

Report # 131**Business and Politics in Muslim World****South East Asia****Tatheer Zahra Sherazi****From 31 July to 6 August****(Outline)**

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Summary

At political Front

- Indonesia

This whole mess only goes to re-enforce that opinion that the electoral process in Indonesia is deeply flawed and prone to corrupt practice. Many legislators are there because they could afford to run extensive election programs and many just buying votes: their interest is only a return on that investment. They don't know what they are doing and have little or no interest in the country or the people. Only when Indonesia tackles the core problems relating to money politics and corruption, and allows into government ordinary, intelligent, patriotic, non elitist citizens, will things improve. He added that the House usually aimed to pass 350 to 450 bills over the course of each five-year working period. "It would be better if the House just lowered its targeted legislation for each year and made new priorities," he said.

Indonesia must reach a political settlement with restive Papua province to prevent simmering anger about broken promises of autonomy boiling over into violence, a think-tank said Tuesday. It said an audit would be "useful, but the issues are not just about money as most Jakarta-based officials seem to assume". Core grievances which had to be addressed through dialogue included Jakarta's failure to implement fully the autonomy status granted in 2001, demands that candidates for district-level elective office be indigenous Papuans and the flow of ethnic Malay migrants into the Melanesian-majority region.

"Many Papuan leaders, both moderate and militant, believe Jakarta has systematically undermined the concept of autonomy... and is unwilling to give up anything but money. They have a point," the ICG said. Indonesia took over Papua, a former Dutch colony on the western half of New Guinea island, in 1969 after a vote among a select group of tribal leaders, which was widely seen as a sham. "After four decades without an effective solution, the claim that Papua's integration into Indonesia is final, legal and irrevocable lacks credibility," Indonesian academic Mangadar Situmorang said last month.

Fifty members of the US Congress last month signed a letter to President Barack Obama accusing the Indonesian government of committing genocide against the Papuans.

"Genocide is usually difficult to document since leaders are often reluctant to state their intention to destroy another nation, race, or ethnic group," the legislators wrote. The Pacific island state of Vanuatu, meanwhile, has promised to raise the Papua issue at the

41st Pacific Islands Forum, which it is hosting this week. It has also called for the International Court of Justice to consider the legality of Papua's incorporation into Indonesia.

- Malaysia

Many people are beginning to understand the concept of 1Malaysia but more explanations will be given to create awareness of its core concept, said the Deputy Prime Minister. The people should always keep in mind that the 1Malaysia concept was based on the spirit of the Federal constitution, said Tan Sri Muhyiddin Yassin.

- Singapore

There has been an increased demand amongst Singaporeans for political participation and involvement over the last 10 years, according to findings in a survey by the Institute of Policy Studies (IPS).

Singaporeans want a greater say in the way the country is run, according to the survey of some 2,000 Singapore citizens living in the country. Eight in 10 respondents (85 per cent) agreed or strongly agreed that voting gave citizens the most meaningful way to tell the government how to run the country, up from seven in 10 (72 per cent) in 1998.

Ninety-seven per cent wanted the government to take the time to listen to citizens, even when quick decisions are needed.

At geo-Strategic Front

Vietnam has accused China of violating its sovereignty by conducting seismic exploration near disputed islands in the South China Sea. Vietnam says Chinese vessels have been conducting seismic exploration activities since the end of May near an island in the Paracels, which Vietnam claims, as well as at oil and gas plots on its continental shelf. Hanoi says Beijing's actions ran counter to international conventions on conduct in a disputed region

Foreign relations

- Indonesia

Indonesian press did not pay attention so much on the US Secretary of State Hillary Clinton's statement at the ASEAN Regional Forum (ARF) in Hanoi last week. Hillary Clinton said President Obama expressed interest in attending the 2011 East Asia Summit (EAS) in Jakarta. Thus, it is a high possibility that President Medvedev will not miss next year's EAS Summit because Russia will not want to lose its momentum to engage countries in the region. Second, ignoring the EAS Summit or just sending a secretary will undermine the US interest in East Asia. In last week's ARF, Secretary Hillary played crucial roles in some issues, including, but not limited to condemning the attack on South Korean warships and to encourage the new negotiation on South China Sea disputes.

At economic Front

- Indonesia.

Since the stock market hit bottom in March 2009, investors have poured into emerging-market mutual funds on the expectation that countries such as China, Russia, Brazil and Indonesia will grow far more rapidly than the developed economies in the United States, Europe and elsewhere.

Indonesia has put the blame for its slow progress in achieving the UN's Millennium Development Goals squarely onto developed countries' reluctance to help foot the bill.

"The 2002 Monterrey commitment and 2005 Gleneagles commitment should first be fulfilled," Vice President Boediono said on Tuesday at the opening of the Special Ministerial Meeting for MDGs Review in Asia and Pacific: Run Up to 2015. The UN's Millennium Declaration was signed in 2000 and is targeted for fulfillment by 2015.

To support developing countries' efforts to reach the goals, several developed countries agreed at the Monterrey and Gleneagles meetings to allocate 0.7 percent of their GNP to the cause. "With the global crisis, the commitment agreed upon by advanced nations has not been forthcoming,"

- Thailand

Thailand's Commerce Minister Porntiva Nakasai said on Thursday that she will discuss a plan to set up an ASEAN rice trading company with her Vietnamese counterpart during the forthcoming AEM meeting, the Bangkok Post's website reported. The country is already the world's largest rice exporter but "the opportunity for Thailand to be the main food supplier to countries like China, Korea and India is immense." He said that realizing such plans means that Thailand needs to invest heavily in education, capital access and irrigation. However, Thailand is involved in a dispute with China over the Mekong River, with Thailand's agriculture badly affected by falling water levels on the river, something predicted to get worse as China plans up to a dozen new dams on the Lancang, the Chinese name for the Mekong River.

Thailand's economy may expand as much as 8 percent this year, the fastest pace since 1995, as surging overseas shipments help spur a recovery from the nation's worst political violence in almost two decades. "We are surprised by the rebound in exports and also the level in private investment and consumption," Finance Minister Korn Chatikavanij said late yesterday. "Even with the political crisis, we can expect 7 percent. If things hum along the way they are, perhaps 8 percent will be achievable."

- Philippine

Indonesia and Philippines should secure the use of the International Monetary Fund's

short-term liquidity facility as soon as possible, otherwise the threat of financial contagion and capital controls within Southeast Asia would remain, a research house warns.

- Vietnam

Vietnam's seafood export value in the first seven months reached 2.45 billion U.S dollars, registering 11.6 percent year-on-year increase, according to the Ministry of Agriculture and Rural Development on Tuesday. During this period, European Union is the largest export market with the total value of 512 million U.S dollars. Japan ranks the second with 371.6 million U.S dollars

- Cambodia

Cambodia has banned the import of pigs from Vietnam and Thailand after swine infected with blue-ear disease were smuggled into the country from neighbouring Vietnam and infected others. The ban was announced by Prime Minister Hun Sen on Wednesday, who also asked market vendors to keep pork prices stable. 'We're talking somewhere between one or two million pigs, and each pig is worth about 100 dollars at market, so it's a huge industry here,' said Curtis Hundley, who heads USAID's Micro, Small and Medium Enterprise Agency in Cambodia. Most rural families in Cambodia own a pig, making pork a staple source of protein along with fish and chicken. In 2007 Cambodia banned pig imports from Thailand and Vietnam for eight months after a similar outbreak

Cambodian government said Thursday that 88 people, mostly in rural areas -- have died of lightning strikes.

- South East Asia(ASEAN)

The ASEAN Hotel Review launched in May 2010 is the latest sub-regional report from STR Global, the leading provider of market information to the global hotel industry. The monthly report compiles year-to-date and current month hotel performance information for Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam within the economic, social and cultural bloc of the Association of Southeast Asian Nations (ASEAN). The report details nationwide performance for the six countries plus details on 11 key destinations.

Late last month, Foreign Minister Ahmet Davutoglu signed a deal on Turkey's accession to ASEAN's Treaty of Amity and Cooperation (TAC) in Vietnam, where a meeting of the ASEAN Regional Forum, a group comprising the 10 ASEAN nations in addition to 17 others, took place. "Accession to the treaty marks a historic step in Turkey's process of opening up to the Southeast Asian-Pacific region," a statement from the Turkish Foreign Ministry said. "Thus, our country has established, for the first time, an institutional relationship and has the opportunity to further deepen its political, economic and cultural ties with the region."

At Social Front

- **Indonesia**

Indonesia is letting radical Islamists trample the constitutional rights of minorities, leading to inter-communal violence, Human Rights Watch said on Tuesday.

The New York-based watchdog called on President Susilo Bambang Yudhoyono to repeal laws that it says have given followers of the nation's leading faith the legal space to launch attacks on people of other creeds and sects. "When the Indonesian authorities sacrifice the rights of religious minorities to appease hard-line Islamist groups this simply causes more violence," said Elaine Pearson, the group's Asia director.

- **Brunei**

A special committee on Women and the Family Institution is in the process of being set up to assist the ministerial level National Council on Social Issues in addressing matters concerning women in Brunei, such as gender sensitisation and gender responsive budgeting.

Detailed News Monitoring Report

Indonesia

- **Political front**
- **When will Barack Obama eventually visit Indonesia?**

Indonesian press did not pay attention so much on the US Secretary of State Hillary Clinton's statement at the ASEAN Regional Forum (ARF) in Hanoi last week. Hillary Clinton said President Obama expressed interest in attending the 2011 East Asia Summit (EAS) in Jakarta.

The US, together with Russia, has been formally invited by ASEAN foreign ministers to join the EAS. As Rizal Sukma wrote in this newspaper, I also agree that the good intention of both countries should be welcomed. But, Clinton's statement creates another curiosity. If President Obama will visit Jakarta next year, does it mean he will perpetuate his serial postponement of visiting Indonesia?

Last June the president re-scheduled his visit to November 2010. It will not be impossible for him to visit Indonesia twice during his term. However, weighing the US priorities on foreign policy, it unlikely will happen.

Above all, to attend the EAS is preferable by the US. First, the US seems to contend "Russia's assertiveness" on the region. Russia had been persistent in wanting to join the EAS since 2005 when it was invited as a special guest by host Malaysia. Russian President Dmitry Medvedev is also scheduled to attend the second ASEAN-Russia Summit this October.

Thus, it is a high possibility that President Medvedev will not miss next year's EAS Summit because Russia will not want to lose its momentum to engage countries in the region. Second, ignoring the EAS Summit or just sending a secretary will undermine the US interest in East Asia. In last week's ARF, Secretary Hillary played crucial roles in some issues, including, but not limited to condemning the attack on South Korean warships and to encourage the new negotiation on South China Sea disputes.

However, Obama's presence in the summit will eventually raise a degree of seriousness of US concern in the region more. Third, the EAS is the best regional means to rival China's interests in the Pacific, especially considering the fact that another forum, the APEC, is too broad and too loose. "If Obama fulfills his promise this November (and also another visit next year), he will be praised as one of the most well-respected US presidents in history."

To Indonesia, it is not easy to get momentum as good as the last March and June canceled trips. In those two times, Indonesia was always unrivaled in the top priority of Obama's

visit to Asia. In contrast, for his November planned trip, Obama has several countries on his itinerary. This June, Obama announced he would visit India in November. Obama, in his National Security Strategy, clearly mentions that the US-India alliance will be one of the defining partnerships of the 21st century. Both countries have highly mutual interests. The US needs India's support in its policy on Afghanistan and Pakistan.

India needs the US's back up to improve its "civil" nuclear power, to maintain its claim over Kashmir, and to hold a candle to China-Pakistan alliance.

Japan is also in Obama's November schedule where he will attend the APEC Summit in Yokohama.

Despite some critique toward APEC's ineffectiveness, traditionally the US presidents always attends the APEC Summit. In addition, on November, Obama will be super busy endorsing Democratic candidates in the battlefield of Senate elections. Those agendas seem to be prioritized by Obama on November. The next question will be, is Indonesia as important as those agendas? The planned visit of Obama to Indonesia has been widely perceived as the symbolic importance of relations between the West and Islamic world, advanced and emerging democratic countries, and global *vis a vis* representative of mid-level political powers.

However, *realpolitik* must be understood that those symbols cannot satisfyingly explain suitability of both Indonesia and the US' national interest.

To the US, there are three current focuses of foreign policy: (1) to maintain its global dominance; (2) to collect support for its campaigns on Afghanistan and the Middle East; and (3) to restore its economy. In those senses, tremendous democratic achievement by Indonesia does not automatically raise Indonesia's leverage toward the US.

Indonesia already declared itself as a "bridge" between the West and Islamic worlds. Nevertheless, will Indonesia be able to create a "unique bridge" since this brand is actually utilized by other countries as well, such as Turkey? Moreover, the definition of "bridge" seems to be stuck in interfaith dialogues or sharing experiences.

It will be more valuable if Indonesia could transform the "bridge" to become a more active tool to reach out to Islamic countries, for example, by campaigning democracy in the Organization of Islamic Conference (OIC). In the Middle East conflict, Indonesia could resolve the US difficulty in creating long-lasting peace, for example by encouraging Hamas to join the peace dialogue. As compensation, Indonesia could propose to the US that the negotiation must invite Muslim-majority countries and organizations.

To visit Indonesia in the framework of a regional forum, rather than purely bilaterally is to some extent understandable. First, the US does not want to treat Indonesia as special, considering "potential jealousy" of US two treaty allies in the region (Thailand and the

Philippines).Second, strategically and economically, the US still sees that Indonesia will not fully “satisfy” US interests.Beside the political issue as explained above, in terms of economic cooperation the Indonesia-US trade volume is below to the US and Singapore, Malaysia, and Thailand.In addition, beside the EAS Summit, next year’s visit will be the perfect time for Obama to hold the ASEAN-US Summit after this year’s summit will take place in New York, not in Hanoi.

Another postponement may disappoint Obama supporters who enthusiastically celebrated his victory more than a year ago, who already erected his statue, and who claim themselves his childhood friends.But it will not create massive antipathy toward the US and Obama.

Still, if Obama fulfills his promise this November (and also another visit next year), Indonesians will praise him as one of the most well-respected US presidents in history.

<http://www.thejakartapost.com/news/2010/08/06/when-will-barack-obama-eventually-visit-indonesia.html>

- **Quickly Passed Indonesian Laws Will Be Useless Say Analysts**

This whole mess only goes to re-enforce that opinion that the electoral process in Indonesia is deeply flawed and prone to corrupt practice. Many legislators are there because they could afford to run extensive election programs and many just buying votes: their interest is only a return on that investment. They don't know what they are doing and have little or no interest in the country or the people. Only when Indonesia tackles the core problems relating to money politics and corruption, and allows into government ordinary, intelligent, patriotic, non elitist citizens, will things improve.

Jakarta. Lawmakers facing intense public criticism over their truancy have set a new target to pass 16 bills by the end of the year, but analysts warn that the quality of the resulting laws could be so bad that they would be worse than useless.

The timing of the warning gave it an extra edge, with the House of Representatives today going into another recess, which is set to last two weeks.

“It’s impossible to get both quantity and quality at the same time,” said Burhanuddin Muhtadi, a political researcher from the Indonesian Survey Institute (LSI).

He added that the House usually aimed to pass 350 to 450 bills over the course of each five-year working period.“It would be better if the House just lowered its targeted legislation for each year and made new priorities,” he said.

At the start of the year, the House announced it would pass 70 bills into law this year, which the House Legislation Body subsequently revised down to 17 priority areas at the end of May.They include the much-awaited bill on protocol and bills for legal aid, cultural heritage, horticulture and currency.

The handful of bills passed since the current crop of legislators took office in October last year included a revision to the 2002 Clemency Law, deemed urgent in light of overflowing requests, and annually recurring ones such as the state budget. On Friday, House Speaker Marzuki Ali vowed to complete deliberations over 16 bills.

Ahmad Yani, a United Development Party (PPP) lawmaker and member of the House Legislation Body, was even more optimistic, saying on Sunday that it was still possible to meet the original target of passing 70 bills, despite effectively only having about four months left to do so. “Each [of the 11] commissions is currently trying to complete three or four bills,” he said.

Ahmad said the policy set by Marzuki to dedicate Wednesdays and Thursdays to clearing legislation had so far been working effectively. “And some working committees also work over the weekends,” he added.

But the LSI’s Burhanuddin warned that if lawmakers rushed the deliberation process just to meet the target, the quality of legislation would likely suffer, making the laws prone to challenges in the Constitutional Court. Inviting outside experts such as NGOs and academics to help advise on laws could help improve their quality, he added.

Eryanto Nugroho, executive director for the Center for Law and Policy Studies (PSHK), said its study had found the ideal legislative target for the House was 20 to 30 bills a year. “The House must screen any proposed bill before finally deciding on 20 to 30 bills — very urgent ones — to be discussed,” he said. Andreas Hugo Pareira, a former lawmaker from the Indonesian Democratic Party of Struggle (PDI-P), said three main areas needed to be improved: legislators’ competence, their discipline and the mechanisms of the legislature itself. “Without improvements in these areas, I’m very pessimistic that the target — hundreds of bills within five years — can ever be met,” he said.

“The quality of the laws would not be good and they would just be susceptible to judicial reviews in the future.” Ahmad, however, rejected suggestions the target be slashed. “Those critics have no insight whatsoever into the realities of the legislative process,” he said.

<http://www.thejakartaglobe.com/home/quickly-passed-indonesian-laws-will-be-useless-say-analysts/388934>

- **Tommy Suharto May Lose MKGR Battle, but Could Win Golkar War: Analyst**

A bid by Hutomo “Tommy” Mandala Putra, the controversial son of former President Suharto, to chair a core organization within the Golkar Party was likely doomed to failure, but could pave the way for future campaigns, an analyst said on Sunday.

The Mutual Assistance Families Society (MKGR), one of Golkar’s three core

organizations, today kicks off its seventh national caucus in Surabaya, where it will elect a new chairperson. Other candidates in the running include the incumbent and favorite, Priyo Budi Santoso, who is also a deputy speaker at the House of Representatives, and legislators Agus Gumiwang Kartasasmita and Zainal Bintang. "Tommy's chances of winning the MKGR chair are very small," said Yunarto Wijaya, a political analyst from Charta Politika. Tommy, who was jailed briefly for ordering the murder of the judge who convicted him of graft, last year ran for the Golkar chair but lost in a landslide to Aburizal Bakrie. "He failed to make waves back then, and he won't do it now," Yunarto said, although he did not rule out Tommy's candidacy as a lost cause. "From a long-term political perspective, Tommy's constant exposure could increase his bargaining power within the party." By continuously standing for leadership posts, Tommy could eventually garner the popularity he needs to rise up through the ranks of his father's political vehicle, Yunarto said, adding that he already had the benefit of a huge campaign war chest. "The idea is to amass power over the long term," he added.

Yunarto also argued that Tommy could further his political ambitions by using the Suharto family name to appeal to loyalists of the former president who still hold high positions in Golkar. In the meantime, Tommy faces an uphill battle to win the MKGR chair because his main rival, Priyo, reportedly had Aburizal's backing, Yunarto said.

"He doesn't stand a chance unless he can reach some sort of mutual agreement with Aburizal," he said, adding that their longtime rivalry would make this virtually impossible. According to Yunarto, the race for the MKGR chair was linked to Aburizal's desire to consolidate his hold over Golkar. "Aburizal needs to prove his authority as party chairman by backing someone from his own camp," he said. "In this case, it's Priyo." He also said Aburizal's support for Priyo was payback for the latter's help in Aburizal's bid for the Golkar chair. On Friday, Priyo claimed to have Aburizal's support. "Aburizal fully supports my candidacy and we have both talked about it," he told state-run news agency Antara. "He gave me lots of advice on how to shore up the MKGR." However, Aburizal's spokesman, Lalu Mara Satriawangsa, declined to confirm whether the Golkar chairman was officially backing Priyo, saying only that "all the candidates are Golkar members, and Aburizal supports a fair competition."

Priyo also claims to have the support of the MKGR's central executive board and regional branches, which will be eligible to vote in this week's election at the national caucus, although he has declined to elaborate on exactly how many votes he has already secured. "I'm supported by a majority and I don't see why I should give the exact figure," he said.

"Everything is going well and I'm grateful for the support because it's the grassroots

members who want me to stay on as chairman.”The MKGR was established in 1960 as a civil society organization. In 1964, it was one of dozens of organizations that were merged to form the Golkar Joint Secretariat, which became a political party in 1968 to support Suharto. Only three of those original core organizations are currently active, the other two being Kosgoro and the Indonesian Workers Union (Soksi).

<http://www.thejakartaglobe.com/home/tommy-suharto-may-lose-mkgr-battle-but-could-win-golkar-war-analyst/388919>

- **Indonesia must reach political deal with Papua: ICG**

Indonesia must reach a political settlement with restive Papua province to prevent simmering anger about broken promises of autonomy boiling over into violence, a think-tank said Tuesday.

Indigenous resentments over the eastern territory's autonomy came to a head last month when protesters presented the provincial parliament with demands including a referendum on independence and international mediation. This was followed by a promise from Indonesian President Susilo Bambang Yudhoyono to audit central government spending in Papua and West Papua provinces to ensure their special autonomy status was being well implemented.

In a new report, the Brussels-based International Crisis Group (ICG) said an audit would not be enough unless it was followed by a genuine attempt to negotiate with indigenous Papuans about their political aspirations.

Indonesian officials all too often demonstrated a "contemptuous disdain" for indigenous Papuan representatives, even those who accepted autonomy within the Indonesian state and did not advocate independence, it said. "The longer Jakarta refuses to discuss (grievances over discrimination, unfulfilled promises and past injustices), the stronger the radical voices will become," the ICG report said. "The Papuans are growing increasingly angry, while for senior officials in Jakarta it is a distant, if chronic problem of no urgency whatsoever."

It said an audit would be "useful, but the issues are not just about money as most Jakarta-based officials seem to assume". Core grievances which had to be addressed through dialogue included Jakarta's failure to implement fully the autonomy status granted in 2001, demands that candidates for district-level elective office be indigenous Papuans and the flow of ethnic Malay migrants into the Melanesian-majority region.

"Many Papuan leaders, both moderate and militant, believe Jakarta has systematically undermined the concept of autonomy... and is unwilling to give up anything but money. They have a point," the ICG said.

It said interviews with non-Papuan officials "revealed a rigid conviction about the

primacy of national laws" which cast doubt on "what autonomy really means".

Indonesia denies allegations of systematic human rights abuses in the Papua region but bars foreign journalists from independently reporting in the province. Poorly-armed guerrillas from the Free Papua Movement have waged a war of independence for four decades. Indonesian troops are regularly accused of abusing Papuan villagers in the name of anti-rebel operations.

Indonesia took over Papua, a former Dutch colony on the western half of New Guinea island, in 1969 after a vote among a select group of tribal leaders, which was widely seen as a sham. "After four decades without an effective solution, the claim that Papua's integration into Indonesia is final, legal and irrevocable lacks credibility," Indonesian academic Mangadar Situmorang said last month.

Fifty members of the US Congress last month signed a letter to President Barack Obama accusing the Indonesian government of committing genocide against the Papuans.

"Genocide is usually difficult to document since leaders are often reluctant to state their intention to destroy another nation, race, or ethnic group," the legislators wrote. The Pacific island state of Vanuatu, meanwhile, has promised to raise the Papua issue at the 41st Pacific Islands Forum, which it is hosting this week. It has also called for the International Court of Justice to consider the legality of Papua's incorporation into Indonesia.

http://news.yahoo.com/s/afp/20100803/wl_asia_afp/indonesiapoliticsrightspapua

- **Geo-Strategic Front**
- **Economic Front**
- **Investors see economies making slower progress**

Since the stock market hit bottom in March 2009, investors have poured into emerging-market mutual funds on the expectation that countries such as China, Russia, Brazil and Indonesia will grow far more rapidly than the developed economies in the United States, Europe and elsewhere. Some adventuresome investors are going a step further, laying down bets in such unlikely investment locales as Mongolia, Nigeria and Lebanon.

They're wagering that stocks in such "frontier markets," despite disappointing returns until now, have the untapped investment potential that once-obscure emerging markets had 20 years ago. No one expects Nigeria or Bangladesh to balloon into the next China or India. But enthusiasts say frontier markets, which some analysts label pre-emerging, present many of the same economic traits and long-term investment opportunities as their more mature cousins did in their infancy.

A frontier market typically is rich in resources with a consumer class that is just now emerging and a core of promising companies whose efficiency is being sharpened by a

fierce global marketplace.

Their economic progress has been slow and uneven, and their stock markets overall have lost much more in recent years than markets in more developed economies. But proponents of frontier investing say it is an opportunity for people who wish they had gotten in during the early days of the emerging-market craze.

“It’s like going back to 1987,” said Mark Mobius, manager of the Franklin Templeton Frontier Markets fund. “They all have incredible growth potential.” The risks are many. The quality of the companies, the transparency of their accounting and the friendliness of their shareholder policies can vary widely from one country, or one company, to another. Government regulation can be shoddy. And the handful of funds, specializing in frontier markets have limited track records and sometimes hefty expenses.

And that’s not to mention the generally weak investment performance of many frontier markets. Emerging markets have long been boom and bust, and frontier markets are no different except they busted harder during the global downturn, then boomed much less during the recovery since then.

Since February 2009, gains in the MSCI Emerging Markets index are almost double those of in the MSCI Frontier Markets index. Going back to the end of 2006, the emerging-markets gauge shows a narrow gain while the frontier-markets index hasn’t yet recovered its losses.

Adding to the risk, the performance of individual frontier funds varies widely. In the past 16 months, for example, the T. Rowe Price Africa and Middle East fund has risen about twice as much as the Forward Frontier Markets fund.

Investors drawn to frontier markets should tread carefully, invest only for the long term and allocate only a small percentage of their portfolio to the sector, said Gregg Wolper, a senior analyst at fund researcher Morningstar Inc.

“You don’t want to be too negative because 20 years ago if someone said ‘I’m going to buy China or Russia,’ that would have sounded crazy,” Wolper said. “There is the chance that some of the (frontier) countries could move into the more emerging-market realm, but whether that chance is 20 per cent or 80 per cent is the toughest call and impossible to tell.” There’s no official definition of a frontier country. The MSCI Frontier Markets index stretches from Qatar and the United Arab Emirates to Lithuania, Kazakhstan, Pakistan and Vietnam. Frontier countries suffer, enthusiasts say, from a mistaken perception that they are lawless outposts.

The first time T. Rowe Price fund manager Joseph Rohm visited the Nigerian city of Lagos, the local broker who set up the trip shuttled him around in an armored personnel carrier with security guards toting submachine guns. It was “completely over the top,”

Rohm said, and in his visits since then, he has walked by himself in a suit and tie without a problem. "People have an image of it being people walking around with guns, and that's absolutely not the case," he said. "The best investments are made when there's a big difference between perception and reality. A lot of frontier markets speak quite nicely to that." The upside of the renegade image, enthusiasts say, is that frontier-market stocks carry lower valuations based on standard measures than those of emerging markets.

Frontier markets also have been overshadowed by investors' ardor for the highest-profile emerging markets, particularly China, fund managers say. But China's growth is a boon to some frontier countries because the Asian giant is buying from and investing in resource-rich countries in Africa and elsewhere, they say. But that can cut two ways if slowing economic growth lowers the prices obtained for those resources. "These markets are definitely reliant on there being a demand for commodities," Rohm said. In his fund, Rohm has invested heavily in banks and financial-services companies. He has bought shares of some construction-related firms because of strong infrastructure growth in several frontier countries, especially in the Middle East and in places such as Kenya. He also is buying consumer-related companies, especially telecom firms, expecting demand to grow as middle classes emerge.

Mobius, a well-known foreign-stock manager, likes Vietnam, Kazakhstan, Ukraine and Nigeria. In addition to the handful of regular mutual funds specialising in frontier markets, an increasing number of exchange-traded funds are springing up, some of them focusing on just one country.

The Claymore/BNY Mellon Frontier Markets fund and the PowerShares MENA Frontier Countries Portfolio invest in multiple countries. Van Eck Global features several single-country ETFs, including funds focused on Egypt, Poland and Vietnam.

<http://gulftoday.ae/portal/951e856c-3245-4468-a693-8edcae98b2f6.aspx>

- **Indonesian Vice President Boediono: Rich Nations Need to Pitch In**

Indonesia has put the blame for its slow progress in achieving the UN's Millennium Development Goals squarely onto developed countries' reluctance to help foot the bill.

"The 2002 Monterrey commitment and 2005 Gleneagles commitment should first be fulfilled," Vice President Boediono said on Tuesday at the opening of the Special Ministerial Meeting for MDGs Review in Asia and Pacific: Run Up to 2015. The UN's Millennium Declaration was signed in 2000 and is targeted for fulfillment by 2015.

To support developing countries' efforts to reach the goals, several developed countries agreed at the Monterrey and Gleneagles meetings to allocate 0.7 percent of their GNP to the cause. "With the global crisis, the commitment agreed upon by advanced nations has not been forthcoming," Boediono said. "The United Nations reported that the

development assistance from the nations was only 0.31 percent of their GNP, far from the 0.7 percent target.” Given this flagging support, Boediono said, it would be challenging to attain the MDGs within the Asia-Pacific region, including the targets for poverty, child malnutrition, universal primary education and gender equality. In several countries, including Indonesia, target parameters such as maternal and child mortality rates remain high, as do HIV transmission rates, deforestation and CO₂ emissions.

However, the UN says much has already been done toward achieving the goals. “To date, the global record is mixed,” UN Secretary General Ban Ki Moon told Tuesday’s meeting in a message read out by Sha Zukang, the UN undersecretary for economic and social affairs. “There have been many important gains but much remains to be done.”

Ban argued that despite the recent food, energy and financial crises, the developing world remained on track to halving extreme poverty, while some countries had registered major successes in combating hunger, improving school access, improving infant health, expanding access to clean water and HIV treatment, as well as controlling tuberculosis, malaria and other tropical diseases.

The number of people living on less than \$1.35 a day in East Asia has dropped from 60 percent in the 1990s to 16 percent in 2005, while in Southeast Asia it has fallen from 39 percent to 19 percent, according to UN figures. However, it warns that the trends have reversed since 2008. “These improvements have happened in some of the poorest countries, demonstrating that MDGs are indeed achievable,” Ban’s message read.

“Nevertheless, the gains have been uneven from country to country, and the recent crisis made this work harder still.”

Sha said progress had been particularly slow on improving maternal health and reducing maternal mortality, while there had been insufficient progress on promoting gender equality and women’s empowerment.

The UN also says almost half the people in the developing world continue to live without access to sanitation, while large numbers remain jobless or underemployed. It also called for more attention to be paid to environmental sustainability.

Meanwhile, Indonesia has succeeded in halving the number of people living on less than a dollar a day, as well as reversing the number of tuberculosis cases. By 2015, the government plans to have achieved universal primary education, eliminated the gender disparity in primary and secondary education and reduced the child mortality rate.

However, it says it is still struggling with the maternal mortality rate, HIV transmissions and widespread deforestation. Boediono said there were several alternatives for funding for the MDGs, should the Monterrey and Gleneagles commitments not be met. “The state should ensure it has sufficient finances to continue the economic stimulus targeted toward

the MDGs," he said. "There should be alternate and innovative mechanisms to finance the MDGs from public or private institutions. "Where public funds are limited, the private sector should be encouraged to help MDG achievement through public-private partnerships and corporate social responsibility," he said. Boediono also called for financing of international trade to help export-oriented developing countries boost income.

<http://www.thejakartaglobe.com/home/indonesian-vice-president-boediono-rich-nations-need-to-pitch-in/389284>

- **Indonesia ponders own BlackBerry ban**

Indonesia said Wednesday it is considering following the lead of Saudi Arabia and the United Arab Emirates in banning BlackBerry services, adding to pressure on device maker Research In Motion Ltd. to give governments greater access to data. Gatot Dewabroto, spokesman for the Ministry of Communication and Information, wants RIM to set up a server locally so encrypted information sent by the phones will not have to be routed through the Canadian company's overseas computers.

"We don't know whether data being sent through BlackBerrys can be intercepted or read by third parties outside the country," he said, expressing concern that information could be used by criminals or spies. The announcement came hours after Saudi Arabia said its telecom regulator had ordered mobile operators across the kingdom to halt BlackBerry services as of Friday. The United Arab Emirates, too, plans to shut down e-mail, messaging and Web browsing on BlackBerrys starting in October.

India is in talks with RIM over how information is managed on the devices. Analysts say RIM's expansion into fast-growing emerging markets is threatening to set off a wave of regulatory challenges, as the device maker's commitment to keep corporate e-mails secure rubs up against the desires of local law enforcement. RIM has said discussions with the more than 175 countries where it operates are private. It does offer help to governments, but says its technology does not

allow it, or any third party, to read encrypted e-mails sent by corporate BlackBerry users. (The consumer version has a lower level of security.)

The e-mails are, however, unencrypted on the servers of corporate clients, and can be obtained from the companies. Satchit Gayakwad, an RIM spokesman in India, denied there were plans to give the government greater control over surveillance of its corporate clients. "We won't compromise on the security architecture of our corporate e-mails," he said. "We respect the requirements of regulatory bodies in terms of security, but we also look at the customer's need for privacy." Dewabroto said Indonesia, one of the largest providers of Blackberry services in Southeast Asia with more than 1 million users, is still

just mulling a ban.

But it wouldn't be the first time it has taken on the device maker: Service was blocked in 2008 until RIM agreed to set up sales service centers for users inside the country. A Saudi security official told AP that security authorities are concerned about being unable to track down the exchange of messages using BlackBerry messenger. "This service might be used to serve terrorism," the official said.

BlackBerry phones are known to be popular both among businesspeople and youth in the kingdom who see the phones' relatively secure communication features as a way to avoid attention from the authorities. Several other countries have expressed desire for more control over BlackBerry messaging, including Bahrain, which has threatened to crack down on news dissemination using the devices.

AP Business Writers Adam Schreck and Erika Kinetz in Dubai; Joe McDonald in Beijing and Abdullah al-Shihri in Riyadh contributed to this report. Kinetz reported from Mumbai, India.

http://www.montereyherald.com/rss/ci_15684094?source=rss&nclick_check=1

- **investment, Consumption Fuel Faster GDP Growth**

Indonesia's economy grew at a better-than-expected 6.2 percent in the second quarter of 2010 from the same period a year ago, thanks to strong investment, exports and steady household spending, fueling predictions that more than 6 percent growth can be achieved for the year.

Cumulatively, the country's economy grew 5.9 percent in the first half from the same period last year, accelerating from a 4.2 percent pace in 2009. The latest growth figure exceeded analysts' forecasts of 6 percent, and was the highest figure since the 6.25 percent posted in the third quarter of 2008, thanks mainly to strong domestic consumption and exports.

The government had estimated 5.8 percent growth in the second quarter, a more conservative figure than the central bank's estimate of 6 percent. "We expect growth momentum to remain strong in the second half of 2010, given the momentum in high-frequency indicators such as consumer confidence, cement and motor-vehicle sales," said Prakriti Sofat, an economist at Barclays Capital in Singapore.

Slamet Sutomo, an official at the Central Statistics Agency (BPS), said, "Growth in the third quarter may peak and full-year growth may be above 6 percent." A breakdown of the data showed strong growth in investment and consumption. Indonesia's household spending remained strong, with car sales up 78 percent to a total of 196,132 units in the second quarter from a year ago.

That followed a 74 percent rise to 100,257 units in the first quarter from the same period

last year, according to data from the Association of Indonesian Automotive Industries (Gaikindo). On an annualized basis, household spending increased by 5 percent in the second quarter, up from 3.9 percent in the previous quarter. Consumption accounted for 56.7 percent of the country's GDP.

Investment also showed strong growth, rising 8 percent in the second quarter, up from a 7.8 percent increase in the first quarter. Investment accounted for 31.6 percent of GDP growth. Indonesia has started to attract more interest from foreign investors this year, with a flurry of recent announcements suggesting the country may see far more commitments in the coming months. Earlier this week, the state-enterprises minister said China Investment Corp. might invest up to \$25 billion in Indonesia.

Exports expanded 14.6 percent in the second quarter, down from 20 percent in the first quarter. Exports accounted for 23.8 percent of GDP. Imports also dropped to 17.7 percent annually, compared to 22.6 percent in the first quarter. "The strong rupiah in the past month may explain this drop," Slamet said.

Enrico Tanuwidjaja, a regional economist at OSK-DMG Group in Singapore, said, "Our forecast for the second half of 2010 is for the Indonesian economy to grow faster at 6.1 percent on the back of sustained employment growth that will keep domestic consumption growing, as well as encouraging signs from the recent FDI flows into the country that will continue to support domestic investment expenditure." He added that his full-year growth estimate for Indonesia was 6 percent.

<http://www.thejakartaglobe.com/business/investment-consumption-fuel-faster-gdp-growth/389719>

- **At social Front**
- **Human Rights Watch Urges Indonesian President to End Oppression of Minorities**

Indonesia is letting radical Islamists trample the constitutional rights of minorities, leading to inter-communal violence, Human Rights Watch said on Tuesday.

The New York-based watchdog called on President Susilo Bambang Yudhoyono to repeal laws that it says have given followers of the nation's leading faith the legal space to launch attacks on people of other creeds and sects. "When the Indonesian authorities sacrifice the rights of religious minorities to appease hard-line Islamist groups this simply causes more violence," said Elaine Pearson, the group's Asia director.

Hundreds of Muslim extremists tried to attack a mosque belonging to the minority Ahmadiyah Islamic sect in Kuningan district of West Java last week, resulting in clashes with police and the sect's followers. A government decree adopted in 2008 under pressure from Islamic conservatives bans the sect from spreading its faith, which includes the

belief that its founder, Mirza Ghulam Ahmad, was the final Muslim prophet.

Orthodox Islam holds that Muhammad was the final prophet, leaving Ahmadiyah open to charges of heresy and blasphemy which are punishable by up to five years in jail under a controversial 1965 law. HRW called on the government to rescind such laws and said the failure of the police to arrest a single extremist over repeated attacks on Ahmadiyah would only encourage more violence. "While the police rightly stopped mobs from entering the mosque, their failure to arrest a single person will only embolden these groups to use violence again," Pearson said.

Indonesia's Constitution explicitly guarantees freedom of religion and the country of 237 million people, 80 percent of whom are Muslim, has ratified the International Covenant on Civil and Political Rights.

There have been growing calls for Yudhoyono to counter Islamic extremists who attack civil society groups and minorities.

<http://www.thejakartaglobe.com/home/human-rights-watch-urges-indonesian-president-to-end-oppression-of-minorities/389279>

- **Australia to take more refugees from Indonesia**

The United Nations' High Commission for Refugees has told the ABC Australia has committed to a 900 per cent increase in the number of refugees it officially resettles from Indonesia each year.

The unpublicized move is a big shift from Australia's average annual intake of about 50 Indonesian-based refugees. "There was a recent decision taken by Canberra to upgrade the resettlement quota ... from little more than 50 cases or persons per year, to 500," Manuel Jordao, the UNHCR's senior representative in Indonesia, said. "So that's a very significant increase."

Some refugee advocates have argued that Australia's previous small intake of refugees from Indonesia has meant long waits for resettlement and helped fuel demand for black market boats. Mr Jordao's revelation appears in a report on the television program Four Corners, which airs damning evidence showing Australia's costly efforts to stop people smuggling are being undermined by smugglers' links to corrupt Indonesian officials.

The investigation reveals how corruption in Indonesia's immigration detention centres feeds into smugglers' pockets, as detained asylum seekers are released in return for bribes to immigration officials, then channelled to smugglers who sell them passage on a boat to Australia. Indonesia's foreign minister Marty Natalegawa suggests Indonesia is reluctant to house the growing numbers of asylum-seekers in its detention centres, which are partly funded by Australia.

"Short of Australia being able, being willing to have such facilities [on] its own soil,

which apparently [it is] not, then I guess the next best thing is to be seen to be in a joint endeavour to have such facilities built," he said.

Corrupt officials

In the program, hidden cameras capture six smugglers, their intermediaries and corrupt officials discussing boats, bribes and Australian border security. "You can fix anything," says a military officer as he plans to release a batch of asylum-seekers from detention and send them by boat. "I have people who are now on their third day at sea and a group who arrived [in Australia] a week ago," says one leading smuggler, who charges up to \$US7,000 (\$7,740) per passenger.

Competition is fierce among smugglers. One of them shoots a video of his boat as a marketing tool for passengers. "Isn't it great? It's like a cafe isn't it," his wife says as she conducts the video tour. This unprecedented footage is the product of the bravery and ingenuity of a refugee who worked with Four Corners and wore a hidden camera into numerous meetings with smugglers and their accomplices. This man says asylum-seekers are used as "commodities" by the smugglers. He is on a mission to expose the smugglers and break their networks. "I must destroy these bad people and the people behind them," he says.

Big business

Mr Jordao was blunt in his assessment of the smuggling trade in Indonesia, which he describes as a "big business". "It will be a problem that will never go away," he said.

"But we believe that there is a way of, through a regional understanding, that states could [to] a great extent replace the activity of smugglers by offering people a number of possibilities for them to organise their lives and futures."

Australia's Department of Immigration declined to confirm how many of the 3,000 UN-registered refugees in Indonesia will be resettled this year, but said the humanitarian program is flexible to "respond to emerging humanitarian situations".

[http://www.radioaustralianews.net.au/stories/201008/2970413.htm?=-](http://www.radioaustralianews.net.au/stories/201008/2970413.htm?=)

- **Editorial: A shameful deed**

"What a shame," people will likely say about the six years' imprisonment handed down on Monday by the Corruption Court to Jakarta State Administrative High Court judge Ibrahim for accepting a bribe in a land dispute.

The verdict is another slap in the face for the Indonesian judiciary, as public perceptions of the institution remain very low. As a judge, Ibrahim should have been the last bastion in the country's judicial system (after National Police officers and Attorney General's Office prosecutors) in upholding justice, not the one committing the wrongdoing.

Ibrahim was found guilty of accepting a Rp 300 million (US\$33,000) bribe from Adner

Sirait, the lawyer of businessman Darianus Lungguk Sitorus, to help his client win a legal battle at Jakarta State Administrative High Court over a land dispute with the Jakarta administration.

The dispute centers around a 9.9-hectare plot of land in Cengkareng, West Jakarta, with multiple ownership certificates — one belonging to PT Sabar Ganda, a company owned by Sitorus, and another to the Jakarta administration. Jakarta State Administrative Court started the hearing for the disputes in June last year and issued a ruling in favor of PT Sabar Ganda in November, also last year. However, the administration then filed an appeal to Jakarta State Administrative High Court last February.

The case against judge Ibrahim and lawyer Adner (tried in separate hearings) was filed by the Corruption Eradication Commission (KPK) to the Corruption Court after commission investigators caught Ibrahim on Jl. Mardani Raya in Cempaka Putih, Central Jakarta, on March 30 this year soon after he had accepted the bribe. On the same day the KPK also arrested Adner at East Jakarta District Court.

The case against judge Ibrahim is not the first of its kind. In 2006, South Jakarta District Court jailed one of its judges, Herman Allositandi, for four years and six months, for extorting money from a witness in a graft trial. And it is widely believed the two cases are only the tip of the iceberg as both Ibrahim and Herman are considered as “samples” only.

It is indeed difficult to prove or blatantly accuse many Indonesian judges of accepting bribes prior to issuing court verdicts unless they are caught red-handed, as was the case with judge Ibrahim. However, such crimes are often evident when judges issue verdicts that are far less than penalties demanded by prosecutors.

It is true that judges should and must always base their verdicts on their conscience, as the law on the Indonesian justice system stipulates. But their independence in interpreting the laws prior to issuing verdicts should not completely run foul of common sense and the general public’s sense of justice.

It is also true that judges must not be the sole party to blame whenever “abnormal” verdicts are issued, because such weak court rulings could have also originated from weak charges established by police and/or prosecutors.

However, the fact that other parties might be involved in determining weak or controversial court verdicts should not prevent the Indonesian judiciary from reforming itself and improving its image. And the verdict on judge Ibrahim could be its starting point.

<http://www.thejakartapost.com/news/2010/08/06/editorial-a-shameful-deed.html>

- **Environmental Front**

Malaysia

- **Political Front**
- **Racial Politics Future Of Malaysian Politics, Says Ibrahim Ali**

Race-based politics will remain the bedrock of Malaysian politics as long as Malaysia is known as a state-nation not a nation-state, said Pertubuhan Pribumi Perkasa Malaysia (Perkasa) president Datuk Ibrahim Ali.

He said Malaysia being a country with plural ethnicity unlike Japan, Korea or Germany, still needed its politics to be structured according to racial grouping.

"For example, Umno still has the role to represent the majority of Malays, MCA the majority of Chinese and MIC the same for Indians," he said at the 4th Annual Malaysian Student Leaders Summit 2010 forum entitled "The Malaysian Political Mindset: Will Politics of Ideology Trump That of Race?", here Sunday.

"For as long as Malaysia is still a state-nation with transformation and evolution requiring decades to come, the politics of ideology may find it difficult to trump this arrangement," he said at the forum, which included two other panellists, Umno Youth Chief Khairy Jamaluddin and PAS Member of Parliament for Shah Alam, Khalid Samad.

Khairy said that although the politics of ideology should replace racial politics, the reality was far different from what Malaysians wished it to be.

"While many of us here want to have politics of ideology, the majority of Malaysians do not think so. The mind-share is there but it is not enough," he said. The two-day summit which opened yesterday and carrying the theme "Our Malaysia, Charting the Way Forward", was organised by the United Kingdom and Eire Council for Malaysian Students (UKEC). Some 350 Malaysian tertiary students and graduates from local and foreign universities participated in the summit.

<http://www.bernama.com/bernama/v5/newspolitic.php?id=518061>

- **DPM: 1Malaysia understood by more now**

Many people are beginning to understand the concept of 1Malaysia but more explanations will be given to create awareness of its core concept, said the Deputy Prime Minister. The people should always keep in mind that the 1Malaysia concept was based on the spirit of the Federal constitution, said Tan Sri Muhyiddin Yassin.

"I believe there are those who do not fully understand 1Malaysia, and there are those who interpret it according to the views of the groups they belong to," he added. Interpretations, he said, should not go against the spirit of the Constitution, especially in matters touching on the rights of the races and the position of the Bumiputra, the rulers and the religions. "The concept is dynamic in nature, so there will be those who will interpret it according to their needs. The Government is still explaining and conducting programmes

to increase understanding of the concept. "In time, all will understand the core concept," he said, after chairing the Cabinet Committee on Youth Development meeting here yesterday.

He was commenting on former prime minister Tun Dr Mahathir Mohamad's call on Monday for the Government to explain Malaysia in detail to the various races to provide a holistic understanding of the concept.

Official visit: Muhyiddin gesturing to Afghan Defence Minister General Abdul Rahim Wardak and his delegation to their seats during his visit to Putrajaya yesterday. Looking on is Afghan ambassador to Malaysia Abdul Samad (second from right). General Abdul Rahim has been on an official visit to Malaysia since Sunday. — Bernama

Muhyiddin said he agreed with Dr Mahathir's call.

"But we did not say that all the people would understand within one year of it being introduced by Prime Minister Datuk Najib Razak," said Muhyiddin.

<http://thestar.com.my/news/story.asp?file=/2010/8/4/nation/6789673&sec=nation>

- **Economic Front**
- **Syria, Malaysia Discuss Cooperation in Development Projects**

Deputy Prime Minister for Economic Affairs Abdullah al-Dardari on Monday discussed with the Chairman and members of the Board of the Malaysian EXIM Bank prospects of bilateral cooperation and means of enhancing it in economy and development, particularly in carrying out infrastructure projects, training cadres and exchanging expertise.

The two sides also discussed the possibility of funding several vital projects in Syria by EXIM Bank, particularly in the fields of housing, transport, drinking water, sanitation, infrastructure and joint projects.

Al-Dardari pointed out to the deeply-rooted relations binding the two countries, underlining the importance of upgrading them in all domains. He indicated to the banking, financial and economic reforms in Syria which have further promoted the Syrian-Malaysian relations, hailing the key role of the Malaysian businessmen and companies in the development process witnessed by Syria.

For his part, the Chairman of EXIM Bank expressed his Bank's desire to fund many vital and important projects in Syria.

In the same framework, Minister of Economy and Trade Lamia Assi discussed with the EXIM delegation cooperation between the Ministry and the bank in service of standing and new projects in commercial, economic and investment fields. Talks also underlined the role of businessmen and investors in developing cooperation in various fields.

During the meeting, Minister Assi briefed the delegation on the state of Syrian economy

and the developments in it in terms of opening up to global economy and revitalizing trade exchange with other countries.

<http://www.sana.sy/eng/24/2010/08/02/301398.htm>

Philippine

- **Political Front**
- **Economic Front**
- **Indonesia, philippines should get IMF facility**

Indonesia and Philippines should secure the use of the International Monetary Fund's shortterm liquidity facility as soon as possible, otherwise the threat of financial contagion and capital controls within Southeast Asia would remain, a research house warns.

According to a recent Citi Investment Research note, the IMF's SLF is an endorsement of the countries' sound macro policies. It could unlock as much as US\$15.5 billion (Bt550 billion) or 29.5 per cent of Indonesia's international reserves and provide additional financial help for that country to redouble its efforts to limit excessive rupiah weakness and avert a fullblown confidence crisis.

"Speed is the essence in dealing with financial turbulence; the faster Indonesia can secure IMF help, the higher the likelihood that the financial market improvement in the currency, rupiah government bond yields, equity market and credit default swaps can be sustained," the paper said.

Indonesia's rupiah rose yesterday, reversing losses, as a rally in shares fuelled optimism that overseas investors are buying the nation's assets. The rupiah rose 0.2 per cent to 10,955 versus the dollar as of 2.48pm in Jakarta, according to data compiled by Bloomberg. The currency earlier fell as much as 3.6 per cent to 11,380.

According to Citi, the Philippines' fivetime quota of IMF SLF is \$6.6 billion, which represents 17.9 per cent of the country's total international reserves.

The Philippine peso declined on concern a global economic slump will reduce overseas demand for the nation's electronics goods and workers. Manufacturing in the US, the biggest buyer of Philippine products, fell at the fastest pace in 26 years, adding to signs that the world's largest economy is slipping into recession.

The currency dropped 0.6 per cent to 48.81 per dollar as of 10.06am in Manila, according to Tullett Prebon Plc.

In addition, provisions of liquidity support by holders of large foreign reserves such as China and Japan to the rest of Asia, if it materialises soon, can also be of great help.

"Large parts of emerging Asia came very close to being overwhelmed by external funding strains until late last week. The high level of financial market stress in Korea and Indonesia threatened to spark a confidence crisis, which would make a bad situation

worse not just for the respective countries but also for the region especially Southeast Asia," Citi said in its paper.

It was therefore timely that a global rescue effort kicked in on October 30 on two complementing fronts through the Fed's and IMF's liquidity programmes to cushion emerging markets against a rapid reversal of capital flows. The Fed has made \$30 billion swap lines each available to Mexico, Brazil, Korea and Singapore, through April 30. These swap lines had up to now been made available only to central banks of developed markets such as Europe, Japan and Australia.

Recently, the IMF announced a new SLF providing threemonth funding for up to five times a country's quota for those countries whose economic position is in its judgement sound, without tagging any of its usual strict conditions.

The extension of the Fed's liquidity umbrella to Korea and Singapore should lower the threat of financial contagion and a desperate reach for capital controls within Asia to deal with extreme financial volatility. Korea is the key beneficiary of the financial safety net provided by the Fed, while Singapore's inclusion is mainly a precautionary move rather than a signal of distress.

The Fed's swap line, a possible expansion of an existing swap programme with Japan (\$13 billion) and China (\$4 billion), potential liquidity support from the IMF's SLF (\$21.8 billion) taken together with the recent moves to guarantee newly issued external debt by Korean banks and the injection of US dollar liquidity should durably ease Korea's external funding strains.

According to Citi's report, all the liquidity support measures announced recently will significantly reduce Korea's perceived default risk and contribute to stabilising its financial markets. The total amount of available liquidity backstop is now at least \$69 billion, which seems large enough to erase some investor concern for Korea's forex liquidity or even default risk.

South Korea's won declined yesterday, leading losses among Asian currencies, after the nation reported its biggest drop in forex reserves since the Asian financial crisis.

Korea's currency, the region's worst performer this year, fell after the central bank said yesterday its reserves slumped 11 per cent to \$212.3 billion last month, the most since the nation received a \$57 billion loan from the International Monetary Fund in 1997.

<http://www.nationmultimedia.com/home/2008/11/05/business/Indonesia-philippines-should-get-IMF-facility-30087590.html>

- **Asia's new strategic direction**

As the downturns in world economic juggernauts are exposing their fundamental problems, Asian economies should reduce their reliance on exports to curb risks on

growth, economists say. Michael Spence, a Nobel laureate in economics, said economic growth in the United States had been driven by excessive consumption for 15 years, leading to heavy household indebtedness and leaving the export sector underdeveloped in terms of competitiveness.

These factors have posed a challenge in its fiscal management to address long-term investment, which would require either tax increases or decreases in budget spending, he said. "Restoring growth will be painful. So will persistent underemployment and slow growth in the long term," said Dr Spence in a forum co-hosted by the International Monetary Fund and South Korea recently.

The US would be tempted to resort to protectionism to strengthen its lagging manufacturing base, a result of the expansion to developing countries by multinational corporations in the past.

Protectionism in the US would cause widespread damage to the world economy. Alternately, the US government and businesses should try harder to improve the productivity of its stagnant manufacturing sector, he said. Dr Spence has predicted that emerging economies in Asia and Latin America would produce half of the world's output over the next decade, with the developed economies still relying on comparative labour advantage. The financial positions of Asian households and corporations have been less affected by the global financial crisis, resulting in ability of to sustain fiscal health and economic growth. Expanding intraregional trade and increases in income levels would also help spur more regional growth.

Restoring growth will be painful. So will persistent underemployment and slow growth in the long term - MICHAEL SPENCE 2001 Nobel Laureate in Economic Sciences In any case, he said Asian economies are not totally immune to shifts in global demand.

The G-20 forum should play a role for co-operation to address underlying global economic problems, he added. Dominique Strauss Kahn, the International Monetary Fund's managing director, said Asian economies needed to strengthen domestic demand, either investment or consumption.

In addition, the completion of the long-stalled Doha Round of World Trade Organisation talks to remove protectionism would be important to bolster world trade. "Some Asian countries need to increase consumption to go with social safety nets and infrastructure investment," he said. "Besides, there is a lot to do on reducing poverty. Asia has a large share of the world's poor." Dr Strauss Kahn said sound financial sector regulation was critical as well, noting that the role of the public sector had increased worldwide during the global recession in 2008-09. Victor Fung, honorary chairman of the International Chamber of Commerce, said intraregional trade was very sensitive to changes in world

demand as the ultimate destinations for goods were largely in the US and Europe. He said Asian policymakers should have a cohesive set of policies for domestic demand. Among them should be policies to spur small and medium enterprises that have become sources of economic resiliency. Likewise, Asia should improve income distribution, labour skills and raise productivity.

"The shift to domestic demand may happen in the next 25 years. The key is that it doesn't mean demand for merchandise, but the service sector. This will take a long time," Dr Fung said. Dong-Soo Chin, chairman of South Korea's Financial Services Commission, said intraregional trade now accounted by almost half of Asia's international trade, up from 40% in 2009. "Asian intraregional trade is diverse. The European slowdown will have some impact, but I don't think it will disturb the growth." Dr Chin expects China and India to support new demand in Asia, particularly because both are improving sophistication of their manufacturing. Eiji Hirano, president of the Asia-Pacific region at Toyota Financial Services Corporation, said the region should continue to improve financial sector risk management and fiscal soundness to avoid harsh impacts from an economic slowdown. On the surface, Asian countries, except Japan, have sound fiscal positions. But there are contingent liabilities on infrastructure and social investment. They are underlying requirements for higher revenue going forward, he said. China is moving toward financial liberalisation and improvement in labour skills and social protection to strengthen its domestic demand, Dr Hirano said.

Y.V. Reddy, former governor for the Reserve Bank of India, noted that key structural reform of Asia during the past decade had been greater opening in the manufacturing sector.

<http://www2.bangkokpost.com/life/financialadvice/189027/asia-new-strategic-direction>

- **At Social Front**
- **Education should be Aquino's top priority**

File photo shows the then Philippine President Gloria Macapagal Arroyo (L) expressing her condolences to current President Benigno "Noynoy" Aquino III (R) on the death of his mother Corazon Aquino. Picture: EPA

NOT that I'm defending former Philippine President Gloria Macapagal-Arroyo, but those thinking that her profligate administration did nothing to improve the status of public education are definitely mistaken. Her administration did something, sort of. However, it was the case of too little, too late. If we compare it to a basketball match, GMA, as the former chief executive is known, and her co-players started making points at the last two minutes of the game.

It was reported that when Arroyo and her successor President Benigno Noynoy Aquino

III were on board the car which took them to the Luneta Grandstand where the inauguration was held— I bet not directly looking at each other and even wishing they had done away with the tradition of both the outgoing and incoming leaders arriving at the ceremony together— GMA broke the piercing cold silence between them by talking about education.

It was said that Mrs Arroyo suggested to PNOY, as President Noynoy likes to call himself (the Filipinos have this penchant for monikers and abbreviations), to make education the priority of his administration. She told him that there was this pressing need to reform the education system.

GMA also said that her administration had formed a Presidential Task Force on Education, which came up with recommendations to better the quality of public education in the Philippines. Included in the plans were to reduce to zero the dropout rates among high school and elementary students.

In short, what she was saying was this: We do have plans but not enough time to implement it, so it's up to the Aquino administration to carry them out.

What I found odd, err shocking, is that in her less than a decade of service or rather disservice to the Filipinos, she did not put public education as her priority. And Arroyo, being a professor of economics before she entered government in 1987, was supposed to teach public servants on how to perk up the edification of Filipinos' sons and daughters.

The dwindling number of enrollees in all levels, the poor performances of schoolchildren in Math, Science and English; the lack of proper and regular trainings for teachers on top of their work overload; the inaccessibility of education in terms of schools, classrooms, and textbooks; and insufficient government spending for social services, which include education, are all stark and conspicuous signs that Philippine education is in a dismal state.

According to a report by an academic official, the Philippines get a failing mark as the quality of education in the country has been declining continuously for roughly 25 years. The 2009 report by the National Statistical Coordination Board recognised that one in six school-age children is deprived of education. The same report showed the enrollment rate in the country's primary school five years ago was 90 per cent. In 2008, it dropped to 83 per cent, and the number is worsening. The situation is worse for secondary education, where enrollment rate has been steady at only 59 per cent over the same period.

Infrastructure is also a big problem. Not enough school buildings. Schoolchildren are like sardines in a can, trying to study inside poorly ventilated and cramped classrooms, holding more than 40 students. Well, these are the lucky ones, because in some

provinces, students are studying their lessons al-fresco: beneath the shades of trees or under the sweltering heat of the sun. When disaster strikes, more often than not, you will see the students sharing their classrooms with evacuees as classrooms are the official evacuation centres especially in the provinces. Please remember the country is visited by an average of 12 typhoons every year.

In a 2006 report, it was learned that the country was lacking more than 15,000 classrooms, with 55 per cent of existing classrooms needing electricity and 84 per cent of these without running water. Moreover, 62 per cent of the existing classrooms are without toilets.

Are you ready to listen to more problems? Editors and proofreaders are needed to correct textbooks, which are full of errors because they did not pass quality control. There is a lack of qualified teachers as the veterans have abandoned local classrooms to seek greener pastures overseas where the teaching profession is being shunned.

Before I forget, in defence of the Arroyo administration, six years ago they also cooked up the food-for-school programme in a bid to entice parents to send their children to school. Under the programme, a kilo of rice was given daily for 95 days up to five months to every student who attended class. Because of the food, parents who before stopped their children from attending schools to help with household chores or earn a living, were sending them back to class, well not to learn but to get the rice.

But corruption reared its ugly head when the dole out of rice was stopped, replaced by noodles without the knowledge of the Department of Education. Noodles for students in a rice-eating country? This left a bad taste on the mouth of the education leaders, who quickly cut the noodle-eating habit.

Later it turned out that many of the doled out rice and even the noodles failed to reach the students and their families. Who's responsible? Nobody knows. One thing is sure, the money from the sales of the rice and the noodles filled the pockets of the culprits while the poor students studied their lessons with an empty stomach.

Education has a dramatic effect on economic development and growth, and other countries are starting to realise how dropout rates affect their economies, but Philippine officials have yet to wake up to this reality unless the Filipino people will award them with a grade of flat zero.

<http://www.bruneitimes.com.bn/opinion/2010/08/06/education-should-be-aquinos-top-priority>

- **Aquino asks Filipinos' help in fight against graft**

President Benigno Aquino III asked Filipinos on Sunday to help him fight the corruption that has dogged previous governments and become one of the major obstacles to

developing the economy of their poor Southeast Asian nation.

Aquino was speaking at the first anniversary of the death of his mother, former president Corazon Aquino, who is regarded in the country as a democracy heroine.

Philippine President Benigno Aquino III reads his speech from a teleprompter during his state of the nation address at the opening of the 15th Philippine Congress in Quezon city Metro Manila July 26, 2010.

"We can only end poverty if we fight corruption, and this is where everyone has a major role to play," Aquino said at a Catholic religious service attended by his family, the cabinet and hundreds of supporters, many clad in yellow, the signature colour of his mother. "It can be done in simple ways, by showing common courtesy to strangers, by paying taxes, by following traffic rules and by disposing of our waste properly." "We can do even more by reporting any wrongdoing that might be brought to our attention. Let us challenge ourselves and our leaders to brave the straight path," he said.

Aquino was a congressman and a senator when his mother, who was president from 1986 to 1992, died of colon cancer a year ago. Her death sparked an outpouring of emotions that helped him win the presidential elections in May. Aquino, who took office on June 30, has pledged to fix a large budget deficit, endemic corruption, widespread poverty and two long-running insurgencies by Maoist and Muslim rebels.

After two administrations dogged by allegations of corruption and mismanagement, he also faced an enormous weight of public expectation for him to deliver, which could prove to be a burden given his reforms will take time to produce results. In his first State of the Nation address in late July, he said the government would create a business and investor-friendly environment to attract funds needed to improve infrastructure.

http://thestar.com.my/news/story.asp?file=/2010/8/1/worldupdates/2010-08-01T125321Z_01_NOOTR_RTRMDNC_0_-505500-1&sec=Worldupdates

- **At least 53 dead in battle in Philippines**

A battle pitting Philippine troops against Muslim guerrillas on a remote southern island killed at least 53 people, the military said on Thursday, but analysts said the clash is unlikely to have sidelined the rebels.

Soldiers killed at least 30 guerrillas during an assault on Wednesday on a base of Abu Sayyaf rebels in the interior of the southern island of Basilan, Brig.-Gen. Rustico Guerrero, marine commander, told reporters.

"Based on this one incident alone, it would be premature to make a conclusion on the neutralisation of the Abu Sayyaf," Mars Buan, an analyst at the Pacific Strategies and Assessments risk consultancy, told Reuters. "In the past, the Abu Sayyaf has suffered bigger number of casualties, but it has remained as one of the serious threats in the

south."Twenty-three soldiers were killed and 20 were wounded in eight hours of fighting, Guerrero said, describing it as one of the biggest battles since 2007, when 15 soldiers and 40 rebels were killed on Basilan."We launched a decisive law enforcement operation targetting the Abu Sayyaf's main training base on Basilan, but we were met by heavy resistance," he said.The guerrillas fled into the island's heavily wooded interior, said Rear Admiral Alexander Pama, navy commander on Basilan. Security forces on Thursday resumed pursuit operations against remnants of the 150-man rebel group."It was close quarter combat, the two sides almost came into hand-to-hand battle," Pama told Reuters. He said the proximity meant the military could not call in air strikes.

"What's more important for us was we've disrupted their crude bomb factory and training base."

Analysts expected intensified operations against the Abu Sayyaf, but foresaw no decisive development in the conflict.Buan said the Abu Sayyaf's loose structure meant an encounter on Basilan would not affect militants on nearby Jolo island.Rex Robles, a retired navy commodore and a security analyst, said the rebels were both familiar with the territory and enjoyed the support of the local community."There are so many armed groups operating there, not just the Abu Sayyaf," Robles said. "I would not be surprised if some rogue members of the Moro Islamic Liberation Front come to the aid of the Abu Sayyaf. Some of them are related by blood and marriage."The Abu Sayyaf is the smallest but most deadly of several Muslim groups fighting for independence in the south of the Roman Catholic state. It is estimated to have about 350 hard-core followers based mostly on Basilan and Jolo.

It has links with Jemaah Islamiah, a pan-Asian radical Muslim group blamed for attacks in Indonesia, including the 2002 Bali bombings and the bombings of two hotels in Jakarta last month.Abu Sayyaf is blamed for the worst militant attack in the Philippines, the sinking of a ferry in Manila Bay in 2004 in which 100 people were killed.

It has also been in the spotlight for high-profile kidnappings, most recently of three Red Cross officials on Jolo who were later freed. Newspapers said large ransoms were paid, although officials have denied making any payments.

<http://www.vancouversun.com/news/least+dead+battle+Philippines/1888820/story.html>

- **Suspected bomber dead in Philippines airport blast**

Abdusakur Tan told the Philippines News Agency that he was standing near his car just outside the arrival area about 6:20 p.m. when he saw an unidentified man approaching him and his companions.A loud explosion was heard and thick black smoke billowed from the area where the man was last seen.

The man, who is believed to have been the one carrying the improvised explosive device, was killed, Mayor Celso Lobregat told the news agency. The governor received minor injuries. The attack happened a day before a now-postponed visit by the U.S. ambassador. "The man could be a suicide bomber and his intention was to get close to me," Tan said, adding that it was the second attempt on his life in about 15 months. On May 13, 2009, the news agency said, Tan survived a roadside bomb attack in downtown Jolo. Ten of his followers and armed escorts were hurt. He said he was convinced the bomb attack in Zamboanga was the handiwork of his political foes.

No one has claimed responsibility for the attack and authorities are investigating the incident, the news agency said. The U.S. Embassy condemned the violence and offered assistance.

"I deplore this heinous crime that victimized ordinary travelers. Our condolences to the ... wounded victims of this brutal attack," Ambassador Harry K. Thomas Jr. said in a written statement. "We would like to extend our admiration to local authorities and the Philippine National Police (PNP) who moved swiftly to aid persons wounded by the blast."

Thomas said he will not travel through the airport Friday so as not to be a distraction during the investigation. "The issues I planned to address -- including our joint effort to prevent trafficking in persons and our collaboration in the fight against tuberculosis -- remain priorities on our shared agenda."

<http://edition.cnn.com/2010/WORLD/asiapcf/08/05/philippines.airport.bombing/index.html#fbid=qYNM3ntH6xU&wom=false>

- **Cyber world**

Thailand

- **Political Front**
- **Temple dispute a minefield for Thai PM**

PERHAPS Thai Prime Minister Abhisit Vejjajiva has finally realised that he jumped on the wrong bandwagon over the controversial Preah Vihear Temple because his yellow shirts have turned against him and his government, accusing them of losing Thai territory.

The nationalist People's Alliance for Democracy (PAD) alleges that the government had already recognised Cambodia's right over the temple, and victory over the delay in the consideration of Phnom Penh's management plan means nothing.

It's strange but true that the PAD, which is supposed to back this government, is echoing Cambodian deputy prime minister Sok An's claim that natural resource and environment minister Suwit Khunkitti had accepted and signed the World Heritage Committee's decision 34 COM 7B.66. One of five points in the decision cited that the committee

"welcomed" steps taken by the state party (Cambodia) toward the establishment of an international coordinating committee (ICC) for the sustainable conservation of Preah Vihear.

Establishing the ICC is good, because the temple has been given World Heritage status since 2008. It is a basic requirement to have such a body run a heritage property.

However, much to PAD's delight, Thailand declined Cambodia's invitation to sit on the ICC. Establishing the ICC is equivalent to implementing the management plan, and the "welcome" as well as Suwit's acceptance justifies its implementation.

Common sense tells you that being invited to participate in the management of a World Heritage property should be an honour for Thailand. However, this government thought that joining the committee would be equivalent to accepting and recognising Cambodia's sovereignty over the temple and surrounding areas.

According to an International Court of Justice ruling in 1962, the Hindu temple of Preah Vihear is situated in territory that is under the sovereignty of Cambodia. When Abhisit was opposition leader, he and his alliance PAD used a very strange argument - the court ruling was only on the ruins of the temple, not the area, which comes under the sovereignty of Thailand. In other words, Thailand accepted that the temple belonged to Cambodia, but not the land the temple is sitting on.

The PAD is mounting pressure on the government, while Abhisit is in a difficult position of having to steer away from his own rhetoric. He cannot fiercely oppose the PAD, because his Democrat Party and the PAD's New Politics Party share the same political base. The only option would be to blame Cambodia, but that's not easy either because border security and lives of people could end up being at stake

<http://www.bruneitimes.com.bn/opinion/2010/08/06/temple-dispute-minefield-thai-pm>

- **PAD firm in supporting temple rally**

The People's Alliance for Democracy on Friday made a resolution to support a planned rally of the Thailand Patriot Network led by Veera Somkwamkid at Government House on Saturday to demand that a border agreement with Cambodia be revoked. PAD leaders Sondhi Limthongkul and Maj-Gen Chamlong Srimuang and spokesman Panthep Puapongphan announced the resolution in a press conference.

The resolution was made ahead of talks between PAD leaders and Prime Minister Abhisit Vejjajiva at Government House scheduled for 4pm. They said the PAD resolve to support the rally which would begin at 8am on Saturday.

Some PAD leaders such as Maj-Gen Chamlong would join the rally but the rally would not be made in the name of the PAD. Mr Sondhi insisted that the signing of a document by Natural Resources and Environment Minister Suwit Khunkitti, leader of the Thai

delegation to the World Heritage Committee meeting in Brazil, was tantamount to recognising the same map which accompanied the Thai-Cambodian joint communique signed by former foreign minister Noppadon Pattama in 2008.

This could allow Cambodia to claim a disputed area around the Preah Vihear temple since Cambodian people had now settled in the area without being pushed out by Thailand, Mr Sondhi said. He said Mr Suwit's signing of the document would result in Thailand conceding 1.8 million rai land to Cambodia.

Mr Suwit's claim of success at the WHC meeting was a lie to the people, Mr Sondhi said. Maj-Gen Chamlong said the planned rally was to ask the government to revoke the memorandum of understanding signed with Cambodia in 2000, to push Cambodian people out of the 4.6 square kilometre disputed area, to review Thailand's strategies to retake the Preah Vihear temple, and to oppose appointment of Thai representatives to join the seven-nation International Coordination Committee (ICC) to supervise the temple under Cambodia's management plan. Maj-Gen Chamlong said, however, the PAD would send its representatives to hold talks with the prime minister at Government House.

Earlier on Friday, Chaiwat Sinsuwong, a core member of the Thailand Patriot Network, insisted the planned rally at Government House on Sunday would not be a political gathering but a legitimate assembly allowed by the constitution to protect the country's territorial sovereignty. Therefore, the rally would not be in violation of the emergency decree, he said. Mr Chaiwat expected a large number of people from throughout the country to join the rally.

<http://www.bangkokpost.com/breakingnews/189813/pad-firm-in-supporting-temple-rally>

- **Turmoil to persist pending reconciliation: Suchinda**

Former prime minister and military strongman Suchinda Kraprayoon on Friday reminded parties concerned that the political predicament would not end so long as there was no reconciliation. "Unless reconciliation can happen, the trouble will still persist," he said, speaking to well-wishers on his birthday.

Suchinda urged all sides to unify for the country's sake, voicing hope that the government could overcome the turmoil. He gave his blessing for incoming Army chief General Prayuth Chan-ocha, saying he believed the man picked for the job would be well-qualified to carry the Army's torch.

He also aired his view that none of the military commanders wanted to get involved in politics/ But in the face of the prevailing trouble, should the military be required to assist in finding a solution, he believed it was necessary for Prayuth to have a free rein in naming his combat-unit commanders in order to consolidate his leadership and have the military voice carrying weight.

<http://www.nationmultimedia.com/home/2010/08/06/politics/Turmoil-to-persist-pending-reconciliation-Suchinda-30135361.html>

- **PM: Emergency rule needed in capital**

The emergency decree is still needed in Bangkok, as shown by the Centre for the Resolution of the Emergency Situation's (CRES) warning that more violence is possible this month, Prime Minister Abhisit Vejjajiva said on Tuesday. However, the government will consider gradually lifting of the state of emergency in other provinces.

Mr Abhisit said there are still some movements wanting to bring about changes by violent means, but the government is trying its best to control the situation. He reiterated his belief that the government's reconciliation roadmap is the solution to political conflicts. Mr Abhisit admitted that intelligence services' information was sometimes not detailed enough to pinpoint exactly where the violent activities would occur. But he was confident that these violent groups will become smaller, as the government has been trying to convince those with different political viewpoints not to allow themselves to become their political tools. He again called on the public to inform the authorities if they witness unusual activities.

<http://www.bangkokpost.com/breakingnews/189436/pm-emergency-rule-needed-in-capital>

- **Thai Leader Says Polls Will Follow 'Peace,' 'Stability'**

Thailand's prime minister said he won't call national elections until early next year at the earliest as the government promotes programs intended to bridge the economic gaps that fueled deadly protests earlier this year.

Prime Minister Abhisit Vejjajiva's comments, in an interview with The Wall Street Journal, came after two separate grenade attacks killed one bystander and injured 11 others in Bangkok over the past week. It remains unclear who was responsible. Although the incidents were small compared with clashes between authorities and antigovernment protesters that killed nearly 90 people in April and May, they were a reminder that parts of Thailand remain tense.

Antigovernment "Red Shirt" activists continue to call for an ouster of the current government, which came to power in a 2008 parliamentary vote with the backing of military leaders and much of the country's royalist establishment. Many Thais say Mr. Abhisit's government hasn't adequately represented the needs of lower-income citizens. His opponents say they would prefer to see a return of former Prime Minister Thaksin Shinawatra, a populist who was deposed in a 2006 coup amid allegations of corruption, which he denied.

Mr. Thaksin, who lives in self-imposed exile overseas to avoid a corruption conviction,

remains popular in some areas after backing programs such as low-cost health care. Many analysts say Mr. Thaksin's allies would win a national election if one were held today. By law, the government must call a new vote by the end of 2011. In the interview, Mr. Abhisit said he is "confident" his party can make inroads in areas where Mr. Thaksin remains popular. To boost its standing, the government is stepping up social programs to boost the fortunes of lower-income Thais, much as Mr. Thaksin did. It is unclear when all of the programs will be fully implemented.

Mr. Abhisit highlighted two new programs his government will pursue: A national savings program that would allow tens of millions of Thais to set up retirement funds with matching grants from the government, and a planned property-tax overhaul that would raise taxes on wealthy Thais who own large banks of land that is left undeveloped. "We are serious about redistributing wealth," he said.

Fighting Back Thailand's ruling Democrat Party is promoting a series of populist programs aimed at reducing social inequities and winning over critics. A few of the programs:

Mr. Abhisit said he recognized it would take time to convince some voters of his efforts, including other social programs such as a plan that provides guaranteed incomes for farmers. But he said opinion polls have already showed the government is picking up support in some areas, and that "all the economic indicators suggest that the policy of this government has reduced inequity." Some analysts remain doubtful that any new charm offensive will win over enough voters to prevent Mr. Abhisit's government from being turned out whenever an election is held. Mr. Abhisit said that, if defeated, he and his allies will be willing to accept the result, but he warned allies of Mr. Thaksin to "avoid engaging in policies that are controversial," such as seeking an amnesty for Mr. Thaksin. Leaders of the main opposition party allied with Mr. Thaksin have said bringing back Mr. Thaksin will be a central element of their platform when elections are called.

Thailand's Prime Minister Abhisit Vejjajiva speaks to The Wall Street Journal about the Thai economy and its recovery despite recent political turmoil.

- **Interview: Thailand's Prime Minister on Elections**

Mr. Abhisit said Thailand must remain stable until at least the end of this year before he will consider calling a vote, and that Thailand will need an atmosphere of "peace" and "stability." Asked when he thought those conditions might be met, he said "we would recognize it if it were to happen."

Mr. Abhisit could get a boost from recent signs that Thailand's economy is rebounding more strongly than expected, even after the April and May protests caused widespread tourist cancellations and left many foreign companies wondering about Thailand's long-

term stability. On Monday, Finance Minister Korn Chatikavanij said robust exports and strong domestic demand should push gross domestic product growth above official forecasts, which range from 5.5% to 7.5%.

Mr. Abhisit said he expects China and India to be of growing importance to Thailand's economy in years ahead, helping it diversify its economy away from overreliance on exports to Western markets. China and Thailand plan to jointly develop a railway line, which Mr. Abhisit says will help to boost trade between both markets.

"China has provided quite a big market for our growth over the last almost decade now," he said. "Clearly there is great potential for expansion."

China's recent changes in its yuan policy, allowing greater flexibility of its exchange rate, haven't affected Thailand yet, according to Mr. Abhisit. "There have always been calls for greater flexibility," he said. "Since there has been a decision to allow for more flexibility, so far there have not been any major effects on exports." India is another important market for us and where we also expect to see quite a rapid expansion of trade and investment," he added.

Mr. Abhisit expressed concern about the weakness of the European economy and its impact on Thailand. "We're more worried about the [European Union] and the euro, because Thai exporters will suffer from both the reduced purchasing power and price competitiveness as far as the euro is concerned." Mr. Abhisit welcomed more U.S. involvement in Southeast Asia, including a series of recent appearances by senior U.S. officials such as Secretary of State Hillary Clinton, who visited Vietnam in July.

"I think the current U.S. administration has shown very clearly it wants to re-engage the region," he said. "We've been encouraged by the policies and some of the actions that have been taken, for instance we had the first U.S.-Asean summit last year and there continues to be an attempt to hold a second one this year," he said, referring to the 10-member Association of Southeast Asian Nations.

<http://online.wsj.com/article/SB10001424052748704271804575405152394878966.html>

- **At Geo-strategic Front**
- **Economic front**
- **Vietnam, Thailand to talk about ASEAN rice trading firm at AEM meeting**

Thailand's Commerce Minister Porntiva Nakasai said on Thursday that she will discuss a plan to set up an ASEAN rice trading company with her Vietnamese counterpart during the forthcoming AEM meeting, the Bangkok Post's website reported. The AEM or ASEAN Economic Ministers meeting is scheduled for Aug. 20-27 in Vietnam.

"Commerce ministers of Laos and Cambodia have proposed that Thailand and Vietnam,

as the two major rice producers of the world, should take a leading role in dusting off the plan," the website quoted the minister as saying. The idea to jointly set up the rice trading firm comprising key rice producers in ASEAN (Association of Southeast Asian Nations), aiming at boosting and stabilizing rice prices, was proposed by Thailand at the AEM meeting in capital Bangkok last year, she said. However, the plan had not progressed because several countries do not have enough rice warehouses and rice mills, she explained.

These problems will be addressed and discussed at the forthcoming AEM meeting in Vietnam, so the plan can move ahead, Porntiva said.

<http://english.people.com.cn/90001/90778/90858/90863/7094807.html>

- **Thai Economy May Expand at Fastest Pace in 15 Years**

Thailand's economy may expand as much as 8 percent this year, the fastest pace since 1995, as surging overseas shipments help spur a recovery from the nation's worst political violence in almost two decades. "We are surprised by the rebound in exports and also the level in private investment and consumption," Finance Minister Korn Chatikavanij said late yesterday. "Even with the political crisis, we can expect 7 percent. If things hum along the way they are, perhaps 8 percent will be achievable."

The central bank increased its benchmark interest rate last month for the first time in almost two years as the export-led rebound helped blunt the effect of clashes between troops and antigovernment protesters that caused 89 deaths in April and May.

"Growth of 7.5 percent seems to be quite likely for the full year given the strong first quarter and the fact that the economy seems to have shrugged off the political disruption," said David Cohen, an economist at Action Economics in Singapore. "By all indications, the second quarter will not slow as much as originally expected from the political turmoil."

Thailand's stocks rose 0.9 percent to 874.75 at the noon break, headed for their 11th straight gain, the longest winning streak in more than 16 years. The baht rose to a 15-week high, buoyed by money flowing into the nation's stock market.

Thailand's economy, the second largest in Southeast Asia after Indonesia, grew 12 percent in the first three months of the year, the strongest pace since 1995. "The momentum was maintained in the second quarter, despite the fact that we were in the middle of a political crisis," Korn said in a speech in Bangkok.

Thailand's government earlier this week said it will approve peaceful protests that are short in duration, a sign it's preparing to lift a state of emergency imposed four months ago in Bangkok and several outlying provinces after months of street protests culminated

in riots in the capital. The Bank of Thailand last month raised its forecast for 2010 economic growth to between 6.5 percent and 7.5 percent. The central bank raised the one-day bond repurchase rate by a quarter of a percentage point to 1.5 percent on July 14 after keeping it unchanged in the previous nine meetings.

It said inflationary pressure will intensify next year amid “robust economic expansion,” as counterparts from Malaysia to Taiwan boost borrowing costs to damp price pressures. Thai Deputy Governor Bandid Nijathaworn said on July 20 that the rate increase “won’t be a one-time event” and will continue if economic conditions remain strong.

Record Overseas Shipments

Thailand’s exports rose 47.1 percent in June to a record \$17.9 billion, prompting the government to raise its 2010 export growth target to 19 percent. The central bank forecasts shipments will grow as much as 27.5 percent this year.

A re-introduction of restrictions lifted in 2008 on funding entering the country to slow baht gains and protect exports “is not on agenda,” Korn said. “I haven’t heard the central bank talk about it.”

Economic growth in the second quarter “may soften,” Bank of Thailand Governor Tarisa Watanagase said yesterday. “But growth momentum remains strong for the rest of the year. All economic data are good, especially exports.”

Thailand’s Finance Ministry on June 29 raised its growth forecast for 2010 to as much as 6 percent. Consumer confidence gained for a second month in June while manufacturing output rose 21.3 percent from a year earlier, after a revised 17.5 percent gain in May.

“Combining the strength in exports with the fact that the outlook for domestic consumption remains resilient, we argue that GDP growth will reach 7.6 percent in 2010,” Wellian Wiranto, a Singapore-based economist at HSBC, said in a research note yesterday.

<http://www.businessweek.com/news/2010-08-05/thai-economy-may-expand-at-fastest-pace-in-15-years.html>

- **Thailand's Economy Growing, Tourism 'Picking Up'**

Despite political upheaval, Thailand's economy is likely to grow by 6 to 7 percent in 2010, though a slowdown in demand elsewhere could offset this, according to the Finance Minister Korn Chatikanvanij. Prime Minister Abhisit Vejjajiva told a seminar on the Asean Free Trade Area that "exports of both agricultural and industrial goods are doing well and the outlook for the remaining months is also promising, driven by growing Asean economies and the global economic recovery." He said that for the first half of 2010, Thailand's exports came to a total of \$93.07 billion, up 36.6 percent year-on-year.

However, sounding a note of caution, Finance Minister Korn told a gathering at the Foreign Correspondent's Club of Thailand on Wednesday night that the country's trade- and export-dependent economy means that growth is predicated on demand elsewhere, with a possible slowdown in China worrying given that Thailand is already suffering from a drop-off in trade with Europe, which accounts for 12 percent of Thai exports.

The weakness of the euro against the Thai baht has contributed to a drop-off in tourist numbers, according to the Finance Minister. Tourism accounts for 6 to 7 percent of Thailand's GDP and upward of one million jobs are tied to the tourism sector, with around 14 million visitors to the country each year. Korn said that Thailand needs "to shift its approach to the tourist sector," citing the possibility of more co-investment and joint ventures from overseas.

However, the relative winnowing-out of tourists spending money is not thought to be as significant a factor in Thailand's tourism woes as the country's four years of on-off political turmoil.

Previously, William Heinecke, CEO of Minor Group, a leisure company with operations in Thailand, lamented the impact of Thailand's political turmoil on his sector and suggested that the government lift the current State of Emergency to help stimulate a tourism rebound.

Speaking at the same forum, Dusit Nontanakorn, the chairman of the Thai Chamber of Commerce, said that "tourism numbers are picking up now," with hotel occupancy now between 40 to 50 percent, well up from the 10 to 20 percent lows experienced during the Redshirt protests and Bangkok street violence during March and May.

Asked by The Irrawaddy, if economic policy had a role to play in addressing Thailand's political conflict, Finance Minister Korn said that "in politics perception counts and in spite of my belief that this government has done more to alleviate poverty than any previous administration, many people regard this government as not one for the poor, so we have to address this problem."

Acknowledging that aspects of Thailand's economy are skewed toward the wealthy, Korn said that 90 percent of tax revenue comes from employment, but only 10 percent is taxed from assets. "This puts an unfair burden on the ordinary worker and is something we need to deal with," he said. He added that Thailand needs to do more to ensure capital support for small and medium sized enterprises, which are "the biggest employers in Thailand."

Although exports will remain an important driver of growth in Thailand, particularly in the run up to 2015 and the planned creation of an Asean free trade zone, longer-term growth may require stronger domestic fundamentals—and this will depend greatly on political

stability, according to Dr. Sompop Manarungsan, an economist at Chulalongkorn University.

The feel-good figures bandied about by the PM and finance minister might have to be reeled back in, however, as the full impact of Thailand's political stand-off is revealed. According to a note from the Roubini Global Economics think-tank, "Thailand will give back some of its gains as violent political protests brought all but the export sector to a halt in Q2. Public investment and exports will keep Thailand from dipping back into recession, but growth will run below potential because of political turmoil, which has robbed two percentage points of GDP growth every year since 2006. Sounding a longer term alarm the RGE added that "growth will slow to 3 percent in 2011 as eurozone export and tourist demand retreats."

Nonetheless, according to Korn, Thailand has big plans. The country is already the world's largest rice exporter but "the opportunity for Thailand to be the main food supplier to countries like China, Korea and India is immense." He said that realizing such plans means that Thailand needs to invest heavily in education, capital access and irrigation. However, Thailand is involved in a dispute with China over the Mekong River, with Thailand's agriculture badly affected by falling water levels on the river, something predicted to get worse as China plans up to a dozen new dams on the Lancang, the Chinese name for the Mekong River.

http://www.irrawaddy.org/article.php?art_id=19147

- **Social Front**

Cambodia

- **Political Front**
- **Geo-strategic Front**
- **Only joint listing can end Thai-Cambodia row'**

Thai Prime Minister Abhisit Vejjajiva said Saturday (July 31) that a joint World Heritage listing of Preah Vihear and its adjacent compound - claimed by both Thailand and Cambodia - was the "best and smoothest path to take" to end conflict over Cambodia's controversial management plan for the ancient Khmer temple.

Abhisit and foreign minister Kasit Piromya also disputed Phnom Penh's claims of victory following a decision by Unesco's World Heritage Committee to defer a review of Cambodia's management plan until its meeting next year.

The prime minister instructed concerned officials to come up with a detailed analysis of Cambodia's management plan for Preah Vihear to appraise how the plan adversely affects the country's sovereignty. Abhisit said the country would have enough time to study if the plan would bring about any problems before it was sent back to the World Heritage

Committee.

The PM said he believed the bilateral memorandum of understanding (MoU) agreed in 2000 was useful for Thailand, especially provisions that ban Cambodia from entering the disputed zone. He instructed the foreign and defence ministries to scrutinise the management plan next week.

Asked to respond to Cambodian deputy prime minister Sok An's claim that the World Heritage Committee had accepted Cambodia's management plan, Abhisit said he needed to see exactly what the committee said.

He believed the committee was careful about its wording. "It will not use the word acknowledge, but acknowledge the submission of the plan. The plan was submitted to the office but the committee members have not considered it," he said.

Abhisit said he believed the best solution was to change from having Cambodia solely register the Hindu temple to a proposal by two countries so the World Heritage Site could be co-managed by both.

"This will depend entirely on the Unesco committee, whether it will accept this proposal and for Cambodia to accept the reality. But this is the best and smoothest way out," Abhisit said.

The PM said he wished to see Cambodia change its stance and seek cooperation instead of pressuring Thailand on this issue without heeding the country's opinion.

He said the country lost its way when then foreign minister Noppadon Pattama accepted the joint communique in 2008 but since then Thailand had strongly defended itself against the move, and the country was now in a better position. Abhisit said he understood the call of the People's Alliance for Democracy to scrap the MoU signed in 2000 with Cambodia, but he believed that stemmed from different interpretations and hoped this would not lead to quarrels.

He said although the border tension had subsided, the government was still vigilant and he had instructed foreign minister Kasit to consult with the defence ministry about the problem of Cambodia continuing to occupy the disputed zone. "I do not want to discuss repatriation in advance as I would like to refrain from making the atmosphere tense but we also have to protect national interests," he said.

Kasit said Saturday that the Unesco panel's decision in regard to Cambodia's development plan was not a victory for either Thailand or Cambodia. He was responding to Cambodian deputy prime minister Sok An's earlier remark that Cambodia had achieved its goal when Unesco's panel agreed on Thursday at its meeting in Brazil to consider its management plan for the Preah Vihear Temple. The World Heritage Committee deferred its discussion on the issue to its meeting in Bahrain next

year."Neither country wins on the issue. What he (Sok An) said, that Cambodia had won, was not correct," Kasit said, explaining that he did not understand why Sok An, who led the Cambodian delegation to the Brasilia meeting, made such an announcement. The committee decided to defer its consideration of the matter for another year to enable the neighbouring countries to settle their differences regarding the disputed territory around Preah Vihear first, the foreign minister said.

The Associated Press earlier quoted Sok An as saying that, "Unesco has officially accepted our management plan documents, so there is no need to have a further discussion or voting. The result of the meeting is a big victory for Cambodia, a result we have been waiting for." Abhisit told the media to carefully read the committee resolution about the matter. When asked to comment on Sok An's remark, he said "please find out and read the resolution".

<http://www.asianewsnet.net/news.php?id=13392&sec=1>

- **Cambodia: We will proceed 'urgently' with Preah Vihear plan**

Cambodia said yesterday that Thailand failed all of its efforts to derail the Preah Vihear's management plan since the World Heritage Committee's decision to delay consideration of the plan's documents would never impede the implementation of temple conservation.

There is no requirement that the Committee approves the plan because the role of the World Heritage Committee is not to approve or disapprove any progress report or Management Plan submitted by a state party, but to review those documents in order to take note, said a statement from Cambodia's Office of the Council of Ministers. "The conservation work is too important to be delayed," it said.

Cambodia also released yesterday a summary of the result of the 34th World Heritage Committee meeting to show that the committee has recognised its reports on the management plan and its progress. Prime Minister Abhisit Vejjajiva said in his weekly television program that the delay was Thailand's success to block Cambodia's move to claim its right over the disputed border areas adjacent to the Preah Vihear.

Thailand and Cambodia were in the loggerhead over the controversial temple again over the past week during the World Heritage meeting in Brazil.

Thai delegation was worried Cambodia might take areas which are the subject of border dispute to be the buffer zone of the listed temple and complained it did not have enough time to study Cambodia's report. As both sides failed to reach any common ground at the session last week, the committee decided to allow additional time for the distribution and consideration of the documents, which will be discussed at the next session next year.

"This decision in no way impedes our implementation of the management plan," Cambodia's government spokesman Phay Siphon said in a phone interview from Phnom

Penh. "We should not say it is a victory or failure of anybody but it is our obligation to conserve the heritage of human being," he said.

The Thai argument is irrational as the management plan and report on the conservation of the Phrea Vihear were delivered to the World Heritage Centre in January 2010 and after having the reports for 3 days, the Thai delegation had no substantive comment on the report, he said. Cambodia would continue the implementation of the plan such as the convening of a preliminary meeting for the setting up of an international coordinating committee (ICC), the spokesman said. "There is no single word in the (world heritage committee) decision to refrain Cambodia from doing the jobs," he said.

In fact, Cambodia obligated to invite Thailand and not more than seven other parties to sit in the ICC but Thailand declined the invitation while China, India, US, Japan, France and Australia have already agreed to join. Thailand should have nothing to worry about its right over the border dispute since world heritage inscription would never affect the boundary claim, Phay Siphon said. The boundary demarcation would continue. Cambodia appreciated and would respect the work of joint boundary committee, he said.

Asked if Cambodian people disappointed with Thailand's move on the Preah Vihear, Phay Siphon said the people in Cambodia understood the situation that majority of Thai people disagreed with the government. "Prime Minister Abhisit's wish might be against the Thai people's will," he said. "Among people of two nations, we are neighbours and hope to live in peace together," he said.

Defend Minister Prawit Wongsuwan said Thailand and Cambodia have no military tension as both sides have no plan to boost number of forces in the border areas near the Preah Vihear and they remained good relations.

<http://www.nationmultimedia.com/home/2010/08/02/national/Cambodia-We-will-proceed-urgently-with-Preah-Vihea-30135007.html>

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- **Cambodia, Vietnam vow to have wider range of border development**

Cambodia and Vietnam concluded their one-day talks on Tuesday afternoon in Cambodia's capital city of Phnom Penh to have wider range of border development.

In a joint-communique, released after the meeting, the two countries vowed to foster wider range of border development in many fields ranging from the outcomes to the new building of infrastructure, investment, trade and services, industry, agriculture, forestry information, markets development, health, tourism, education, border demarcation, energy, human resource, security and public order. The meeting was co-chaired by Sar Kheng, deputy prime minister and minister of interior and Pham Gia Khiem, deputy prime minister and minister of foreign affairs of Vietnam -- was the 6th of its kind that focuses on border cooperation and development between the two countries.

The meeting was called "Meeting on cooperation and development between border provinces of Cambodia and Vietnam".

It is an annual meeting and held in a rotative schedule between Cambodia and Vietnam. Last year meeting was held in Ho Chi Minh City in Vietnam.

Delivering speech at the talks, Sar Kheng said as a host of the meeting he was proud to announce that the bilateral cooperation between the two nations, especially, since the first meeting until today, many fields of cooperation have been fulfilled and achieved.

<http://english.people.com.cn/90001/90777/90851/7091722.html>

- **Thailand to depoliticize border problem with Cambodia**

Thailand will try to depoliticize the ongoing border conflict with Cambodia and to solve the problem through negotiation, Foreign Minister Kasit Piromya said on Monday.

"We don't want to have any political problem with the neighboring country. The border is still open now. And, all agreements we have had with Cambodia are still in place," Kasit told a press conference.

Kasit's remark was made after the World Heritage Committee (WHC) decided on July 29 to reschedule its discussion on Cambodia's management plan for the Hindu Preah Vihear Temple to its annual meeting in Bahrain in 2011.

Prior to the WHC decision to postpone its discussion, Thailand threatened to walk out of the WHC meeting if the panel considered the Cambodian plan since the Thai side had not yet looked into details of the plan, which was handed in by Cambodia to the WHC panel just shortly before the meeting.

Thailand will proceed with the Thai-Cambodia memorandum of understanding (MOU) on the overlapping continental shelf area signed in June, 2000, under the then-Democrat-

led Government, instead of the 2001 MOU signed under the People's Power Party-led Administration, Kasit said.

<http://english.people.com.cn/90001/90777/90851/7090240.html>

- **Cambodia's Struggle With Globalization**

The charming riverside capital of Phnom Penh, home to about 1.5 million inhabitants, has seen a lot in its turbulent history. But arguably nothing is on the scale of its first skyscraper, the 42-floor Gold Tower now nearing completion, not to mention the university and bank complexes mushrooming throughout this ancient city.

This changing physical landscape reflects broader developments across the country, which has been experiencing rapid economic growth — the sixth fastest in the world in the decade to 2007 — for the first time in its history. More than two million tourists now visit this country of 14 million, a 20-fold increase over the figure in the early 1990s.

The Cambodian people have better nutrition and access to education and health services than ever before. Since the cessation of internal hostilities almost two decades ago, life expectancy has risen by almost a decade and infant mortality has fallen significantly.

The macroeconomy is stable, with inflation under control, underpinned by very high levels of dollarization, currently about 90 per cent. Debt service is almost negligible and public debt has fallen sharply, to about one-quarter of GDP.

The economy is highly open, with exports plus imports equivalent to more than 120 per cent of GDP. The investment climate is welcoming, with generous tax incentives and low tariffs. Aid flows are very large, currently almost \$1.1 billion in a \$10 billion economy. The country's openness meant that growth dried up in 2009 as the global financial crisis hit, but the economy is now rebounding. So much for the good news. Cambodia, however, also faces many daunting problems. The country ranks 166th and 135th respectively out of 181 countries surveyed in the Transparency International corruption perception index and the World Bank's Doing Business indicators.

Deforestation and what is referred to locally as "land grabbing" have also been rampant. The local dailies abound with reports of land being awarded to the politically powerful for nominal amounts, and a startling detailed account is presented in the 2008 study by Global Witness entitled "Country for Sale."

In addition, the land price boom has often made some of the most vulnerable worse off, as they have been evicted or forced off their land. The periodic household expenditure surveys report a significant increase in inequality.

The country will also miss some of its Millennium Development Goal targets. These problems are illustrative of the challenges faced by poor transitional economies in the process of opening up without the institutions to manage the complex process of

globalization. In this environment, the recent discovery of oil and gas could complicate things, as articulated in the resource curse thesis put forth by Richard Auty. The central challenge is to achieve growth that is durable, equitable and environmentally sustainable. This in turn requires the development of institutions which, while they may be rudimentary, are effective, trusted and clean.

<http://www.thejakartaglobe.com/opinion/cambodias-struggle-with-globalization/389063>

- **Economic Front**
- **Cambodia bans pig imports as blue-ear swine disease spreads**

Cambodia has banned the import of pigs from Vietnam and Thailand after swine infected with blue-ear disease were smuggled into the country from neighbouring Vietnam and infected others. The ban was announced by Prime Minister Hun Sen on Wednesday, who also asked market vendors to keep pork prices stable.

'I would like to appeal to provincial authorities, especially provinces near the borders of Vietnam and Thailand, to suspend pig imports,' Hun Sen said, warning that the disease could spread rapidly through the pig population. Agriculture Minister Chan Sarun said the outbreak had followed an order by Hanoi instructing pig farmers in neighbouring Vietnam to slaughter infected swine.

But he said some farmers had instead dumped their pigs across the border in Cambodia at knock-down prices, spreading the disease, which is also known as porcine reproductive and respiratory syndrome. Testing has revealed that hundreds of pigs have died from the disease in four provinces bordering Vietnam, and experts said blue-ear has probably spread to half of Cambodia's 24 provinces. The US Agency for International Development (USAID) told the Phnom Penh Post newspaper the disease has the potential to cause significant losses to Cambodia's pig industry.

'We're talking somewhere between one or two million pigs, and each pig is worth about 100 dollars at market, so it's a huge industry here,' said Curtis Hundley, who heads USAID's Micro, Small and Medium Enterprise Agency in Cambodia. Most rural families in Cambodia own a pig, making pork a staple source of protein along with fish and chicken. In 2007 Cambodia banned pig imports from Thailand and Vietnam for eight months after a similar outbreak.

http://www.monstersandcritics.com/news/business/news/article_1575576.php/Cambodia-bans-pig-imports-as-blue-ear-swine-disease-spreads

- **Social Front**
- **Cambodia reports 88 lightning deaths**

Cambodian government said Thursday that 88 people, mostly in rural areas -- have died of lightning strikes.

Keo Vy, communication officer of National Committee of Disaster Management said that by the end of July, there were 88 people have died in lightning strikes.

However, he said, the figure is still less than that in the same period last year as 110 died of lightning incidents. Keo Vy noted that Pursat province, located about 200 kilometers north of Phnom Penh was recorded with more victims than the other 23 provinces and cities throughout the country. He said last year more than 20 victims reported from Pursat province alone. By mid June this year, Cambodia recorded only 48 deaths by lightning.

For several occasions, Cambodia's Prime Minister Hun Sen has alerted and made an appeal to public to take more precaution, saying the lightning seemed fiercer in recent years. Lightning which occurs every year in Cambodia, normally starts in rainy season which begins from May through October.

The report file by the National Committee of Disaster Management showed that the total figure of deaths last year was recorded at 140 and 95 deaths were recorded in 2008. Most of the victims were living in rural areas.

<http://english.people.com.cn/90001/90777/90851/7094455.html>

- **Cambodia's day of judgement**

When the UN-backed court announced on Tuesday that Kaing Guek Eav, better known as "Comrade Duch", 75, had been sentenced to 35 years' imprisonment, it was a historic day for Cambodia. It was a day when justice was served, even though it was 35 years since Duch had carried out the systematic killing and torture of at least 16,000 of his fellow countrymen at S-21, or Toul Sleng Prison, where he was the chief guard. He is the first former Khmer Rouge commander, one of only five surviving, to be punished. Nearly two million Cambodians died during the Khmer Rouge's genocidal reign from 1975 to 1979.

The hybrid court of Cambodian and international judges delivered their verdict before the expectant eyes of the relations of victims of S-21. Also in the courtroom were international observers who have watched the proceedings from the very beginning. The news was broadcast over all networks for millions of Cambodians who were watching in their homes or workplaces.

However, the court announced that Duch would serve only 19 years of the sentence because he has already spent 11 years in prison awaiting the trial, plus a further five detained illegally.

During the verdict, the court pointed out that many of the charges that Duch faced included crimes against humanity, grave breaches of the Geneva Convention, and violations of the 1956 Cambodian Penal Code, which were out of its jurisdiction.

During the trial Duch gave insights into how the Khmer Rouge controlled Cambodia. His testimony revealed how decisions were made during the darkest era of the country's

history. In summary, he was convicted of war crimes, of wilful killing and torture, wilfully causing great suffering and injury, depriving civilians and prisoners of war of the right to a fair trial, and the unlawful confinement of civilians.

The court also reiterated that Khmer Rouge cadre Nuon Chea was Duch's direct superior in the hierarchy of the Khmer Rouge at the time. Obviously, this will have ramifications when the tribunal court returns next year. Along with Nuon Chea, other former Khmer Rouge leaders Ieng Sary, Ieng Thirith and Khieu Samphan are all in custody. They hold more of the horrendous secrets of the genocidal regime.

For the Cambodian people, the verdict has given rise to mixed feelings. Those who have suffered most from the atrocities want to see Duch stay behind bars forever, serving a full life sentence. However, others see the verdict, whatever the sentence, simply as necessary closure on this tragic chapter in the country's history.

Those who survived the most terrible ordeals continue to wait for the resumption of the trial, for the remaining culprits to see their day in court and justice served.

The younger generation has watched the trial with bewilderment, not least at the staggering amount it has cost to organise this unique tribunal. Many who were born after the Khmer Rouge's reign want to see international aid spent on improving the livelihoods and education of ordinary Cambodians.

With this first verdict, the next trials will have to ensure that the remaining senior Khmer Rouge officials are judged accordingly. Of course, nobody is quite certain if that will be the case. Given their advanced ages, some may not make it to the next sessions.

But for the sake of the younger generation, so that they may learn from past mistakes, the defendants must speak the truth and cooperate. That will make the whole process worthwhile. That will allow Cambodians of all ages to have proper closure.

http://www.thestatesman.net/index.php?option=com_content&view=article&id=336658&catid=39

- **Cyber world**

Vietnam

- **Political Front**
- **Geo-strategic Front**
- **Iran, China, Vietnam, win Unesco heritage honours**

World culture body Unesco added 15 sites to its top heritage list this weekend, including an imperial palace in Vietnam, temples in China, an Australian penal colony and a historic bazaar in Iran. Also listed was the Bikini Atoll, a speck in the Pacific which was evacuated in 1946 while the United States carried out nuclear bomb tests, the Paris-based UN organisation announced on its website yesterday.

In Asia, Unesco listed the Imperial Citadel of Thang Long in the Vietnamese capital Hanoi, the holy monuments at Mount Songshang near Dengfeng in eastern China, and Sarazm, an ancient archaeological site in Tajikistan.

In Australia, Unesco added to the list 11 sites set up by the British to house deported convicts in the 18th and 19th centuries."The property presents the best surviving examples of large-scale convict transportation and the colonial expansion of European powers through the presence and labour of convicts," Unesco said in a statement.

South Korea gained an entry for the 14th-century villages of Hahoe and Yangdong, nests of Confucian culture, as did India, with the 18-century astronomical observatory of Jantar Mantar in Jaipur. The European sites listed were the medieval cathedral city of Albi in southwestern France and the picturesque canals of Amsterdam.

<http://www.thedailystar.net/newDesign/news-details.php?nid=149059>

- **Cambodia, Vietnam vow to have wider range of border development**

Cambodia and Vietnam concluded their one-day talks on Tuesday afternoon in Cambodia's capital city of Phnom Penh to have wider range of border development.

In a joint-communique, released after the meeting, the two countries vowed to foster wider range of border development in many fields ranging from the outcomes to the new building of infrastructure, investment, trade and services, industry, agriculture, forestry information, markets development, health, tourism, education, border demarcation, energy, human resource, security and public order. The meeting was co-chaired by Sar Kheng, deputy prime minister and minister of interior and Pham Gia Khiem, deputy prime minister and minister of foreign affairs of Vietnam -- was the 6th of its kind that focuses on border cooperation and development between the two countries.

The meeting was called "Meeting on cooperation and development between border provinces of Cambodia and Vietnam". It is an annual meeting and held in a rotative schedule between Cambodia and Vietnam.

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<http://english.people.com.cn/90001/90777/90851/7091722.html>

- **US, Vietnam in nuclear negotiations**

The United States said Thursday it is in negotiations to share nuclear fuel and technology with Vietnam, but declined to say whether they were discussing allowing Hanoi to enrich uranium on its own.

"The United States and Vietnam are engaged in a so-called... 1-2-3 negotiation that... would involve... civilian nuclear technology," State Department spokesman Philip Crowley told reporters.

The Wall Street Journal earlier reported that congressional critics of the deal say the terms would undercut the more stringent demands placed on US partners in the Middle East, which had been required to renounce uranium enrichment in exchange for nuclear cooperation. The United States and the United Arab Emirates signed such a deal on January 15 last year.

But Crowley declined to confirm or deny whether Washington and Hanoi were negotiating a deal under which Vietnam would enrich uranium on its own soil, because he said talks were ongoing. As a broad policy aim, however, Crowley said "we do want to see... fewer countries enriching uranium around the world," as part of efforts to limit the spread of bomb-grade uranium. "We definitely want to see the evolution of an international system where there are guaranteed sources of enriched uranium, and under appropriate international supervision," Crowley said.

The Journal cited US officials as saying that negotiators have given a full nuclear cooperation proposal to Vietnam, a former Cold War foe, and that they have started briefing the House and Senate foreign relations committees. China, which shares a long border with Vietnam, has not been consulted, the officials were quoted as saying. "We have a negotiation going on between the United States and Vietnam. That does not involve China," Crowley said.

The Journal said a deal would allow US firms like General Electric Co. and Bechtel Corp. to sell nuclear components and reactors to Vietnam. The United States and Vietnam signed a memorandum of understanding with president George W. Bush's administration in 2001 to pursue cooperation on securing fissile materials and developing civilian nuclear power.

Vuong Huu Tan, director of the Vietnam Atomic Energy Institute, said the two sides reached an initial agreement on nuclear cooperation in March and hope to finalize it later this year, according to the Journal. He said Vietnam did not plan to enrich uranium.

http://news.yahoo.com/s/afp/20100805/pl_afp/usvietnamnuclear

- **Vietnam says China violates its sovereignty**

Vietnam has accused China of violating its sovereignty by conducting seismic exploration near disputed islands in the South China Sea. Vietnam says Chinese vessels have been conducting seismic exploration activities since the end of May near an island in the Paracels, which Vietnam claims, as well as at oil and gas plots on its continental shelf. Hanoi says Beijing's actions ran counter to international conventions on conduct in

a disputed region.

China, Vietnam, Malaysia, the Philippines, Brunei and Taiwan all have competing historical claims over parts of the South China Sea and the potentially oil and gas rich Spratly and Paracel archipelagos. Vietnam says China's actions go against the will of the two countries' leaders to maintain peace and stability and is urging Beijing to cease its activities.

[http://www.radioaustralianews.net.au/stories/201008/2975041.htm?=-](http://www.radioaustralianews.net.au/stories/201008/2975041.htm?=)

- **Economic Front**
- **Viet Nam targets 1 million Chinese visitors**

The Vietnamese tourism authority said it expected about 1 million Chinese holidaymakers to visit the country this year, double last year's number.

Nguyen Van Tuan, general director of the Viet Nam National Administration of Tourism (VNAT) attributed the rise to a series of promotional campaigns run in major Chinese cities over the last two years. He said China was a key market for the country's tourism industry.

According to VNAT, in the first six months of this year, 437,000 tourists from China visited Viet Nam, 92.5 per cent more than the same period last year.

La Quoc Khanh, deputy director of the HCM City department for culture, sports and tourism, said the number of Chinese holidaymakers visiting the south of the country was rising by 25 per cent annually. Travel firms have also reported significant growth in visitor numbers from China. Lien Bang Travelink said the number of tourists using the company's services had increased by 30 per cent since the beginning of the year compared to the same period in 2009. Tu Quy Thanh, the company's director, said Chinese tourists previously used to spend three to four days primarily in the north of the country but that now they were fanning out and travelling to the central and southern regions. Thanh added that high-end travellers from China were now spending more money than their counterparts from the West. However, Thanh said that communication problems were a source of concern and that Vietnamese travel firms were finding it difficult to find Chinese partners. He also said that Viet Nam could not compete with regional countries such as Bangkok or Singapore in terms of shopping malls or medical facilities. He also said that other countries such as Indonesia, offered a greater array of cultural attractions, and that Japan was a better destination for luxury products. However, he said that Ha Noi, Ha Long Bay and HCM City were holding their own in terms of cultural appeal and proving increasingly attractive to Chinese holidaymakers.

<http://www.asianewsnet.net/news.php?id=13501&sec=2>

- **Vietnam, Indonesia Unite To Fight Illegal Wildlife Trade**

Vietnam and Indonesia have committed to collaborate in the fight against illegal trade in timber and other wild species, Vietnam news agency (VNA) reported Tuesday.

At the first bilateral dialogue, wild trade officials share informations and their experiences, and also discussed ways for tackling the illegal wildlife trade between the two countries.

Dr. Ha Cong Tuan, Vice Director of the Forestry Directorate of the Ministry of Agriculture and Rural Development said the dialogue also seek a way to develop a common agreement upon which the two countries can operate in preventing timber trafficking and protecting animals on the verge of extinction. This dialogue, from Aug 1 to 3, in the northern port city of Hai Phong, is also one of activities towards the 55 th anniversary of the establishment of diplomatic ties between Vietnam and Indonesia.

In 2009 and early 2010, Hai Phong port had seized 15 tonnes of ivory, dozen tonnes of frozen pangolins and pangolin scales as well as a large quantity of turtle shells originated from Indonesia.

<http://www.bernama.com/bernama/v5/newsworld.php?id=518453>

- **Vietnam's seafood exports increase in first seven months**

Vietnam's seafood export value in the first seven months reached 2.45 billion U.S dollars, registering 11.6 percent year-on-year increase, according to the Ministry of Agriculture and Rural Development on Tuesday. During this period, European Union is the largest export market with the total value of 512 million U.S dollars. Japan ranks the second with 371.6 million U.S dollars.

Although Vietnam's seafood exports increased in the first seven months, the ministry said many companies are having trouble in raw material supply and rising production cost. According to the ministry, many factories can not run at full capacity due to the raw material supply and some choose to import raw materials. However, this is just a temporary solution as world material prices are increasing and government is imposing high tax and strict controlling methods on imported material.

Besides, the companies also see 10 to 15 percent increase in production cost during this period because of high interest rate for loans, rising electricity and water price and increasing transportation cost. Deputy Minister of Agriculture and Rural Development Luong Le Phuong urged companies to explore new markets by joining international seafood fairs to promote products and find more partners.

<http://english.people.com.cn/90001/90778/90858/90863/7091756.html>

- **Social front**

Singapore

- **political Front**

- **IPS survey shows increased demand for political participation, involvement**

There has been an increased demand amongst Singaporeans for political participation and involvement over the last 10 years, according to findings in a survey by the Institute of Policy Studies (IPS).

Singaporeans want a greater say in the way the country is run, according to the survey of some 2,000 Singapore citizens living in the country. Eight in 10 respondents (85 per cent) agreed or strongly agreed that voting gave citizens the most meaningful way to tell the government how to run the country, up from seven in 10 (72 per cent) in 1998.

Ninety-seven per cent wanted the government to take the time to listen to citizens, even when quick decisions are needed.

One in two said they would join and serve in Town Councils, the Community Development Councils and grassroots bodies related to the People's Association.

IPS said the results suggest that active citizenship is fairly well embedded in Singaporeans, and that there is also a strong expectation for the government to engage the citizens. On the issue of foreigners, respondents were asked if the policy to attract more foreign talent into the country would weaken Singaporeans' feeling as one nation.

Six in 10 (63 per cent) agreed or strongly agreed that national unity would be affected, up from four in 10 (38 per cent) in 1998. But at the same time, 66 per cent agreed that the government is right to increase the number of foreigners working here if the economy needed it. IPS concluded that acceptance of foreigners was higher when viewed from the perspective of boosting the economy. The issue of national pride was also covered in the IPS survey.

Nine in 10 (93 per cent) of the respondents said Singapore is a better country than most other countries, while almost nine in 10 (87 per cent) would rather be a citizen of Singapore than any other country in the world. Seven in 10 (67 per cent) believe the world would be a better place if people from other countries were more like the citizens of Singapore. Two in 10 (19 per cent) said that people from low to high income should benefit from subsidies, while 29 to 31 per cent preferred receiving government subsidies, even if it means more taxes. The survey also had one-third of respondents saying that subsidy levels should be the same for all.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1072704/1/.html>

- **Economic Front**
- **S'pore, Chinese firms sign 18 deals, including a S\$100m fund**

Singapore and Chinese companies and industry associations have signed 18 business deals and memoranda of understanding (MOUs) in Shanghai, China, on the sidelines of

the World Expo.

These include an agreement signed on Monday by the Media Development Authority (MDA) of Singapore with a China-based venture capital firm, Gobi Partners, to start a S\$100 million fund. This will allow Singapore digital media companies seeking to expand in China and beyond to tap onto the fund.

Many companies in Singapore are eyeing a bigger pie outside but are held back by funds, so this S\$100 million Gobi fund will provide support for such companies that are entering the Chinese market. It will also support Chinese companies that want to venture into Singapore. This will mean a greater exchange of digital media content between the two countries. The announcements were made by MDA on Monday at the China-Singapore Media Industry Exchange. Speaking from Shanghai, Dr Christopher Chia, CEO of MDA, said MDA's target is to support about 1,000 Singapore companies over the next few years.

He added: "Many of the small companies generally have very creative founders, very creative staff working in them. Generally, what happens though after a while is that when they develop projects, they find some difficulty scaling it for an international marketplace." This applies also to the projects signed between Chinese and Singapore companies. The Gobi fund is positioned to help a number of these small companies, ensure that there is enough liquidity to develop their projects and then to actually have it distributed in the market in China and internationally. "This agreement was among 18 that were signed in Shanghai on Monday. They will pave the way for various Singapore and China companies to work together on e-learning activities and games.

Dr Chia said: "One of them will be a project on the Three Kingdoms. The Three Kingdoms game to be developed will be shown on the network of the China International Broadcast Network (CIBN), which is a very, very major network that looks at documentaries and arts and interactive media as well as mobile services." (The game will also be on) some of the game platforms here (with) something like 53 million subscribers. So you're talking about a mass outreach of a very large network of users."

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1072912/1/.html>

- **Singapore's manufacturing economy expands in July**

Singapore's manufacturing economy expanded for the 15th straight month in July, after moderating slightly in June. The Purchasing Managers' Index showed a reading of 52.2, up by 0.9 point over the previous month.

A reading above 50 indicates that the manufacturing economy is expanding. The increase was due to the expansion in new orders, as well as production output and inventory.

Imports and input prices continued to grow, while stockholdings of finished goods

contracted. Meanwhile, the corresponding index for the electronics sector showed a reading of 55.7 in July, up 5.2 points from June.

This was the 9th consecutive month of increase in the sector, on the back of growth in new orders from the domestic and overseas markets. Employment in the electronics sector expanded for the first time after having contracted over two consecutive months.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1073133/1/.html>

- **Malaysian trade and investment mission to attract business with S'pore firms**

Malaysia's Minister of International Trade and Industry, Mustapa Mohamed, will lead a two-day trade and investment mission to Singapore from August 4 to 5. The mission is jointly organised by the Malaysian Investment Development Authority (MIDA), Malaysia External Trade Development Corporation (MATRADE), Malaysia's Ministry of International Trade and Industry (MITI), the Singapore Business Federation (SBF) and International Enterprise (IE) Singapore.

A joint statement says the mission aims to attract Singaporean companies to invest and do business in Malaysia as well as enhancing bilateral economic relations between both countries. In conjunction with the mission, Mr Mustapa and Singapore's Trade and Industry Minister Lim Hng Kiang, will address the Singapore business community at a business seminar and dialogue. The seminar will be held August 5 at Shangri-La Hotel.

Potential investors expected to attend the dialogue session are from those from the high value and growth areas being promoted under Malaysia's New Economic Model.

Such sectors include oil & gas, private healthcare, education, tourism and financial services. Trade promotion agency IE Singapore says bilateral trade and investment with Malaysia has always been strong due to the historical and cultural ties.

Singapore has become Malaysia's fourth largest investor for 2009, with investments amounting to \$852 million in 92 projects. For the first four months this year, Singapore is the largest investor in Malaysia, investing \$767 million in 24 projects.

Singapore's investments in new manufacturing projects were mainly concentrated in the electronics, electrical and basic metal sectors. Malaysia was Singapore's 2nd largest trading partner in 2009, and bilateral trade reached \$86 billion. In the first half of 2010, Malaysia was Singapore's largest trading partner, with trade growing 36 per cent year-on-year.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1073263/1/.html>

- **S'pore, M'sia urged to keep up positive momentum and raise ties: Lim Hng Kiang**

Speaking at seminar on business opportunities in Malaysia, Trade and Industry Minister,

Lim Hng Kiang said Malaysia has consistently been one of Singapore's top trading partners.

In the first six months of this year, bilateral trade rebounded strongly to reach S\$52 billion, an increase of almost 36 per cent over the same period last year.

Also, according to the Malaysian Investment Development Authority, Singapore was the largest investor in Malaysia for the first four months of 2010, contributing 1.79 billion Malaysian Ringgit worth of manufacturing-related investments. Mr Lim also encouraged businesses in Singapore to seize the opportunity to explore and seek out business prospects that will play to the natural synergies between Malaysia and Singapore.

Mr Lim said: "Tap on the strengths and resources in each country to enhance your company's products, services and ultimately, your competitiveness." "For example, companies could explore the possibility of integrating value chain processes across Malaysia and Singapore and thereby profit from the comparative advantages offered in both locations." "As the Malaysian economy grows and develops, businesses can also expand the scope and scale of your services to serve the Malaysian market. The possibilities are manifold."

Among them is Iskandar Malaysia.

Mr Lim stressed that if the business costs are competitively priced, Iskandar's close proximity to Singapore will offer a compelling value proposition over many other investment destinations. Businessmen and company managers on both sides will find it convenient to just drive across the Causeway or Second Link to see to their operations, meet their clients or liaise with business partners, all within a day.

Mr Lim added: "As the world economy continues to recover, both Singapore and Malaysia must accelerate our efforts to make the synergies of doing business in our countries even more attractive." "Our inter-connectedness, in terms of geographical proximity, established business relations, and familiarity with investing and operating in each other's country, is a comparative advantage for collaboration that can and should be exploited for mutual benefit." Also attending the seminar is Mr Mustapa Mohamed, Malaysia's Minister of International Trade and Industry.
<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1073572/1/.html>

- **Singapore, Taiwan to explore economic cooperation agreement**

Singapore and Taiwan have agreed to explore the feasibility of an economic cooperation agreement between them. A joint statement by the Singapore Trade Office in Taipei and the Taipei Representative office in Singapore said both sides will meet later in the year to discuss the matter.

Taiwan joined the World Trade Organisation under the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei). Taiwan and China recently wrapped up a historic trade deal called the Economic Cooperation Framework Agreement. The statement added that Singapore and Chinese Taipei have always enjoyed close relations and that Chinese Taipei appreciates Singapore's role in promoting regional stability including the facilitation of the 1993 Koo-Wang talks.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1073487/1/.html>

- **Countries face sharp challenge of social cohesion amid strong growth: Finance Minister**

Finance Minister Tharman Shanmugaratnam says the challenge of sustaining social cohesion while achieving growth is sharpest now, compared with what developed countries faced over the past 50 years. He made the point at the annual dinner organised by the Economic Society of Singapore on Friday.

Addressing about 700 economists, financial professionals, academics and government officials, Mr Shanmugaratnam said Singapore is facing significant headwinds on the back of sharp upturn in the economy. He warned that fiscal cuts will continue in developed economies for at least another five to eight years or possibly longer.

Income disparity will also continue globally as wages for the skilled were set in developed markets while those for the unskilled were set in developing markets.

And the reality, said Mr Shanmugaratnam, is that Singapore needs to provide adequate incentives for those with talent and skill to come here. Otherwise, he said it will just "hold down" the wages for the rest of the society.

Given this backdrop, Mr Shanmugaratnam said governments need to question existing policies, re-mould entire social contracts and prepare the ground for a new era of growth. And to do this, governments need to be an "activist state", which Mr Tharman says Singapore already is. He said: "An activist state which intervenes with spirit, to promote social mobility especially among the poor. That promotes opportunities for its people, that frees up competition and that is able to sustain optimism in the future." –

- **Social front**

- **S'pore, Indonesian navies provide socio-civic help to Ambon residents**

The navies of Singapore and Indonesia worked together to provide social assistance, health and dental care to residents in Ambon, Indonesia. Personnel from the Republic of Singapore Navy (RSN) attended to more than 2,000 patients.

Its surgical team performed over 100 surgeries. They also distributed educational materials and food items like rice, sugar, salt and cooking oil. Together with the Indonesian Navy, they carried out repair and restoration works in four villages.

Singapore's Ministry of Defence said their effort is part of a socio-civic programme called Surya Bhaskara Jaya, held from July 26 to August 3, and highlights the excellent defence ties between the two navies.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1073073/1/.html>

- **S'pore welcomes decision of Israel & Turkey to participate in UN inquiry**

Singapore has welcomed the decision of Israel and Turkey to participate in the United Nations Panel of Inquiry into the flotilla incident of May 31.

The attack on the Gaza-bound aid flotilla killed eight Turks and one Turkish-American.

Singapore's Foreign Ministry described the decision by Israel and Turkey as a significant step towards ascertaining the exact circumstances of the incident in a transparent, balanced and credible manner. It said in a statement that Singapore hopes that this development will have a positive impact on the relationship between Turkey and Israel.

The ministry added that stable bilateral relations between the two countries are an important element in the overall stability and security of the Middle East. Singapore also commends Secretary-General Ban Ki-moon's leadership and tireless efforts in the successful establishment of this panel, the statement said.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1073368/1/.html>

Brunei

- **Economic Front**
- **Social Front**
- **New committee on women's issues**

A special committee on Women and the Family Institution is in the process of being set up to assist the ministerial level National Council on Social Issues in addressing matters concerning women in Brunei, such as gender sensitisation and gender responsive budgeting.

Deputy Minister at the Ministry of Culture, Youth and Sports Datin Hj Adina Othman announced this during her opening address at The Women's Forum at The Empire Hotel & Country Club yesterday. However, no further details of the committee were disclosed.

The deputy minister noted that there are areas that still need to be improved, even though remarkable progress has been made in terms of equal access to education and training, employment, skills and knowledge acquisition, healthcare and protection against violence for Bruneian women. "The challenges ahead is to go beyond the basic level, that is by increasing the quality of services and nature of development for women," she added.

She said that it is imperative for policymakers in Brunei to review existing policies and programmes by practising gender sensitisation, to modify one's behaviour through raising awareness on gender equality. "Through positive actions such as gender sensitisation, the

gender perspective can be applied to all existing programmes and can also be a basis for the formulation of policies and programmes," said Datin Hjh Adina.

In Brunei, the number of female university graduates outnumber the males and this is the same for enrolment figures into higher learning institutions. She said that while this is a positive sign for the female population it is becoming worrying trend in many countries. "What is happening to our boys?" asked Datin Hjh Adina. "Our challenge will not be merely to increase the participation of women, but rather the increased participation of both men and women together, in equity and in unison."

She said the common stereotypes which portray women as a weak dependent, housekeepers and less important have not really taken root in Brunei as women have always played prominent roles in the economy such as the padian (women selling perishable goods on boats during the old days) which have been further strengthened by women's acquisition of education.

Women account for 39.4 per cent of the 56.7 per cent participation rate in the labour force, based on 2008 figures. However, this comes with a price as the increase in working women has undeniably affected the traditional role of woman in the family institution.

"The balance needs to be struck between the woman's role in the workplace and her role as caregiver. This will represent a challenge to our working women, but one that needs to be dealt with towards achieving sound work-life balance or work-home balance," she said.

"The responsibilities of the working mother should not be at the expense of her role as mother and wife. With the increase in working women, men will also need to adjust their expectations and also learn new skills." One of the ongoing issues facing employers is when parents go out during office hours to pick up their children from school.

The National Council on Social Council conducted a survey among male and female government servants that showed the need for family-friendly centres to be set up in offices that "can in fact increase productivity by reducing the need for them to be absent from the workplace". With this facility in place, parents will be able to return to the office and continue working while being assured of the safety of their children and their development, said Datin Hjh Adina.

"Inshaallah, MCYS will propose for it," she told The Brunei Times.

Another area of concern is the need to increase the number of women in leadership and decision-making positions in the public and private workforce, in which women in Brunei are still under-represented, according to Brunei Darussalam's National Development Plan 2007-2012.

"The challenge is to give equal opportunity to women," she said as "increasing the

participation of women in leadership and decision making level is critical to ensure that women's issues are placed on the national agenda".

In recognition of the capabilities of women, it would be a great loss to the nation if these capabilities were left untapped, the deputy minister said.

She also mentioned other challenges such as women's career progression being a contributing factor to the decline of the fertility rate and increase in divorce rates in Brunei, but made no elaboration.

<http://www.bruneitimes.com.bn/news-national/2010/08/06/new-committee-womens-issues>

Asean

- **Political Front**
- **Strong recovery in Southeast Asia**

The ASEAN Hotel Review launched in May 2010 is the latest sub-regional report from STR Global, the leading provider of market information to the global hotel industry. The monthly report compiles year-to-date and current month hotel performance information for Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam within the economic, social and cultural bloc of the Association of Southeast Asian Nations (ASEAN). The report details nationwide performance for the six countries plus details on 11 key destinations.

The overwhelming message in the above table is a region in the midst of a strong recovery. All markets in the report showed positive growth in revenue per available room (RevPAR) for the year-to-date June 2010, even if the comparison with the same period for 2009 needs to be tempered by the weak performance of last year.

The ASEAN Hotel Review shows that the affect of the on-going political crisis in Thailand has not significantly affected the hotel performance of the Thai coastal resorts of Hua Hin and Phuket. Conversely, the hotel market of the resort island of Bali underperforms in RevPAR growth when compared to the Indonesian destinations of Jakarta and Bandung, the West Java provincial capital. Nevertheless, Bali still records the highest actual occupancy (71 percent) and ADR (US\$121) compared to the other Indonesian destinations for the first six months this year.

Singapore shows promising signs of recovery with occupancy improvements pulling up ADR. The newly opened Marina Bay Sands resort, which will have 2,500 rooms when completed, includes a casino and plenty of meeting space that provide an additional attraction and conference space to the city state. In Vietnam, the least established hotel market of the countries sampled, strong year-to-date occupancy growth results in steady improvements in RevPAR in spite of weak ADR changes.

The strength of long-term investor confidence in the region is indicated by the results of our separate Pipeline Report available from STR Global. The hotels in construction, final planning and planning are seen, by country, in the chart below with Thailand dominating development followed by Indonesia and Vietnam.

http://www.traveldailynews.com/pages/show_page/38280-Strong-recovery-in-Southeast-Asia?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+TravelDailyNewsLatestNews+%28TravelDailyNews.com+Latest+News%29

- **ASEAN deal expected to lead to full potential in ties with Turkey**

Late last month, Foreign Minister Ahmet Davutoglu signed a deal on Turkey's accession to ASEAN's Treaty of Amity and Cooperation (TAC) in Vietnam, where a meeting of the ASEAN Regional Forum, a group comprising the 10 ASEAN nations in addition to 17 others, took place. "Accession to the treaty marks a historic step in Turkey's process of opening up to the Southeast Asian-Pacific region," a statement from the Turkish Foreign Ministry said. "Thus, our country has established, for the first time, an institutional relationship and has the opportunity to further deepen its political, economic and cultural ties with the region."

Turkey's efforts to build institutional ties with ASEAN date back to 1999, but it was in 2008 that they gained momentum when Turkey formally expressed its readiness to accede to the TAC in a letter to the Foreign Ministry of Thailand, which chaired ASEAN activities that year. "Turkey is a member of the G-20, the 17th largest economy of the world, a non-permanent member of the United Nations Security Council and a country with an important location connecting two continents -- Europe and Asia," Ambassador Lap first noted when asked in an interview with Today's Zaman to assess the aforementioned development and its probable impacts on relations between Turkey and the region as well as on relations between Vietnam and Turkey.

'On the basis of available multifaceted cooperation and friendship and the tendency of more effective cooperation, Vietnam and Turkey will be able to raise their current relations to the level of partnership relations,' says Vietnamese Ambassador to Turkey Lap

"This important development will contribute to the further strengthening and the consolidation of friendship and cooperative relations with full potential between Turkey and ASEAN member countries, especially Vietnam as a chairman of ASEAN in 2010," Lap added.

ASEAN was founded in 1967 and currently comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The TAC, ASEAN's founding pact of non-aggression, was signed in 1976. It was amended on Dec.

15, 1987, by a protocol to open the document to accession by states outside Southeast Asia. China joined the TAC in 2003, being the first country outside the region to accede. A number of countries have also taken part in the TAC, including India, Japan and Pakistan, among others; the US joined last year, while the European Union is currently in the process of joining.

ASEAN spans an area of about 4.5 million square kilometers with a population of approximately 580 million people, or 8.7 percent of the world's population. As for bilateral relations between Vietnam and Turkey, Ambassador Lap believes these relations are increasingly being developed in various fields, such as in the diplomatic, political and, especially, economic field.

Gül invites Vietnamese president to Turkey Vietnamese Vice President Nguyen Thi Doan's visit to Turkey to attend the third summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICA), held in Istanbul in June 2010, is a landmark example of the development in relations, Lap argued.

During the summit, along with Iraq, Vietnam joined as member country of CICA and raised the number of members to 22. Lap noted that Doan and Turkish President Abdullah Gül had a bilateral meeting on the sidelines of the CICA summit.

"During the talks, the vice president of Vietnam highly appreciated Turkey's important role in the region and congratulated Turkey on being the new president of the CICA. She attached importance to promoting multifaceted relations between Vietnam and Turkey and their sharing experience in the field of tourism and working to establish direct flights between the two countries. The two leaders expressed satisfaction with the current developments in bilateral relations and hope that the relations continue to be further strengthened. Turkey's President Gül spoke highly of Vietnam's role in ASEAN. President Gül also invited Vietnamese President Nguyen Minh Triet to pay a state visit to Turkey," Lap explained during the interview with Today's Zaman.

Listing recently and mutually paid and planned official visits between the two countries and figures displaying a concrete development in bilateral trade, Ambassador Lap expressed his confidence in having better multifaceted cooperative relations between Vietnam and Turkey. At the invitation of Industry and Trade Minister Nihat Ergün, Vietnamese Deputy Minister of Industry and Trade Nguyen Thanh Bien will visit Turkey to attend an international fair and attend the Vietnamese-Turkish Business Forum, to be held in Izmir on Aug. 26-27. The fifth meeting of the Vietnam-Turkey Joint Commission will be held in Hanoi in November of this year.

Rifat Hisarciklioglu, the president of the Turkish Union of Chambers and Commodity Exchanges (TOBB), visited Vietnam in late October 2009 to attend the Vietnam-Turkey

Business Forum, contributing to promoting trade ties between the two countries, Lap said.

“The Association of Social and Economic Solidarity with Pacific Countries [PASIAD] also plays a role as a bridge in promoting the relations between the two countries. Hanoi People’s Committee Chairman Nguyen The Thao has invited Ankara Mayor Melih Gökçek to visit Vietnam in October to attend the ceremony of the 1,000th year anniversary of Thang Long [Hanoi]. Beautiful natural places in Vietnam such as Ha Long Bay now attract more and more tourists from Turkey. The Vietnamese Embassy in Ankara plans to open a traditional painting exhibition in Ankara in the coming months to let the Turkish people know more about Vietnamese culture,” he said.

“In 2009 bilateral trade volume gained \$426.07 million, in which Vietnam’s exports to Turkey were \$281.87 million and imports from Turkey were \$144.20 million. In the first five months of 2010, Turkey’s exports to Vietnam were nearly \$60 million, increasing by 94 percent compared to the same period of last year, and Vietnam’s exports to Turkey amounted to \$295 million, increasing by 85 percent compared to the same period of 2009,” Lap explained.

Lap maintains that an agreement signed between Turkey and ASEAN ‘will contribute to further strengthening and the consolidation of friendship and cooperative relations with full potential between Turkey and ASEAN member countries, especially Vietnam as a chairman of ASEAN in 2010’

“In the first six months of 2010, as part of cooperation projects with international organizations, Vietnam sent a delegation led by the deputy governor of the State Bank of Vietnam and a delegation of officials from Vietnam’s Finance Ministry to visit and work in Turkey to gain experience in bank systems and financial and monetary policy. In the political arena, we must mention a political consultative meeting between the two foreign ministries that was held in January 2010. An action plan for the promotion of cooperative relations between the two countries was agreed upon at the meeting.”

From multifaceted cooperation to partnership

Vietnam and Turkey established diplomatic relations in June 1978, and Turkey opened an embassy in Hanoi in December 1997. Vietnam launched its commercial office in Istanbul in October 1999, its consulate general in Istanbul in July 2002 and its embassy in Ankara in October 2003.

The two countries, which celebrated the 30th anniversary of their diplomatic relations in 2008, have signed many bilateral cooperation agreements over the last three decades. The agreements include the Agreement on Commercial, Economic and Technical Cooperation; the Agreement on Visa Exemptions for Diplomatic Passports; the

Agreement on Cultural, Scientific and Educational Cooperation; the Agreement on Tourism Cooperation; and the Agreement on Fighting International Terrorism and Organized Crime.

When asked about his expectations regarding the future of bilateral relations both in the short and medium term, Ambassador Lap sounded highly optimistic.

“In the future, multifaceted cooperative relations between Vietnam and Turkey will be very good. In the short term, the two countries will exchange high-ranking visits of the leaders of both sides to discuss great directions for the development of friendship and multifaceted cooperative relations.

Vietnam and Turkey will try to conclude negotiations to sign two important agreements - - one on double tax avoidance and one on stimulation and protection of investment -- in 2010 to bring a legal framework to economic, commercial and investment cooperation, promote trade ties and raise the bilateral trade volume to \$1 billion in the coming year. In the medium term, on the basis of available multifaceted cooperation and friendship and the tendency of more effective cooperation, the two countries will be able to raise current relations to the level of partnership relations,” Lap said.

<http://www.todayszaman.com/tz-web/news-217988-8-asean-deal-expected-to-lead-to-full-potential-in-ties-with-turkey.html>

