving bulbs, or five times the highest electricity usage in Temburong.

It is hoped that such programme should be extended, not just during earth hour. Brunei will mark the Energy Day on May 24 with SOS ('switch off and set') campaign for 12 hours beginning from 9am to 9pm.

The statistics of public usage during the 12-hour period will be informed to the public on an hourly basis through the SOS website at www.esavingday.com as well as through TV ticker and radio.

The government and the private sectors call upon the public to be proactive in answering the call to be wise and prudent in energy usage through three simple ways namely by switching off lamps when not in use, switching off water heaters when not in use, as well as to setting air conditioners to 24 degrees Celsius or at least, one degree higher than usual.-- Courtesy of Borneo Bulletin

<http://www.brudirect.com/index.php/2010052121677/Third-Stories/save-energy-urge-imams.html>

Environmental Front

