

**Report # 133**

**Business and Politics in Muslim World**

**South East Asia**

**Tatheer Zahra Sherazi**

**From 13 August to 20 August**

**(Outline)**

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## **Summary**

### **At political Front**

- Indonesia

Bambang Yudhoyono signaled his support for such a move during his State of the Nation address on Monday.

In the speech, Yudhoyono discussed the dynamics of the country's political system, with a particular focus on the role of the president within the country's multiparty democracy. "The speech clearly signaled SBY's support for the raising of the legislative threshold," said Burhanuddin Muhtadi, a political analyst at the Indonesian Survey Institute (LSI). The legislative threshold is the minimum number of votes a party needs to earn a seat in the House. Burhanuddin said the president's statements insinuated that he supported raising the threshold "to make the presidential system more compatible with a simplified multiparty system."

Negotiating territorial borders is the only way to end the frequent disputes between Indonesia and Malaysia, the Jakarta Post quoted an ambassador as saying on Friday. Malaysian Ambassador to Indonesia Dato' Syed Munshe Afdzaruddin said it would be up to the foreign ministers of both nations to decide on the best time to negotiate Indonesia-Malaysia border disputes following a recent flare-up in the Tanjung Berakit waters of Riau Island province.

- Vietnam

Vietnamese Prime Minister Nguyen Tan Dung has called on police to ensure no alternative political parties are formed that might threaten the control of the communist government, state media reported Wednesday.

In a speech Tuesday at a ceremony marking the 65th anniversary of the public security forces, he told police to fight the 'cunning plots of hostile forces,' the police newspaper Cong An Nhan Dan reported. 'The police are determined not to allow political opposition parties to be established to oppose our government,' Dung said.

### **At geo-Strategic Front**

- Philippine

Philippine Foreign Affairs Secretary Alberto Romulo said Tuesday he has already recommended to the Malacanang presidential palace the immediate review of the

controversial bilateral defense pact between the Philippines and the United States.

The review will be conducted to particularly look into the jurisdiction for offenses that have been committed by the U.S. troops in the Southeast Asian country, and not necessarily to terminate the agreement, Romulo said.

Last year, the rape case against a U.S. marine was dismissed by the Court of Appeals of the Philippines. The incident led to renewed calls for the review of the Visiting Forces Agreement (VFA) because of the unequal terms in the agreement over the treatment of U.S. and Philippine troops."This is a new government so we have to organize. I have proposed that review last year with (then) Executive Secretary ( Eduardo) Ermita. I have submitted the same to Executive Secretary (Paquito) Ochoa," Romulo said.

The defense and foreign affairs secretaries, the executive secretary, and other officials will form part of the VFA review committee, Romulo said. There is no specific timetable on the assessment of the agreement, but Romulo said he wants it done "as soon as possible."

Those who are watching the first 100 days of the new administration can now start focusing their lens on President Benigno S. Aquino III's coming visit to the United States in September - his first major official foreign trip. The decision to make the U.S. as his maiden foreign destination is not only symbolic but will have far-reaching implications not only on foreign policy but also on the so-called special relationship between a former colony and a superpower. In the long run, it will have broad implications on the Filipino people.

Of course, the presidential spokesperson says Aquino III, together with other heads of state, is going to address the United Nations General Assembly when it convenes next month. The more important agenda, however, pertains to the event that will happen at the White House and other meetings with high U.S. officials. The new president will make a courtesy call to the world's most powerful leader – a traditional ritual performed by the Philippines' past presidents from Manuel Quezon to Ferdinand Marcos and until recently, Gloria M. Arroyo who made several visits to Washington, DC.

- Thailand

Reports from recent Thai-Cambodian Joint Boundary Committee (JBC) meetings were not considered by MPs in Parliament yesterday after pressure from a nationalist group protesting over the border dispute.

Parliamentary Speaker Chai Chidchob said he did not put the JBC reports on the agenda, despite saying the gathering of a nationalist group led by activist Veera Somkwamkid in front of Parliament was nonsense. Yesterday's session only heard a proposal from a parliamentary committee to keep reports from the session on boundary demarcation

secret.

The Thai government is asking other Asean countries not to intervene in the Preah Vihear conflict and allow Cambodia and Thailand to settle the matter themselves. Prime Minister Abhisit Vejjajiva said yesterday he did not believe the reports that Vietnamese Prime Minister Nguyen Tan Dung, in his capacity as Association of Southeast Asian Nations chairman, would raise the Preah Vihear dispute at an Asean meeting.

- Cambodia

The Cambodian government on Saturday asked the chair of the Association of Southeast Asian Nations (ASEAN) to mediate Cambodia's border dispute with Thailand.

Cambodian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation Hor Namhong on Saturday sent a letter to Pham Gia Khiem, deputy prime minister and minister of foreign affairs of Vietnam, who is the current chair of ASEAN.

- Vietnam

#### **At economic Front**

- Indonesia.

There was great news about Turkey and Indonesia recently. It might have widened the eyes of pundits in the West, but it came as no surprise to me.

It was basically a story of good numbers: Indonesia's equity index went on a 22-percent surge, while that of Turkey climbed by a robust 13 percent, with both attaining unprecedented highs at the end of last month.

In contrast, the combined stock markets of Brazil, Russia, India and China, the vaunted BRIC nations, lost 0.6 percent during the same period, and they remain about 40 percent below their peak. There are a handful of more great numbers in terms of money that fund managers are shifting to the two countries as they seek safe harbors, driven by sovereign debt fears in the developed countries.

Unfortunately Indonesia is doomed to continue importing most of its iron ore as mining ore involves a certain amount of land clearing. In this real world you cannot have one without the other. This is what will continue to limit the development of Indonesia in general. Stop the mining and downstream production but save the trees for the benefit of the rest of the world.

Indonesia. Indonesia will see its dependence on imported steel fall and its exports rise with the completion of a new state-run steel mill in 2014, a Krakatau Steel official has said. The government-owned Krakatau has formalized a \$6 billion joint venture with South Korea's Pohang Iron and Steel, known as Posco, to build a steel mill in Cilegon, Banten.

Indonesia, the nation with the biggest Muslim population, may reduce restrictions

on Islamic banks by allowing them to change terms on loans before they become troubled. "Shariah banks have asked that loans that are still current can be restructured," Mulya Siregar, director of Islamic banking at the central bank, said in an interview in Jakarta on Tuesday. "We're having intensive discussions and will make a decision by the fourth quarter at the latest."

Current regulations issued in 2008 only permit terms to be altered once debt turns non-performing, Siregar said.

Indonesia's president said on Monday that wants Southeast Asia's biggest economy to stop being a "caged tiger" and unleash annual growth of nearly eight per cent by 2014. "It's time that Indonesia not only walks, but walks faster and begins to run. It's time that we don't remain as a caged tiger but be a nation that is competitive on the international scene," President Susilo Bambang Yudhoyono said.

Yudhoyono said Indonesia should aim to hit growth of 7.7 per cent in four years, which he said would create 10.7 million new jobs and slash poverty by 8-10 per cent.

Advertisement: Story continues below "With careful planning and proper implementation, we are optimistic in reaching the target," he said in a speech to parliament on the eve of Indonesia's Independence Day.

- Malaysia

It is important for Muslims to master knowledge on economic management to ensure their continued progress, said Deputy Prime Minister Tan Sri Muhyiddin Yassin. Muhyiddin, who is also Umno deputy president, said good economic management was the best recipe for Muslims to move ahead economically.

"If we can manage the economy well, our efforts to master other fields important for the progress of Muslims can be achieved," he said after handing over tithes contributed by Agrobank to needy folk and orphans from around the Pagoh parliamentary constituency, in Penchu, Pagoh, here Friday.

Penang Inter-national Halal Hub (PIHH) Malaysia has announced to provide technical advice and consultancy on establishment of Halal industrial parks in Pakistan. A memorandum of understanding was signed the other day in Lahore between Minister for Trade and Religious Affairs of Penang State, Malaysia and Chairman of PIHH, Haji Abdul Malik Kassim and Secretary General and CEO of Halal Development Council (HDC), Pakistan, Asad Sajjad.

- Vietnam
- Cambodia

NATIONS around the Mekong are tightening transport and other links but have neglected the region's very heart - the river itself, a Cambodian minister said yesterday.

At a meeting of the six countries surrounding the Mekong, Cham Prasidh said the potential of the 4,800-km river has been neglected as the region develops road links and 'economic corridors', which he likened to arteries. 'But we forget the heart and the Mekong River is the heart. We need to develop the heart first,' he said at the Greater Mekong Sub-region (GMS) conference. GMS is an Asian Development Bank-supported programme that began 18 years ago to promote development through closer economic links. Along with Cambodia, it includes Laos, Myanmar, Vietnam and Thailand, as well as China's Yunnan province and the Chinese Guangxi Zhuang Autonomous Region.

Cambodia is looking into nuclear power as a future energy source to meet rising domestic demand, although construction of a plant is still years away, a top government official said on Friday. Skip related content

- Vietnam

The last time the U.S. economy suffered through a double-dip recession, this country struggling to overcome the fallout from an Arab oil embargo, Vietnam War-era deficits, and an inflationary spiral that just wouldn't let go.

That 1981-82 double-dip downturn - the result of an economic "shock treatment" aimed at curing those ills - consisted of two recessions that were separated by a single quarter of growth.

The current backdrop is very different from the one that was in place back then, but the threat of a double-dip recession is no less real.

The world's No. 1 economy lost 8.4 million jobs during the recession that got its start in December 2007, making it the worst national downturn since the Great Depression and the biggest loss of employment since the end of World War II.

- Singapore

President S R Nathan has said Singapore remains committed to being a close partner in China's development process, as both countries celebrate 20 years of diplomatic ties this year. President Nathan called the friendship between Singapore and China an ongoing success story, citing China's position as Singapore's third-largest trading partner and top foreign investment destination. He also told the Singapore business community that it played a big role in promoting strong economic ties that now form a key anchor in bilateral ties. Mr Nathan said: "I am confident that we will continue to build upon the strong foundation of our excellent relationship, and that Singapore-China relations will continue to grow and flourish in the years to come." The President said Singapore welcomes China's peaceful rise and will take steps to ride on China's growth.

### **At Social Front**

- Malaysia



Prime Minister Datuk Seri Najib Tun Razak on Saturday called on the Malaysian Chinese community to play a leading role in helping the country to become a high-income economy. He said they must play that role through economic innovation in genuine partnership with the other communities.

"Through these genuine partnerships, we can attain our goal towards equitable distribution of the nation's wealth. We must do this if we are to achieve our potential and sustain the progress and prosperity we have enjoyed thus far." Our faith in Malaysia requires a long-term investment in the future," he said when opening the Chinese Economic Congress on "The Role of the Chinese Community in Achieving the New Economic Model (NEM) and the 10th Malaysia Plan (10MP) Targets", here.

Malaysian Relief Agency (MRA) has launched 'Pakistan Flood Relief Fund', to help millions of victims displaced by the worst floods in the country.

Higher Education Minister Datuk Seri Mohamed Khaled Nordin wants higher education institutions to double their efforts to make Malaysia the regional education hub.

He said the country was well-placed to give neighbouring countries a run for the money to host international students, with its strategic location, political stability, cultural diversity, good education facilities and strong affordable programmes. However, a few neighbouring countries were similarly slanted towards becoming regional education hubs, he noted.

- Thailand

A total of 27 provinces nationwide are experiencing severe dry conditions with damages on a vast expanse of farmland.

As reported by the Department of Disaster Prevention and Mitigation (DDPM), residents of 9,163 villages in 120 districts of 27 provinces across the country are still severely affected by drought, which has destroyed more than 1.5 million rai of farmland. Those troubled provinces comprise 12 in the North, 11 in the Northeast and 4 in the Central.

The department has been coordinating with the provincial authorities in the 27 drought-stricken provinces on distributing water to the public for consumption and general use and building ditches and barrages to alleviate their hardship. People residing in the areas can contact the DDPM Hotline 1784 for further assistance around the clock.

- Philippine

A senior leader of the Moro Islamic Liberation Front (MILF), the country's largest rebel group, on Saturday said they don't see a possibility of any solution to the decade-old conflict in southern Philippines if President Benigno Aquino III will do nothing with the Constitution.

This was the reaction of MILF chief negotiator Mogahher Iqbal over the pronouncement of Aquino's chief negotiator Marvic Leonen that it's too speculative as of now to talk about whether the Constitution needs to be amended. Leonen said the government is studying closely the MILF's proposals. "Good faith negotiations require that we consider the universe of possibilities. That does not necessarily translate to a certainty that amendment can or will happen," Leonen said in a statement to reporters.

- **Vietnam**

Nearly two months into the rainy season, the long-term effects of the drought have spurred the government to send rice and aid to the hardest-hit provinces. On Tuesday (August 10), Prime Minister Nguyen Tan Dung instructed the Ministry of Finance to allocate 7,100 tons of stored rice for several cities and provinces in need.

The support was announced six days after an international stakeholders meeting held in Hanoi to discuss the shortages. The meeting, held August 4, was convened to raise awareness about the drought's impacts and to discuss several mitigation strategies. Participants in the event included representatives from the United Nations Development Program's (UNDP) Coordination Group for Natural Disasters and Emergencies and the Ministry of Agriculture and Rural Development.

#### **South East Asia (ASEAN)**

- **At political Front**

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ASEAN members are holding talks on a request from Cambodia for help in resolving a deadly border dispute with Thailand, the bloc's chairman said on Tuesday.

"As ASEAN chair, Vietnam is actively consulting other ASEAN countries about the proposal that ASEAN mediates over the Preah Vihear dispute," Ministry of Foreign Affairs spokeswoman Nguyen Phuong Nga said in a statement.

Cambodia's foreign minister Hor Namhong on Saturday appealed to the 10-member Association of Southeast Asian Nations (ASEAN) for help, "in order to avoid any large scale armed conflict".

- **At economic front**

According to Vietnamese Ambassador to Turkey Duong Huynh Lap, the increasingly developed bilateral relations between Vietnam and Turkey will reach their full potential as the latter has taken a key step toward expanding its diplomatic outreach to Southeast

Asia, signing a cooperative agreement with the main forum in the region, the Association of Southeast Asian Nations (ASEAN).

Vietnam held here Friday a conference on Status of the Association of Southeast Asian Nations (ASEAN) towards the Group of 20 (G20) Seoul Summit, drawing representatives from Vietnam's Ministry of Finance and the Republic of Korea's (ROK) Ministry of Strategy and Finance.

Representatives at the meeting discussed bilateral dialogue between Vietnam and ROK as well as between G20 and ASEAN. ASEAN has participated in two G20 Summits. Vietnam , on behalf of ASEAN, participated in G20 Toronto Summit in Canada this June.

## Detailed News Monitoring Report

### Indonesia

- **Political front**
- **President Susilo Bambang Yudhoyono Wants Simpler Political Landscape in Indonesia**

An increase in the legislative threshold looks increasingly likely after President Susilo Bambang Yudhoyono signaled his support for such a move during his State of the Nation address on Monday.

In the speech, Yudhoyono discussed the dynamics of the country's political system, with a particular focus on the role of the president within the country's multiparty democracy. "The speech clearly signaled SBY's support for the raising of the legislative threshold," said Burhanuddin Muhtadi, a political analyst at the Indonesian Survey Institute (LSI). The legislative threshold is the minimum number of votes a party needs to earn a seat in the House. Burhanuddin said the president's statements insinuated that he supported raising the threshold "to make the presidential system more compatible with a simplified multiparty system."

In the speech, Yudhoyono said he wanted to "build a better and more accurate system" in an effort to strengthen the position of the president. "Our country uses a presidential system, but our democracy has developed on top of a multiparty foundation. This clearly brings a challenge with it," the president said. Burhanuddin said all presidents since Suharto had experienced similar challenges under the country's political system. Because the president cannot count on the support of a single party with a majority in the House, resistance from the legislature at times becomes so strong that the president has trouble running government.

During Yudhoyono's first term in office, the problem was more acute because his sweeping victory was not matched by his Democratic Party, which won only about 7.5 percent of the vote in the general elections. "At the time, SBY had to build a huge coalition of parties," Burhanuddin said.

He added that having too many parties in the House could in the long run weaken the presidential system by making it difficult for any president to push through policies and

get them implemented by an often divided legislature. “With a reduced number of parties, the president in general would have more flexibility when it came to running the government,” Burhanuddin said.

Yudhoyono said that while having a multiparty system was democratic, it was also important to make sure the system was effective when it came to political decision-making.

All major parties, including the Democrats, have declared their support for raising the threshold. Smaller parties say such a move would harm democracy and be a disservice to citizens by ignoring their votes.

<http://www.thejakartaglobe.com/home/president-susilo-bambang-yudhoyono-wants-simpler-political-landscape-in-indonesia/391574>

- **Foreign Relations**
- **Geo-Strategic Front**
- **Indonesia, Malaysia told to end disputes**

Negotiating territorial borders is the only way to end the frequent disputes between Indonesia and Malaysia, the Jakarta Post quoted an ambassador as saying on Friday. Malaysian Ambassador to Indonesia Dato’ Syed Munshe Afdzaruddin said it would be up to the foreign ministers of both nations to decide on the best time to negotiate Indonesia-Malaysia border disputes following a recent flare-up in the Tanjung Berakit waters of Riau Island province.

“This has to be resolved . . . It’s a process, not an overnight [solution],” he said.

The latest dispute occurred when Malaysian Marine Police detained three Indonesian Maritime Affairs and Fisheries Ministry inspectors on Friday. This

occurred after the said men and other Indonesian officers, who arrested seven Malaysian fishermen for trespassing and illegally fishing in Indonesian waters, had ignored the Malaysian officers’ warning shots. Afdzaruddin said that the “minor case” would not affect the overall bilateral relationship.

Both countries have ongoing maritime disputes in the Malacca Strait, the South China Sea, the Sulawesi Sea and in the waters north of Bintan and Batam Islands, where the latest incident occurred.

<http://www.manilatimes.net/index.php/world/24137-indonesia-malaysia-told-to-end-disputes>

- **Economic Front**
- **Turkey and Indonesia: Countries in Sync Over Economic and Political Growth**

There was great news about Turkey and Indonesia recently. It might have widened the

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In contrast, the combined stock markets of Brazil, Russia, India and China, the vaunted BRIC nations, lost 0.6 percent during the same period, and they remain about 40 percent below their peak. There are a handful of more great numbers in terms of money that fund managers are shifting to the two countries as they seek safe harbors, driven by sovereign debt fears in the developed countries.

Most foreign investors are now singing the praises of investment opportunities in Turkey and Indonesia, while at the same time trembling over the sovereign debt situation in Europe. I am elated, of course, but also amused because the success stories of Turkey and Indonesia were already told toward the end of last year when it became apparent that Turkey's GDP would expand by a hefty 5.6 percent and that of Indonesia by 4.5 percent, making it the third fastest growing economy in Asia, after China and India.

Delayed recognition

One reason for the late recognition is the way both economies were hit at the start of the global crisis in 2008: the equity index in Jakarta plummeted by more than 50 percent, and both the rupiah and Turkey's lira receded by some 15 percent.

Both economies were regarded as in danger of credit-default but both proved to be much more resilient than feared. What many analysts failed to note is that the economies of Turkey and Indonesia are both governed with a great deal of fiscal prudence.

The story goes that in 2009, then Foreign Minister Hassan Wirajuda casually remarked to his Greek counterpart that Indonesia's gross government debt stood at 33 percent of the GDP. Assured that Pak Hassan was not kidding, the Greek foreign minister said: "Will you put that in writing? I would like to show that to my government."

Today, Indonesia's government-debt-to-GDP ratio is even lower at 31 percent. Turkey's ratio is a respectable 50 percent, while the average among G-20 nations is about 80 percent. Both countries are still to reap the full rewards of such restraint, but investors have certainly noticed. Both Turkey and Indonesia have young populations — usually a plus to investors. (China's aging population is one of its economic vulnerabilities.)

Indonesia has the added advantage of having the world's most confident consumers, whose spending was the engine to its 4.5 percent growth last year. The IMF estimates of both countries' GDPs are probably very conservative: \$617 billion for Turkey and \$540 billion for Indonesia. At any rate, the IMF estimates Turkey's economy to grow by 6.25 percent and Indonesia's by 6 percent this year.

### Complementary economies

One of the most auspicious things about the two economies is that they are perfectly complementary.

Turkey is not known for the wealth of its natural resources but for its human capital.

Turkey is a wizard on energy, including geothermal, while Indonesia boasts 40 percent of the world's geothermal resources and uses only 4.2 percent of that abundance.

Turkish industry has a great need for metals and knows the solution to this problem; all the metals it needs are under Indonesia's soil. So it was only logical that when President Susilo Bambang Yudhoyono made a state visit to Turkey on the tail-end of a trip to Canada for the G-20 Summit in June, he assured Prime Minister Recep Tayyip Erdogan that he had instructed his relevant ministers "to make a match-up between our mineral resources and the industrial needs of Turkey."

Turkey and Indonesia are paired together not only in the minds of fund managers, investors and economists but also in the consciousness of historians and political analysts. Indonesia's ties with Turkey date back to the heyday of the Ottoman Empire and the Sultanate of Aceh, when Suleiman the Magnificent keenly supported Aceh's struggle against Western colonial expansion in Southeast Asia.

Yudhoyono likes to point out that in those days there was an Ottoman military academy in Aceh, which produced skilled fighters.

### Two for democracy

Also compelling is the parallel struggle of both countries to become democracies: both are home-grown democratic systems, which were not imposed by external forces, but driven by the spirit of reform. Both had to suffer debacles and setbacks.

The difference is that Turkey is a world pioneer: it elected its first parliament some 150 years ago. Indonesia is a latecomer, launching its democratic transition only in 1998 in the wake of the devastating Asian financial crisis.

But Indonesia's political development has been rapid. So rapid that today there is some talk in diplomatic circles that Indonesia has been asked to chair a global group called "Community of Democracies."

There is no official word about Indonesia's response to these overtures. Indonesia is also leading the cause of democratization in the political integration of Asean. Foreign Minister Marty Natalegawa, when he was head of the Asean Bureau of the Ministry of Foreign Affairs, did a lot of technical work leading to the Asean Summit decision to form an Asean Community that is fully committed to democratic values and the promotion and protection of human rights.

The Bali Democracy Forum (BDF), which was organized by Indonesia in December

2008, remains the only intergovernmental forum in Asia that promotes exchanges of experiences and best practices in political development.

There are a few flies in the ointment. These include the oppression of the Ahmadiyah sect by militant groups and the seeming impunity granted to the Islamic Defenders Front.

But these are fundamentally police problems that have unfortunate repercussions on Indonesian democracy. I trust they are temporary aberrations that will vanish once the national government and the citizenry make the police realize what their duties are.

Turkish democracy also has its problems: some right-wing Western pundits see Turkey's Prime Minister as a "charismatic leader with a methodical plan to unravel a system, a politician cynically using democracy to pursue autocracy," in the words of former Bush administration official Michael Rubin.

Some have gone to the extreme position of comparing him with Adolf Hitler on the rise during the 1930s.

No such thing is happening. It's just that Turkey has a quarrel with Israel over Palestine that is much like Indonesia's.

And it has a nuclear swap arrangement with Iran and Brazil — which Indonesia has praised as conducive to the growth of trust among nations involved in the nuclear debate.

The preponderance of evidence shows that Turkey remains positively engaged with the West and fully committed to becoming a member of the European Union.

If it is now reaching out to its Muslim neighbors, whom it has long neglected, that is only because, like Indonesia, it is striving to become a bridge between various worlds. And like Indonesia, Turkey is a living argument that Islam, democracy and modernization can and will flourish together — but if and only if Islam takes a moderate path.

<http://www.thejakartaglobe.com/opinion/turkey-and-indonesia-countries-in-sync-over-economic-and-political-growth/391519>

- **New Indonesian Steel Mill to See Exports Up, Imports Down**

Unfortunately Indonesia is doomed to continue importing most of its iron ore as mining ore involves a certain amount of land clearing. In this real world you cannot have one without the other. This is what will continue to limit the development of Indonesia in general. Stop the mining and downstream production but save the trees for the benefit of the rest of the world.

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Posco, the world's third-largest steel maker, will take a 70 percent stake, while Krakatau has an option to raise its stake to 45 percent from 30 percent as the project expands capacity. Construction will start this year on a mill with an annual capacity of three million tons, with an aim to begin output in early 2014. The goal then is to double capacity to six million tons. "Most of the output from the joint venture will be for local consumption," said Wawan Hernawan, Krakatau's vice president of corporate communications.

He said he expected the joint venture to boost Krakatau's output to nine million tons from its current 2.5 million to 3 million tons. Indonesia imports nine million tons of steel a year to help meet domestic demand of 11 million tons. Demand is growing about 10 percent per year. Krakatau expects the new plant will allow it to expand exports and offer cheaper steel to domestic customers. "Krakatau currently exports 10 percent of its output to Japan, Australia, England and India," Wawan said. "We haven't decided exactly how much we want to increase exports but it will be higher than now.

"We use the international market price as a benchmark, but with new technology from Posco we can reduce production costs and offer better prices."

Wawan said Krakatau would need an extra five million tons of iron ore a year for the plant. "Most of our raw materials are imported and that's unlikely to change in the coming years because there isn't an exact figure for the size of Indonesia's iron ore deposits," he said.

Krakatau and Posco signed the agreement on the steel mill earlier this month after more than a year of tough negotiations. After construction is finished in 2014, Krakatau is expected to buy a further 15 percent of Posco's share, bringing the Indonesian company's share to 45 percent and Posco's to 55 percent.

Analysts said the deal would help strengthen market sentiment about Krakatau, which, according to a report on Saturday, is set to launch an initial public offering on Nov. 10 with the aim of raising as much as Rp 3.5 trillion (\$392 million).

Indonesia has put a lot of effort into the joint venture deal as it is expecting a surge in imported steel from China with the implementation of the Asean-China Free Trade Agreement.

The Ministry of Industry and Trade earlier predicted the trade agreement could increase steel imports from China 170 percent this year to 1.4 million tons, from last year's 554,000 tons. Despite the global recession, China increased its steel production by 13.5 percent to 567.8 million tons in 2009. <http://www.thejakartaglobe.com/business/new-indonesian-steel-mill-to-see-exports-up-imports-down/391315>

- **Indonesia Reviews Shariah Loan Restructurings: Islamic Finance**

Indonesia, the nation with the biggest Muslim population, may reduce restrictions on Islamic banks by allowing them to change terms on loans before they become troubled. "Shariah banks have asked that loans that are still current can be restructured," Mulya Siregar, director of Islamic banking at the central bank, said in an interview in Jakarta on Tuesday. "We're having intensive discussions and will make a decision by the fourth quarter at the latest."

Current regulations issued in 2008 only permit terms to be altered once debt turns non-performing, Siregar said.

Indonesia introduced a law two years ago to allow financial institutions to offer financial services that comply with Shariah principles, 25 years after Malaysia. Islamic banking assets totaled \$93 billion in Malaysia in 2009, or 20 percent of the total, compared with 2.9 percent in Indonesia, according to central bank data. Shariah-compliant assets in Indonesia may increase 30 percent to Rp 97 trillion (\$10.8 billion) in 2010, from Rp 75 trillion at the end of last year, Siregar said. "Even with the late introduction of the laws, growth has been remarkable," Siregar said. "We only had three Islamic banks in early 2008, now we have 10."

Non-performing loans at Indonesia's Islamic banks fell to 3.89 percent of total lending in June, from 4.39 percent in the same month a year earlier, according to the central bank's Web site. That is more than the 2.24 percent ratio for troubled loans at the nation's non-Islamic commercial banks, slowing from 2.72 percent a year ago. "We have to understand that Indonesia is the world's biggest Muslim country but its population is secular," Fauzi Ichsan, an economist at Standard Chartered Plc, said in an interview from Jakarta on Tuesday. "Unless it has full government and parliamentary support, growth for Islamic finance in Indonesia may not be as smooth and large as Malaysia or some other Muslim countries." Indonesia needs to offer tax incentives to attract investors who do not use religion as a basis for making investments in order to expand Islamic financial services, according to Ichsan, whose bank gets most of its profit from emerging markets.

Banking that complies with the religion's ban on interest is increasing at a rate of 15 percent annually, according to the Islamic Financial Services Board, making it the fastest-growing segment in the financial industry. Assets held by Islamic financial institutions may climb to \$2.8 trillion by 2015, according to the Kuala Lumpur-based standards-setting body. Global sales of sukuk, which use asset returns instead of interest, fell 27 percent to \$7.9 billion in 2010, according to data compiled by Bloomberg. Islamic notes issued from Indonesia totaled \$4.64 billion, about 4 percent of the \$130 billion outstanding globally.

Indonesia's 8.8 percent dollar-denominated Islamic bonds due April 2014 returned 8

percent so far this year, according to prices from Royal Bank of Scotland Group Plc. The yield dropped 27 basis points, or 0.27 percentage point, to a record-low 2.68 percent today. Malaysia's 3.928 percent sukuk maturing June 2015 has gained 6.1 percent since the debt was sold in May. The yield declined two basis points today to 2.73 percent, the lowest level since its issuance, RBS prices show.

The difference between the average yield on Islamic bonds and the London interbank offered rate narrowed six basis points yesterday to 385. The spread has shrunk 82 basis points so far this year, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Shariah-compliant debt returned 9.7 percent this year, according to the HSBC/NASDAQ Dubai US Dollar Index, while bonds in developing markets gained 13 percent, JPMorgan Chase & Co.'s EMBI Global Diversified Index shows.

The Indonesian central bank has issued about 30 regulations on Shariah banking since 2000, ranging from lending to capital requirements, according to Siregar.

Indonesia raised \$650 million from its first global sukuk sale last year. Finance Minister Agus Martowardojo told reporters in Jakarta on July 14 the government hasn't decided whether to sell more of the bonds in 2010, one day after the government said it hired HSBC Holdings Plc, Standard Chartered and Citigroup Inc. to manage a sale.

<http://www.thejakartaglobe.com/business/indonesia-reviews-shariah-loan-restructurings-islamic-finance/391619>

- **Indonesian president wants the economy to roar**

Indonesia's president said on Monday that wants Southeast Asia's biggest economy to stop being a "caged tiger" and unleash annual growth of nearly eight per cent by 2014."It's time that Indonesia not only walks, but walks faster and begins to run. It's time that we don't remain as a caged tiger but be a nation that is competitive on the international scene," President Susilo Bambang Yudhoyono said.

Yudhoyono said Indonesia should aim to hit growth of 7.7 per cent in four years, which he said would create 10.7 million new jobs and slash poverty by 8-10 per cent.

Advertisement: Story continues below"With careful planning and proper implementation, we are optimistic in reaching the target," he said in a speech to parliament on the eve of Indonesia's independence day.

"Accelerating economic growth is expected to increase job opportunities and reduce the unemployment level," the president added.Later Monday, Yudhoyono presented his draft budget for 2011 in which he forecast a deficit of 1.7 per cent of gross domestic product next year, wider than the 1.5 percent gap expected this year.

He also proposed to increase capital spending next year by 28 per cent to 121.7 trillion rupiah (\$A15.11 billion), mainly to finance infrastructure projects such as irrigation,

transport, housing, and water resources. He added that total infrastructure investment between 2010 and 2014 is expected to be \$US161 billion (\$A180.25 billion).

Indonesia's infrastructure has suffered from years of neglect, which is hindering economic growth, and analysts blamed a lack of legal clarity and difficulties in land clearing as the main obstacles for investment in the country.

Yudhoyono said the government aimed to earn 1086 trillion rupiah in revenue next year, and spend 1202 trillion. The government will finance the deficit by issuing bonds and borrowing from multilateral lenders, he said without giving details.

Indonesia's economy will likely expand 6.3 per cent next year, faster than the six percent expected in 2010, with foreign investment soaring 46 per cent in the first six months, as confidence grows after the global financial crisis. The dollar is expected to average 9,300 rupiah next year, higher than the 9,200 predicted for this year.

Parliament and the government will discuss the budget draft before the new fiscal year begins on January 1. Indonesia emerged safely from the global downturn and its stock market is one of the best-performing in Asia because of strong domestic demand and strong exports of resources such as coal, palm oil and natural gas.

<http://www.smh.com.au/business/world-business/indonesian-president-wants-the-economy-to-roar-20100817-127az.html>

- **Petronas gives assurance that gas pipeline project stays in Sabah**

It is up to the state government to ensure that its resources stay in Sabah and no gas is transported to Sarawak through the Kimanis-Bintulu gas pipeline project, said Plantation Industries and Commodities Minister Tan Sri Bernard Dompok.

Dompok reiterated that under former Prime Minister Tun Abdullah Ahmad Badawi's leadership, the Federal Government had agreed that the pipeline project be continued with Sabah given priority if the state required the resource. "There is a guarantee that no gas will be channelled to Bintulu through the pipeline if there is a need for gas in Sabah.

"Abdullah said this assurance came from Petronas itself," he said when launching the United Pasokmomogun Kadazandusun Murut Organisation (Upko) Zone C Convention here recently. Recently, Luyang state assemblywoman Melanie Chia had said the state government should not have agreed to or allowed Petronas to siphon the natural gas from offshore of Sabah to Bintulu in the first place, if it was really serious about developing the local oil and gas industries.

For the same token, Petronas should not have even thought of such a plan let alone pushed for it despite strong objection from the people of Sabah, added Chia.

State Industrial Development Minister Datuk Raymond Tan Shu Kiah had stated that Petronas would only agree to let Sabah keep a portion of the gas channelled to the Sabah

Oil and Gas Terminal (SOGT) in Kimanis, if it was able to substantially build up its infrastructure and manpower to support the oil and gas industry in Sabah. Chia urged Tan, who is also a Gerakan vice-president, to convince his party president cum Minister in the Prime Ministers Department, Tan Sri Dr Koh Tsu Koon to convince the Prime Minister, Datuk Seri Najib Tun Razak to instruct Petronas to stop the Kimanis-Bintulu gas pipeline project.

“If the state government can ensure all the gas resources are utilised in Sabah, then there is no need to channel it to Bintulu,” Dompok said.

<http://thestar.com.my/metro/story.asp?file=/2010/8/18/southneast/6866784&sec=southneast>

- **At social Front**
- **Indonesia introduces women-only trains**

Indonesian women board a women-only carriage of a commuter train at a station during its launching ceremony. Another day, another Asian country introduces commuter trains with a women's-only section. On Friday, Indonesia followed in the footsteps of Malaysia, India and Japan and officially launched the designated cars to prevent sexual harassment. The change comes after the state-run train operator was reportedly "flooded by letters of complaint from women."

Women can still ride in mixed-sex cars, but these "safe spaces" are an option for women who would rather not be sandwiched between strangers or pinched by wandering hands during their commute. According to the Washington Post, there has been a recent uptick in reports of sexual harassment on trains and, perhaps not so coincidentally, a YouTube video of two teenage girls singing a song about "a slimy old man who relentlessly pursues a completely uninterested young girl" recently went viral in the country.

It's great that women's complaints were heard, but this approach registers to me as regressive. Can we only protect women from unwanted sexual advances by segregating them? As Judy Berman wrote on Broadsheet when India introduced women-only trains, "if there's one thing we've learned from the civil rights movement, it's that 'separate but equal' doesn't work -- even if it is the oppressed group that gets the shiny, new trains."

However, the Post talks to Imam Prasodjo, a University of Indonesia sociologist, who disagrees: "In this case, it really has nothing to do with discrimination. It's about making their journey safer. I think most people will welcome that." Indeed, but I have to wonder what happens when women actually leave the trains and go about their days. Might sex-segregated trains actually reinforce predatory behavior, rather than discourage it?

[http://www.salon.com/life/broadsheet/2010/08/20/indonesia\\_women\\_trains](http://www.salon.com/life/broadsheet/2010/08/20/indonesia_women_trains)

- **Environmental Front**

## Malaysia

- **Political Front**
- **Economic Front**
- **Najib Asks Chinese To Play Leading Role In National Development**

Prime Minister Datuk Seri Najib Tun Razak on Saturday called on the Malaysian Chinese community to play a leading role in helping the country to become a high-income economy. He said they must play that role through economic innovation in genuine partnership with the other communities.

"Through these genuine partnerships, we can attain our goal towards equitable distribution of the nation's wealth. We must do this if we are to achieve our potential and sustain the progress and prosperity we have enjoyed thus far." Our faith in Malaysia requires a long-term investment in the future," he said when opening the Chinese Economic Congress on "The Role of the Chinese Community in Achieving the New Economic Model (NEM) and the 10th Malaysia Plan (10MP) Targets", here.

MCA President Datuk Seri Dr Chua Soi Lek and other MCA leaders were present at the event. Najib said the government was working to broaden opportunities for all Malaysians.

He also called on the public and private sectors to work together and utilise the talents of all diverse communities to achieve the national goals. All parties, including the government, must encourage genuine partnership between bumiputera and non-bumiputera communities to keep the nation moving forward, he said. "We must do this because we recognise that diversity is a core strength and the source of creativity and innovation needed to grow our economy," he said. Najib also said that the government could not make all the necessary changes alone without the participation of and cooperation from the private sector.

"The private sector plays a vital role in driving the innovation, creativity and investment that are needed to boost Malaysia's global competitiveness and support our goal to become a high-income nation," he said. The prime minister also urged the congress to discuss how the private sector, including the Chinese business community, could be transformed to be another pillar of national growth and development.

Najib said private sector transformation was also urgently needed because the economy could not expand without its committed and positive participation. He said that to achieve the Vision 2020 goal of becoming a developed nation by that year, the nation needed to be united, strong and resourceful. "We must trust in our own abilities and drive transformation at the core to ensure a better future for ourselves and for our children.

"We (the government) have provided the means to do this through the Government

Transformation Programme (GTP), the NEM and the 10MP," he said. Earlier, Dr Chua, in his speech, said he hoped that the congress would come up with resolutions on how they could move the Chinese and Malays through genuine partnership.

At a news conference later, Dr Chua said that to achieve Vision 2020, the various communities must work together to make the nation a high-income economy to ensure that the country could compete at the international level. "We only want to be fair to bumiputeras, and smart partnership is a necessity. As the prime minister suggested, we do not want an 'Ali Baba' concept whereby as we know, for example, many Class F contractors are incapable of competing with big and established companies.

"We do not want a situation where only one community progresses. We want similar opportunities for bumiputeras, and this is why we have proposed genuine partnership," he said.

He said that to achieve developed nation status, fair distribution of the economic cake and affirmative action were important. "Everyone should benefit from the fruits of national development, and no one should be marginalised," he said.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=521208>

- **Muslims Must Master Knowledge On Economic Management, Says Muhyiddin**

It is important for Muslims to master knowledge on economic management to ensure their continued progress, said Deputy Prime Minister Tan Sri Muhyiddin Yassin. Muhyiddin, who is also Umno deputy president, said good economic management was the best recipe for Muslims to move ahead economically.

"If we can manage the economy well, our efforts to master other fields important for the progress of Muslims can be achieved," he said after handing over tithes contributed by Agrobank to needy folk and orphans from around the Pagoh parliamentary constituency, in Penchu, Pagoh, here Friday.

He said good economic management was also important to realise Malaysia's goal to be a developed country by 2020 (Vision 2020).

According to Muhyiddin, who is also the Member of Parliament for Pagoh, the economic growth of 8.9 per cent recorded in the second half of this year was proof that the nation was on the right track to achieve its economic goals. The target now, he said, was to achieve six per cent GDP growth annually for the next 10 years so that Vision 2020 could be achieved and per capita income doubled from US7,000 (RM22,000) to US15,000 (RM47,000), as called for by the New Economic Model. "We want the fruits of our economic growth to be enjoyed by all, irrespective whether they live in rural or urban areas," he said, adding that political stability was another important factor towards

achieving the objectives.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=522577>

- **Malaysia to provide tech help for halal zones**

Penang Inter-national Halal Hub (PIHH) Malaysia has announced to provide technical advice and consultancy on establishment of Halal industrial parks in Pakistan. A memorandum of understanding was signed the other day in Lahore between Minister for Trade and Religious Affairs of Penang State, Malaysia and Chairman of PIHH, Haji Abdul Malik Kassim and Secretary General and CEO of Halal Development Council (HDC), Pakistan, Asad Sajjad.

Halal Development Council (HDC) is the only registered NGO in Pakistan dedicated to the development of Halal economy thereby increasing trade and business within the country and exports from Pakistan. Under accord, HDC will have exclusive co-operation with PIHH to establish and develop Halal industrial parks in various cities of Pakistan. Haji Abdul Malik Kassim said that Malaysia has strong presence in the market of Halal products. "We do not want to compete, rather we are focusing on complementing each other," he maintained. He said Penang State Government has become a major player in Halal trade in the last two and a half years and special efforts would be made on establishment of Halal Industrial Parks in Pakistan. Asad Sajjad said on the occasion that although everything in Pakistan is Halal but Pakistan's exports are not Halal certified, thereby losing billions of dollars trade potential. staff report

[http://www.dailytimes.com.pk/default.asp?page=2010\08\18\story\\_18-8-2010\\_pg5\\_5](http://www.dailytimes.com.pk/default.asp?page=2010\08\18\story_18-8-2010_pg5_5)

- **Social Front**

- **Ethnic Indians not helping in probe, say Malaysian police**

Inspector General Musa Hassan, chief of Malaysian police, Thursday said he was "disappointed" at the lack of cooperation from ethnic Indian politicians in police investigations.

The police chief said an ethnic Indian politician has levelled allegations against another politician of Indian origin of supplying college girls to prominent people for sex and engaging in drug trafficking.

Deputy Minister for Federal Territories and Urban Wellbeing M. Saravanan has been accused of the crime by opposition politician, M.S. Arjunan, also an ethnic Indian.

Arjunan claims he has evidence - complaints by three women victims and also videos - to prove his charges, but will make them public only in a court. "He came to give a statement but did not extend the desired cooperation," The Star quoted the police chief as saying. Arjunan also claimed he received a letter in Perak's capital Ipoh from a victim. The letter said that Saravanan allegedly rented a house in Gombak for female students of



an institution of higher learning and sent them for prostitution to hotels and to people who have traditional Malaysian titles like Datuk and Tan Sri.

The police chief said this was only delaying the investigations.

"Arjunan should know that the evidence was necessary for the investigation. We want to know the dates, when the alleged incidents took place, who the victims are. If there is no victim, how are we to investigate?" he said.

In a curious twist, Adam Harris, Arjunan's colleague in the opposition Parti Keadilan Rakyat (PKR) party, lodged a police report Thursday, seeking reopening of files against Arjunan who had earlier been charged with molestations and engaging in gangsterism.

Harris, however, denied suggestions at a media conference that he was being paid by Saravanan to speak out against Arjunan. Saravanan has denied the charge and demanded evidence. He challenged Arjunan Wednesday to upload on video-sharing website YouTube the alleged video recordings implicating him. Saravanan, a former member of the Senate, the upper house of parliament, contested the Tapah seat in Perak state and became a minister in 2008. He belongs to the Malaysian Indian Congress (MIC), a constituent of the ruling Barisan Nasional alliance. Multi-ethnic Malaysia is home to about 1.7 million people of Indian-origin, a bulk of whom are Tamils who settled here during the British rule.

<http://www.newkerala.com/news2/fullnews-24295.html>

- **Malaysian relief agency launches Pakistan Flood Relief Fund**

Malaysian Relief Agency (MRA) has launched 'Pakistan Flood Relief Fund', to help millions of victims displaced by the worst floods in the country.

The agency has sent a two-member team comprising Coordinator for Emergency Assistance Mohammad Shahrulazlan and Emergency Medical Director Shahrizal Azwan to Pakistan on a fact-finding mission. The fund was launched by the President of the Agency, Datuk Dr Abdul Razak Kechik in Kuala Lumpur on Monday.

Launching the flood fund, the President MRA said the fund would allow the MRA to provide and channel assistance such as canvases, blankets, clothes, foods, kitchenware, sanitary kits and medicines to the flood victims in Pakistan.

He said as per initial estimates, more than six million people in Pakistan were experiencing food shortages and were without shelter and clean water supply. He urged that the humanitarian assistance be speedily channeled in view of the cold season approaching in two months.

He said contributions can be made to the Pakistan Flood Victims Fund's Maybank account number 5640-9820-6365.

Malaysian government has already notified of its donation of US\$ 1 million to the

Government of Pakistan to provide humanitarian assistance to flood affectees and launched a disaster fund to enable Malaysians to donate for flood victims.

The wife of Malaysian Prime Minister, Datin Seri Rosmah Mansor who is also the President of Welfare Association of Wives of Malaysian Cabinet Ministers and Deputy Ministers (Bakti) has pledged to sent humanitarian aid to Pakistan including children's milk powder, biscuits, cooking oil, flour, toiletries and baby diapers by a Royal Malaysian Air Force aircraft to Karachi to be distributed to the flood affected areas.

The Malaysian Red Crescent Society (MRCS) hopes to raise US\$16 million to provide support to twenty thousands (25,000) flood affected families for a period of nine months.

Mercy Malaysia has also sent two teams to Pakistan and launched an appeal to Malaysians to donate generously in the two bank accounts opened for this purpose.

Dean of Tsinghua University

And a report from Beijing says; Professor Li Xiguang, Dean of Journalism Department, Tsinghua University called on Ambassador Masood Khan at the embassy on Tuesday and donated his one month salary for the affectees of recent floods in Pakistan.

Professor Li expressed his heartfelt condolences at the natural calamity which hit Pakistan and said that "we share the pain and agony of our Pakistani friends. Donating my one month salary is a humble contribution to alleviate their sufferings".

Professor Li Xiguang is also the Executive Director of Pakistan Communication and Culture Center in the Tsinghua University. He is an expert on archaeology and has visited Pakistan in February this year for exploring projects for restoration of Meoenjodaro and other archaeological sites. He has been awarded Sitara-e-Quaid-e-Azam by President of Pakistan in recognition of his invaluable service.

The Ambassador thanked Professor Li and appreciated his kind gesture for the people of Pakistan. He said that the Chinese government and its people have always stood by Pakistan in its difficult times.

"China was one of the first countries to announce humanitarian assistance for the flood victims. This timely gesture from a close friend and dear brother helped in meeting our most immediate needs. We are grateful to the people and Government of China", Ambassador Masood Khan said while talking to Prof. Li Xiguang.

The Pakistan Ambassador informed him that all national resources has been mobilized for rescue and relief operations are in full swing. The relief and early recovery work has picked up in all the affected areas and the evolving situation is being monitored closely by all the government agencies.

<http://www.pakistantimes.net/pt/detail.php?newsId=13879>

- **Malaysia moving forward in matters of Islam and women**

In early July this year, the Prime Minister of Malaysia Najib Razak announced that two women had been appointed judges in the country's Syariah Courts. One of two court systems in Malaysia, these courts rule on cases that are subject to sharia law, which is based on Islamic principles.

Women's groups, including Sisters in Islam (SIS), the group I belong to, hailed this as a long awaited move given the many problems that women face in the Syariah Courts, especially in matters related to the family. Long an advocate for justice and equality for Muslim women, SIS has been calling for female appointments since at least 1999.

Malaysia's civil laws are under the province of the federal government. But the federal constitution gives its 13 states jurisdiction over two areas: land and laws governing "persons professing the Islamic faith", which involve family matters such as marriages, divorce, custody and inheritance. Syariah Courts have no jurisdiction over non-Muslims and matters related to Islamic practices are not heard in the civil courts.

The government has talked about reforming the court system for some time, and though the appointment of women to the Syariah Courts was made only last month, the actual decision to appoint female judges was made in 2006. Though these two judges practice in the federal-level Syariah Courts, this is an important move as their appointments set an example for Syariah Courts to follow at the state-level.

Unfortunately, the initial euphoria women's groups felt about these female appointments was much dampened about two weeks after the July announcement: a committee of 20 Syariah Court judges — all men — held a meeting to discuss which cases female judges could preside over.

An Islamic Appeals Court Judge Datuk Md Yusup Che Teh stated that this needed to be straightened out because there were certain cases that women could not preside over, such as divorce and wali hakim cases, that concern the role of male guardians.

The problem is that it is primarily in divorce cases that many Malaysian women face injustice, whether in issues of custody or division of assets. Furthermore, cases involving male guardians naturally affect only women who, for example, are not allowed to get married without their consent. In most cases, guardians are their own fathers, but in cases where fathers are absent and no other male relatives are available, courts need to appoint guardians for the bride, which can cause delays.

Women's rights groups were excited about the prospect of having female judges precisely because they could oversee such cases in which women feel they are treated unfairly. The hope is that female judges would rule more fairly when dividing assets in cases of divorce or custody, and would confirm the appointment of guardians more quickly in cases where the biological fathers of brides are missing.

“The appointments were made to enhance justice in cases involving family and women’s rights, and to meet current needs,” said Razak. And while this move seems to have alarmed some of the more conservative judges in the Syariah Courts, the concerns of women's groups have turned out to be unfounded: at the end of July, a special panel decided that female judges do indeed have jurisdiction over the same cases as male judges. It should be noted that the Quran enjoins judges to use their wisdom to ensure justice, stating that “...if ye judge between mankind, that ye judge justly” (4:58). The verse emphasises justice without stating whether judges should be male or female. There is therefore no barrier for women to be judges in the Syariah Court system, as they have long been in the civil courts. The task now is to ensure that male or female, judges uphold justice.

Marina Mahathir is a distinguished columnist, socio-blogger, women's rights advocate, board member of Sisters in Islam, daughter of Malaysia's fourth Prime Minister and United Nations Global Expert ([www.globalexperfinder.org](http://www.globalexperfinder.org)). This article was written for the Common Ground News Service (CGNews).

[http://thedailynewsegypt.com/index.php?option=com\\_content&view=article&id=122294&catid=1&Itemid=183](http://thedailynewsegypt.com/index.php?option=com_content&view=article&id=122294&catid=1&Itemid=183)

- **Make Malaysia Regional Education Hub, Minister Tells Higher Education Institutions**

Higher Education Minister Datuk Seri Mohamed Khaled Nordin wants higher education institutions to double their efforts to make Malaysia the regional education hub.

He said the country was well-placed to give neighbouring countries a run for the money to host international students, with its strategic location, political stability, cultural diversity, good education facilities and strong affordable programmes. However, a few neighbouring countries were similarly slanted towards becoming regional education hubs, he noted.

Mohamed Khaled said Singapore was targeting to increase the enrolment of international students in its institutions from 97,000 in 2008 to 150,000 in 2015. Thailand, on the other hand, aimed to become a higher education hub for the Greater Mekong sub-region by 2016, and a hub for Southeast Asia by 2026.

"So, we must double the efforts to make ours the universities of choice to achieve the ministry's target of 150,000 international students by 2015," he said while opening the Universiti Tunku Abdul Rahman (UTAR) 11th Convocation here today.

His speech was read by Deputy Director-General (Private Higher Education Management Sector) Datin Prof Dr Siti Hamisah Tapsir. To compete with the neighbouring countries,

the minister suggested that Malaysia improve teaching quality, graduate employability and ensure a rich and rewarding experience for students.

"We must also be able to attract the best brains and talents to teach and carry out ground-breaking research here to raise the standard of local institutions." He said the government's move to allow foreign universities to establish campuses in the country had helped local universities engage in healthy competitions which led to improvements.

"This is something which we must continually work towards, to propel our institutions to be among the best in the world," said Mohamed Khaled.

He urged universities to foster closer links with the industry to help academicians keep abreast with the latest developments in the private sector, and advance knowledge through joint research, particularly in engineering, technology and bio-technology. At the convocation, 491 graduands, including 14 post-graduate students, received their scroll.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=522756>

- **Cyber world**

### **Philippine**

- **Political Front**
- **Foreign Relations**
- **Controversial defense pact with U.S. should be reviewed: Philippine FM**

Philippine Foreign Affairs Secretary Alberto Romulo said Tuesday he has already recommended to the Malacanang presidential palace the immediate review of the controversial bilateral defense pact between the Philippines and the United States.

The review will be conducted to particularly look into the jurisdiction for offenses that have been committed by the U.S. troops in the Southeast Asian country, and not necessarily to terminate the agreement, Romulo said.

Last year, the rape case against a U.S. marine was dismissed by the Court of Appeals of the Philippines. The incident led to renewed calls for the review of the Visiting Forces Agreement (VFA) because of the unequal terms in the agreement over the treatment of U.S. and Philippine troops. "This is a new government so we have to organize. I have proposed that review last year with (then) Executive Secretary (Eduardo) Ermita. I have submitted the same to Executive Secretary (Paquito) Ochoa," Romulo said.

The defense and foreign affairs secretaries, the executive secretary, and other officials will form part of the VFA review committee, Romulo said. There is no specific timetable on the assessment of the agreement, but Romulo said he wants it done "as soon as possible."

<http://english.people.com.cn/90001/90777/90851/7107654.html>

- **Aquino promoting ties of dependency with U.S.?**

Those who are watching the first 100 days of the new administration can now start focusing their lens on President Benigno S. Aquino III's coming visit to the United States in September - his first major official foreign trip. The decision to make the U.S. as his maiden foreign destination is not only symbolic but will have far-reaching implications not only on foreign policy but also on the so-called special relationship between a former colony and a superpower. In the long run, it will have broad implications on the Filipino people.

Of course, the presidential spokesperson says Aquino III, together with other heads of state, is going to address the United Nations General Assembly when it convenes next month. The more important agenda, however, pertains to the event that will happen at the White House and other meetings with high U.S. officials. The new president will make a courtesy call to the world's most powerful leader – a traditional ritual performed by the Philippines' past presidents from Manuel Quezon to Ferdinand Marcos and until recently, Gloria M. Arroyo who made several visits to Washington, DC.

A meeting with the U.S. president will underscore the importance given by the Philippine government to “special ties” with a former colonial master. But these “special ties” have nothing to do with people-to-people friendly relations. These ties have been shaped largely by economic and military considerations that were proven to be inimical to the Filipino people's sovereign and territorial rights even if being friendly with Uncle Sam guaranteed support for any sitting Philippine president.

In the post-World War II era official visits by Philippine presidents to the U.S. embodied the country's commitments to onerous economic and defense agreements that laid the foundations of an unequal neo-colonial relationship between the two countries. Time was when the Philippines had to undergo economic reconstruction as a result of the destruction wrought by the war between the U.S. and Japan yet American rehabilitation funds were tied to extending parity rights to Americans, allowing the stay of U.S. military bases and supporting wars of aggression in Korea, Indochina, and elsewhere. Ferdinand E. Marcos was propped up by the U.S. as America's spokesman in Southeast Asia when the U.S. needed a coalition of forces from the region to support its wars of aggression in Indochina. Marcos played the role of America's mouthpiece so well that his dictatorship lasted long enough thanks to continued U.S. support. The Americans dumped him when he became a liability and built up Corazon C. Aquino as the “third force” for succession. As a president, Aquino backed the renewal of the U.S. military bases and unleashed a U.S.-inspired “total war” policy against rebels leading to more human rights violations.

Bush regime

During the Bush regime, Mrs. Arroyo paid several visits to Washington, DC where she

also met Pentagon and Congress leaders. The numerous agreements that she forged – most of them confidential – led to the Philippines playing the role as America’s “second front” against terrorism thus paving the entry of U.S. forces and military installations in the guise of war exercises and special trainings. Since 2001 the increase of U.S. military aid and intervention led to the escalation of extra-judicial killings and other war crimes amid the intensification of Arroyo’s counter-insurgency campaign against the Left, whether armed or unarmed. Yet, despite the financial commitments made by the U.S. government Arroyo’s nine-year presidency saw the highest unemployment rate in 50 years, widening income disparities, corruption, election fraud, plunder, and political repression.

In late May this year when the results of the presidential race had yet to be completed the U.S. ambassador to Manila, Harry Thomas, Jr., was the first foreign envoy to congratulate Aquino III. Their talks at Times Street touched on continued U.S. support, special ties between the two countries, and an invitation for an early state visit by the president-apparent. The Times Street talks have been followed by high-level meetings with U.S. state department officials led by Secretary Hillary Clinton, a new military assistance package, an offer of a missiles and war aircraft sale, and port calls by warships from the U.S. Pacific Command (PACOM). This week, the U.S. Millennium Challenge Corporation (MCC) announced the release of \$434 million to fund three projects in the Philippines for five years. The MCC board is chaired also by Clinton.

In reciprocity, Aquino III said he is looking forward to the U.S. visit with an upbeat expectation of bringing “gifts” back to the country.

America’s current interest

Begging an immediate answer is what America’s current interest is in the Aquino III presidency and what possible “commitments” are on the table to emphasize the two countries’ “historic ties.” The lingering economic recession, increasing unemployment, and budget cuts or streamlining in the U.S. raise questions how much economic or military assistance is left that can be given to the Philippines and other countries - and in exchange for what.

The recent visits of high U.S. officials in the Philippines signal a continuing interest in the country in the context of America’s geo-strategic interests in the region and the rest of the world. The underlying framework of these objectives is chiseled in U.S. President Barack Obama’s National Security Strategy (NSS, May 2010) and the U.S. military’s new counter-insurgency (COIN) guide of January 2009. Although both doctrines reiterate the need to maintain the superpower’s access to world resources especially oil and other energy materials, they also stress America’s right to pre-emptive and unilateral strikes

against “terrorism,” rogue regimes, and emerging powers, such as China, seeking to challenge the U.S.’ global power.

Recently, Obama secretly deployed new special operations forces (SOFs) to the Philippines and 69 other countries. The deployment is in line with the NSS and the new COIN which essentially continues U.S. counter-insurgency programs in as many countries especially in “failed (or weak) states” and in partnership with host governments and their armies. COIN, however, gives equal emphasis on the use of civilian components such as humanitarian missions; engaging NGOs, civil society, and diaspora communities; and an increasing role of the USAID and other agencies to promote “governance, transparency, the rule of law, and anti-corruption”. Not that both papers believe in democracy per se but they see the imperative of maintaining political stability and the elimination of “rogue enemies” as vital to U.S. imperial global interests.

Under Arroyo, the U.S. succeeded in inserting its forces and military outposts in the Philippines particularly in Basilan, Sulu, Tawi-Tawi, and Zamboanga. The U.S. claims that the Philippines, particularly Mindanao, is part of the “arch of instability” in Southeast Asia and the rest of East Asia where America’s strategic oil and other commodities pass through the South China Sea. China’s irredentist claim over the sea is now being contested by the U.S. which considers it as an “open territory”.

Consistent

There is no question that Aquino III will remain consistent with the traditional support for U.S. military presence in the country and the whole region. Likewise, he has made it clear that he supports the controversial Visiting Forces Agreement (VFA) and has continued the Mrs. Arroyo’s U.S.-backed counter-insurgency campaign despite the fact that it has led to the killing of activists and other atrocities. Influential rightist think tanks in the U.S., particularly the Heritage Foundation, are pressing Obama to continue supporting the AFP’s modernization program with bigger funds. The modernization assistance is being geared toward upgrading the Philippines’ territorial defense especially over the Spratly islands which are claimed by China and other countries.

An increased defense alliance with the U.S. leading to a quiet escalation of its military presence will make the Philippines a pawn in the Pentagon’s plan of containment and encirclement of China. If Aquino III makes the mistake of succumbing to this pressure, he runs the risk of antagonizing Beijing’s trade ties with Manila and its growing investments in mining, electronics, and other industries. It could provoke retaliation from China in the disputed Spratly islands.

The U.S. government’s strategic military operations in the Philippines in the guise of fighting terrorism are driven by America’s war industries that are supported by big



defense spending in the midst of recession. In the U.S. recession the only prospects of recovery and employment are provided by Boeing, and other corporations involved in the war industry. The presence of U.S. forces in the Philippines and elsewhere in the world has been profitable to engineering, construction, electronics, aircraft, shipping, and other war manufacturing corporations in the U.S. Globally, U.S. forces and installations along with wars of intervention that are raging in Afghanistan, Iraq, and other flashpoints help sustain the powerful military-industrial complex in the U.S.

When Aquino III goes to Washington, DC his commitment of support for continued U.S. military operations in the Philippines will also be a tacit promotion of the war industries that market weapons of mass destruction and wars of intervention in the world. Such pledge of support is expected to reap financial and military assistance for the new administration but it will also bind Aquino III – like past Philippine presidents - to a master-slave relationship.

The Philippine government's exclusivist ties with America have continually jeopardized not only potentially productive ties with other countries but also deepened the country's neo-colonial, superior-subordinate bondage to its former colonial master. In fact, the continued U.S. influence in the Philippine presidency has deprived the Filipino people of their sovereign right to self-determination, to non-intervention by a foreign country, while bitter economic pills are imposed by U.S.-influenced multilateral agencies. This relationship also helps sustain U.S. meddling in counter-insurgency operations turning the Armed Forces of the Philippines (AFP) into a surrogate army of the Pentagon and a power broker of sorts insofar as the Philippine presidency is concerned.

Aquino III the presidential contender had promised change in the system of governance. What is unfolding as far as dealing with the U.S. is concerned may exactly be the opposite.

There is thus a compelling reason for patriotic forces in the Philippines, including progressive elements in Congress, to call for the abrogation of the VFA and other onerous agreements with the U.S. and an end to U.S. military presence. The overarching imperative is to work for an independent Philippine foreign policy as an important element of governance.

<http://www.abs-cbnnews.com/insights/08/15/10/aquino-promoting-ties-dependency-us>

- **Economic front**
- **Expansion of trade relations with Philippines stressed**

President Zillur Rahman has emphasised the need for further increasing investments and also expanding trade between Bangladesh and the Philippines. The president made the remark when newly appointed Bangladesh Ambassador to Philippines Majeda Rafiqun

Nessa paid a courtesy call on him at Bangabhaban yesterday.

During the meeting, Zillur Rahman asked the new envoy to take necessary measures to further strengthen the existing relations between the two countries. "Bangladesh values excellent bilateral relations with the Philippines that have been further strengthened with the establishment of democratic governments in the two countries," he said. The new ambassador assured the president that she would make her best efforts to further improve the bilateral relations and also expand trade and commerce between Bangladesh and the Philippines. Majeda joined the BCS Foreign Service cadre on January 21 in 1986 and is presently serving as the director general (South East Asia wing) of the foreign affairs ministry.

Secretary to the President's office M Safiul Alam, Military Secretary Major Gen Abul Kalam M Humayun Kabir and Press Secretary AKM Nesar Bhuiyan were present during the meeting.

<http://www.thedailystar.net/newDesign/news-details.php?nid=151464>

- **US maintains Philippines' share in sugar allocation**

THE United States Trade Representative (USTR) said last week that it retained the Philippines' share in the former's country-specific in-quota allocation for imported raw cane sugar and its products. In its website, the USTR said it would allow the Philippines to export 142,160 metric tons (MT) of raw cane sugar under the country-specific in-quota allocations for the October 1, 2010 to September 30, 2011 fiscal year.

This is the same amount allocated to the Philippines in the previous fiscal year.

Under the tariff-rate quotas, various countries will be allowed to export specified quantities of sugar products to the US at a relatively low tariff. Philippine exports in excess of this year's allocation would be slapped a higher duty when entering the US.

The Philippine allocation is based on its historical shipments to the US, the USTR said.

Of the 40 countries granted allocations, the Philippines ranked third in terms of the size of its share, trailing the Dominican Republic and Brazil, both of which received allocations running to 185,335 MT and 152,691 MT, respectively.

The US allocations to countries that are net importers of sugar would depend on proof showing the shipments came from the exporting country. The USTR allocation came after a July 30 announcement by the US Department of Agriculture (USDA) establishing the total in-quota quantity of 1,117,195 MT of raw can sugar for fiscal year 2011. This total is the minimum amount to which the US is committed under the World Trade Organization (WTO) Uruguay Round Agreements.

Besides raw cane sugar, the USDA also had announced the in-quota quantity for refined sugar at 99,111 MT, which is also the minimum quantity to which the US is committed

under the WTO Uruguay Round Agreement. The USTR is allocating a total of 10,300 MT of refined sugar to Canada, 2,954 MT to Mexico, and 7,090 MT to be administered on a first-come, first-served basis. Imports of all specialty sugar will be administered on a first-come, first-served basis in five tranches, while 59,250 MT of certain sugar-containing products was allocated to Canada. The remainder of the 64,709 MT is available for other countries on a first-come, first-served basis.

<http://www.manilatimes.net/index.php/business-columns/23791-us-maintains-philippines-share-in-sugar-allocation>

- **Philippine foreign offices to focus on labour**

Being a country that in a sense, exports labour, a distinguishing feature of Philippine offices abroad is the presence of mechanisms to assist overseas Filipino workers (OFWs). Manila The government said it plans to transform Philippine labour offices abroad into "centres of care and services" for its migrant workers. In a statement, Department of Labour and Employment (Dole) Secretary Rosalinda Baldoz said that Dole will transform Filipino Workers Resource Centres abroad to provide onsite services to migrant workers. Baldoz said the directive was an offshoot of President Benigno Aquino's recent order amending Republic Act 10022 provisions concerning Migrant Workers and Overseas Filipino Act of 1995. "We are now full blast in redesigning our onsite protection and re-integration programmes in accordance with the provisions of R.A. 10022 and its implementing rules and regulations," Baldoz said.

Distinguishing feature

Being a country that in a sense, exports labour, a distinguishing feature of Philippine offices abroad is the presence of mechanisms to assist overseas Filipino workers (OFWs). Baldoz said the transformation of Philippine overseas offices into centres of care and services will complement the holistic approach in the provision of welfare and protection as well as assistance to OFWs for their re-integration into the local work force after working abroad.

Baldoz said the government is conscious of the fact that a great number of migrant workers returning from abroad are suffering from psychological trauma. "A part of the expanded onsite protection services is full psycho-social assistance to be provided by the Polo [Philippine Overseas Labour Offices] and its network of reputable social workers and faith-based non-government organisations," she said.

<http://gulfnnews.com/news/world/philippines/philippine-foreign-offices-to-focus-on-labour-1.668690>

- **At Social Front**

- **Philippine govt welcomes MILF's willingness to talk peace Sunday, 15 August 2010**

Malacañang welcomed yesterday the statement of the Moro Islamic Liberation Front (MILF) that it is ready to resume peace talks with the government.

“We all very well know that the general statement of the MILF is that they welcome the peace process. It’s just that one portion of its press conference was blown out of proportion and made it appear (it was gearing for war),” presidential spokesman Edwin Lacierda said in an interview with dzRB. Lacierda said Presidential Adviser on the Peace Process Teresita Deles is aware that the MILF is looking forward to the peace process.

He said it was good that the MILF made a clarification because there was no reason to doubt the sincerity of the Aquino government in pushing for peace.

“The MILF’s general statement was positive – they were in favor of the peace process. The so-called saber rattling was a media play. That’s the reason why she (Deles) was very, very confident they are willing to go through the peace process,” Lacierda said.

Earlier, Malacañang stressed the sincerity of the administration to pursue peace talks with the MILF amid reports that hundreds of Muslim guerillas underwent combat training and built up their arsenal in case negotiations falter. “Maybe they are just worried that the peace process will not push through. But I guess it is just posturing on their part because in their press conference on the peace process, we get positive information from them that they are also eager to pursue the peace process,” Lacierda said. “So it’s just a matter of time. Let us wait after the end of Ramadan and we can assure the MILF that we are serious about pursuing the peace process.”

MILF negotiator Mohagher Iqbal acknowledged his group continued to train fighters and collect weapons. “That’s normal in a revolutionary group. It’s not a sign of bad faith because there have always been two options while the problem remains unresolved: the peace process or war,” he said.

Iqbal said, however, his group focuses primarily on the “peaceful track” and would reconstitute its peace panel once the government negotiating team had been set up. Lacierda said the government is in the process of completing the members of its peace panel.

<http://www.thepeninsulaqatar.com/s.-asia/philippines/123431-philippine-govt-welcomes-milfs-willingness-to-talk-peace-.html>

- **Mindanao peace process on track, says Aquino aide**

Despite the reported “saber-rattling” by the separatist Moro Islamic Liberation Front (Milf), the Mindanao peace process remains on track, a Malacanang official assured on Saturday.

Secretary Edwin Lacierda, the presidential spokesman, said Secretary Teresita Deles, the presidential adviser on the peace process, is confident the Milf will push through with the peace negotiations.

Deles, Lacierda added, also confirmed the Milf is looking forward to the resumption of the peace talks after the end of the Muslim holy month of Ramadan on September 9 as announced by President Benigno “Noynoy” Aquino.

The “saber-rattling” issue emerged following the statement of Al Haj Murad, the Milf chairman, that the front continues to train at least 100,000 partisans, 80 per cent of whom are armed.

Media reports said Murad made the revelation during a forum with members of the Foreign Correspondents Association of the Philippines in one of the Milf camps in Maguindanao province in Mindanao on Aug.10.

In an article posted on the Milf website, Mohagher Iqbal, the front’s spokesman, claimed that Murad was quoted out of context, particularly by the Philippine Daily Inquirer, the country’s largest circulation daily.

Iqbal, also the Milf’s chief negotiator talking peace with the government, appealed to the Inquirer to exercise editorial restraint by refraining from “opinionating” and “editorialising” on Murad’s statement. “It creates the impression that the Milf is blood-thirsty even during the Ramadan,” Iqbal complained

<http://gulftoday.ae/portal/9eab215e-da99-42f3-be23-f48b39856253.aspx>

- **Philippine rebels foresee no solution to conflict if nothing do with Constitution**

A senior leader of the Moro Islamic Liberation Front (MILF), the country's largest rebel group, on Saturday said they don't see a possibility of any solution to the decade-old conflict in southern Philippines if President Benigno Aquino III will do nothing with the Constitution.

This was the reaction of MILF chief negotiator Mogahher Iqbal over the pronouncement of Aquino's chief negotiator Marvic Leonen that it's too speculative as of now to talk about whether the Constitution needs to be amended. Leonen said the government is studying closely the MILF's proposals. "Good faith negotiations require that we consider the universe of possibilities. That does not necessarily translate to a certainty that amendment can or will happen," Leonen said in a statement to reporters.

Earlier, Presidential Adviser on the Peace Process Teresita Deles said it was "premature" to talk about amending or revising the Constitution, considering that the new peace panel had not even had the chance to sit down with its counterpart.

But Iqbal said while the issue of Constitution is shallow to argue, there will be no

genuine end to the root cause of conflict in Mindanao."If they will not do something, we do not see the possibility of any solution to the real problem," Iqbal said.

The MILF earlier warned the government to resolve the problem in Mindanao within their time as more of their young fighters are getting radicals and militants. A Japanese national doing research about the conflict in the south, who requested anonymity for security reasons, said that the actual numbers of MILF combatants is actually doubling the number to what MILF Chieftain Ebrahim Murad revealed to reporters recently.

Murad claimed they have 120,000 fighters all over Mindanao.

<http://english.people.com.cn/90001/90777/90851/7112807.html>

### **Thailand**

- **Political Front**
- **Parliament delays debate on border talks**

Reports from recent Thai-Cambodian Joint Boundary Committee (JBC) meetings were not considered by MPs in Parliament yesterday after pressure from a nationalist group protesting over the border dispute.

Parliamentary Speaker Chai Chidchob said he did not put the JBC reports on the agenda, despite saying the gathering of a nationalist group led by activist Veera Somkwamkid in front of Parliament was nonsense. Yesterday's session only heard a proposal from a parliamentary committee to keep reports from the session on boundary demarcation secret.

Foreign Minister Kasit Piromya said he had submitted agreed minutes from three JBC meetings on boundary talks held over the past two years, but he had no idea when they would be on the agenda for MPs to consider.

Article 190 of the Constitution requires the ministry to submit any negotiation framework, which could lead to changes of borders or territory, so they are approved by Parliament.

The JBC was set up in accordance with a memorandum of understanding (MoU) signed with Cambodia in 2000 to survey and demarcate the boundary line with officials from the neighbouring country.

Thai nationalists and some senators want the government to revoke the 2000 MoU because they fear losing territory to Cambodia, as the document recognises a French map that suggests areas adjacent to Preah Vihear temple on the border belong to Cambodia.

Thailand and Cambodia have been at loggerheads over the temple and adjacent territory after it was listed as a World Heritage site in 2008. Thailand fears the listing process may undermine its claim to disputed areas adjacent to the temple.

The last JBC meeting was in April last year and talks are only able to continue once the

Thai Parliament has endorsed the agreed minutes from the three last meetings. Veera told his supporters to disperse from their rally outside Parliament after a news report revealed consideration of the JBC documents had been delayed.

<http://www.nationmultimedia.com/home/2010/08/18/politics/Parliament-delays-debate-on-border-talks-30136062.html>

- **Geo-Strategic Front**
- **UN offers to help resolve Thai-Cambodian border row**

UN chief Ban Ki-moon is ready to help Cambodia and Thailand resolve their deadly border dispute, a UN spokesman said Friday. "The Secretary-General hopes that Cambodia and Thailand will resolve the dispute along their border amicably through dialogue," Farhan Haq told a press briefing. "He stands ready to help the parties."

The neighboring southeast Asian nations have been locked in a troop standoff at their border since July 2008, when the ancient Preah Vihear temple was granted UNESCO World Heritage status. The row turned deadly in October of that year when two people reportedly died during an exchange of fire between Thai and Cambodian forces near the site. The World Court ruled in 1962 that the temple belonged to Cambodia, although its main entrance lies in Thailand. The exact boundary through the surrounding grounds remains in dispute, and occasional gunfights between troops of the two nations have claimed lives. The Thai-Cambodia border has never been fully demarcated, partly because it is littered with landmines left over from decades of war in Cambodia.

[http://news.yahoo.com/s/afp/20100820/wl\\_asia\\_afp/cambodiathailanddiplomacyconflictun](http://news.yahoo.com/s/afp/20100820/wl_asia_afp/cambodiathailanddiplomacyconflictun)

- **Thailand asks Asean not to intervene in temple row**

The Thai government is asking other Asean countries not to intervene in the Preah Vihear conflict and allow Cambodia and Thailand to settle the matter themselves. Prime Minister Abhisit Vejjajiva said yesterday he did not believe the reports that Vietnamese Prime Minister Nguyen Tan Dung, in his capacity as Association of Southeast Asian Nations chairman, would raise the Preah Vihear dispute at an Asean meeting.

He thought the Asean chair was simply sounding out the opinions of association members about the border dispute after receiving a letter from Cambodia. Mr Abhisit said all parties should understand that the issue could be solved at the bilateral level.

Cambodia wants the conflict to be dealt with at the multilateral level because the Thai parliament has not considered the negotiation framework of the Thai-Cambodian Joint Boundary Commission (JBC), but Mr Abhisit said each country had its own processes and other nations should respect this. "Thailand has its parliamentary procedures which must be respected," the prime minister said.

"The government does not interfere."

Deputy Prime Minister Suthep Thaugsuban yesterday warned that Cambodia could not raise the Preah Vihear issue for multilateral discussion without first securing the consent of Thailand. He urged Cambodia to handle the issue bilaterally.

The conflict was a longstanding one and time was needed to resolve it, he said.

Foreign Minister Kasit Piromya said yesterday Thailand and Cambodia had discussed the temple issue through all available mechanisms such as the joint border committee. They did not need the intervention of neighbouring countries. Mr Kasit said Thailand had tried to explain the matter to its fellow Asean members and he hoped they understood. The Foreign Affairs Ministry would send a letter to Vietnam and the other members of Asean to clarify the Preah Vihear dispute.

The letter would seek to clear up the misunderstandings surrounding the temple conflict and deal with Phnom Penh's allegations against Thailand related to the temple row, he said.

<http://www.bangkokpost.com/news/local/192046/thailand-asks-asean-not-to-intervene-in-temple-row>

- **Border dispute with Cambodia brings new dilemma to Thailand**

Members of the Yellow Shirts group rally to oppose against Cambodia's attempt to list Preah Vihear temple as a UN World Heritage in front of UN Educational, Scientific and Cultural Organisation or Unesco head office in Bangkok, Thailand, 27 July 2010. Picture: THE current border issue between Thailand and Cambodia has been more complicated by the emergence of patriotism in Thailand and the internal political game played by local politicians.

The recently frequent demonstrations against Cambodia's management plan of Preah Vihear Temple and government's resolution on the issue by Thai Patriot Network allied with People Alliance for Democracy (PAD) reflects the nationalism mood which has been lately spurred in this nation. The question posed concerns whether the rising nationalistic sentiment will further divide Thai society or finally restore unity to this divided country.

"The patriotism is now complicating the issue and intensify division in Thai society..It is more difficult to find the truth ( amidst all the information from various groups) and people choose to agree with what they believe," said Dr Kitti Prasirtsuk, a lecturer at Faculty of Political Science, Thammasat University.

Surveys shows among Thai people there are hardliners who want the government to take decisive action swiftly and moderates who want to see the border dispute being solved peacefully.



An opinion poll on the Preah Vihear Temple issue conducted across the country earlier this month by the National Institute of Development Administration (NIDA) revealed that 69.55 per cent of 1, 133 respondents agreed that the government should, through diplomatic means and military forces, push Cambodians out of the overlapping area near the temple as it is Thai territory. And 77. 93 per cent of them, who saw the issue is crucial, said the government should make it part of the national agenda.

On the other hand, the Dusit Poll conducted in August in Bangkok and its vicinity showed that 49.77 per cent of 1,059 respondents did not agree with the demonstrators for fearing the rally will create conflict among Thai people. And 37.10 percent of respondents are afraid that the demonstration will increase tension over the issue.

The temple and its surrounding area has been an age-old territorial dispute between the two countries for more than half a century. And the problem root dates back to 1904 when Thailand and French, colonial authority ruling Cambodia, set up a joint commission for the purpose of border demarcation. Even after the International Court of Justice (ICJ) decided to award the temple to Cambodia in 1962, the row over a land plot of 4.6 square kilometres around the temple has never been resolved.

For Dr Kittti, another factor that put additional pressure on the Thai government when dealing with this border issue is the domestic politics game. "The internal politics game going on in the country has also further complicated the issue," he said.

As the government held live discussion with representatives from Thai Patriot Network and the Yellow-shirt People's Alliance for Democracy (PAD) on August 8, in an effort to explain its position over the controversial issue, it received hard criticism from the opposition Puea Thai Party.

"The prime minister's explanation on Preah Vihear and the Memorandum of Understanding (MoU) signed by Thailand and Cambodia in 2000 was still unclear but the PAD supporters hailed at him to make people believe that the government is working rightfully," a Puea Thai core member was quoted as saying by Bangkok Post.

"The New Politics Party (a political party founded by PAD in 2009) is trying to stir patriotism because it wants to win the Bangkok City Councillor elections on August 29. If not, the party may not be able to emerge in the next general election," the same member was quoted as saying by Bangkok Post.

PAD allied with Thai Patriot Network to demand the government to revoke the MoU signed with Cambodia in 2000 pertaining border demarcation as they believe the MoU puts Thailand at disadvantage. The group also asked the government to force Cambodians out of disputed area along Thai-Cambodian border, to nullify 1907 French-made map of 1:200,000 scales, and to ask the ICJ to review its 1962 ruling on the

ownership of Preah Vihear Temple.

Thai government is currently facing tough challenge of bringing Cambodia back to the table of bilateral talks as Cambodia 's Prime Minister Hun Sen set a precondition of resuming the meeting of Joint Boundary Committee (JBC). This means Thai government has to get the results of former three meetings of Joint Boundary Committee (JBC) approved by the Parliament as soon as possible so that the schedule of next JBC meeting could be set for discussion of border demarcation with Cambodia.

"Joint Boundary Committee is an important mechanism to achieve solution but the government should move faster," said Dr Kittti.

Division in Thai society has become widely acknowledged since the prolonged protest of Red-shirt United Front for Democracy against Dictatorship (UDD) in Bangkok from March 14 to May 19, which left 89 people died and nearly 2,000 injured. The government has since been tasked to bridge the disparity in society. The nationalistic sentiment over the disputed border issue, however, is hardly helpful to ease the crisis faced by the government.

<http://www.bruneitimes.com.bn/opinion/2010/08/22/border-dispute-cambodia-brings-new-dilemma-thailand>

- **Economic front**
- **Thailand trade exhibition to offer ideas for business opportunities**

LOCAL entrepreneurs and businessmen can look out for trade opportunities during the Thailand Trade Exhibition 2010 at the Mid Valley Exhibition Centre.

The exhibition, to be held from Aug 20 to 22, will feature exotic food from the northern and southern region of Thailand as well as handicraft and textile, and health and spa products. There will also be a business-matching session for Malaysian entrepreneurs who are keen to explore opportunities and cooperation with their Thai counterparts.

The northern lure: One of the booths offering all things Thai at the exhibition.

A total of 58 exhibitors from various industries, such as food and beverage, health and beauty, jewellery, garment/fashion apparel, gift and decorations, bags, edu-toys, plastic and household products, electrical and printing material would be exhibiting their products and services. Visitors who attend the exhibition will also stand a chance to win a trip to Chiang Mai.

All they need to do is fill in a form from the Department of Export Promotion (DEP) counter, answer a few questions and write a slogan.

Apart from the exhibits, there will be a Thai cultural dance, stage activities, games for visitors and also cooking demonstrations by chefs from well-known Thai restaurants.

<http://thestar.com.my/metro/story.asp?file=/2010/8/16/central/6848632&sec=central>

- **Thailand May Raise Key Rate as Exports Support Growth**

Thailand may raise interest rates a second straight month and report economic growth of more than 7 percent as surging exports drive a recovery after political turmoil prompted a crackdown on protesters last quarter. Thailand's SET stock index has surged 17 percent and the baht has climbed more than 2 percent since May 19, when troops broke up anti-government protests after clashes killed at least 89 people. Exports of cars and electronics have jumped and tourists are returning to Phuket's beaches, with Finance Minister Korn Chatikavanij predicting this month the economy may expand 8 percent this year.

"The second-quarter data reflects the economy's resilience to the political turmoil and the strength of exports," said Usara Wilaipich, an economist at Standard Chartered Plc in Bangkok. "This supports our view that the central bank will continue to raise its key rate."

#### Asian Crisis

The central bank expects 2010 growth of as much as 7.5 percent, which would be the strongest pace since 1995, before the collapse of the baht in 1997 helped trigger the Asian financial crisis, in which Thailand, Indonesia and South Korea were forced to seek International Monetary Fund bailouts.

"Everybody thought Thailand would go down with the riots," said Mark Mobius, who oversees about \$34 billion as Singapore-based executive chairman of Templeton Asset Management Ltd.'s emerging markets group. "We have seen the improvement that is taking place" and Templeton has increased investments in the country in the last 12 months, he said yesterday.

The country's exports jumped 46 percent in June from a year earlier, the most in more than 18 years, before cooling to a 20.6 percent pace last month. The slowdown in July prompted Commerce Minister Porntiva Nakasai to say the Thai baht's strength is a "risk" to the country's overseas sales, and the central bank should "take care" of the currency.

#### Complicates Decision

The weaker exports data do complicate the central bank's policy decision "because higher rates would increase upward pressure on the baht," said Dariusz Kowalczyk, an economist at Credit Agricole CIB in Hong Kong. Still, the central bank is capable of "managing this pressure through intervention" and is unlikely to change its "hawkish bias" based on one month of data, he said.

The central bank has said that overseas sales may ease in the second half amid signs of cooling demand in the global economy, even as the government raised its 2010 export growth target to at least 20 percent. Thailand is a manufacturing base for companies

including Toyota City, Japan-based Toyota Motor Corp.

Overseas demand, which has lifted export-dependent Asian economies including Singapore and China, may falter as governments in Europe embark on austerity programs to cut deficits and households in some of the world's largest economies hold back spending. Singapore's exports rose at a less-than-expected pace in July as shipments of pharmaceuticals and electronics cooled.

#### Baht Climbs

"Thailand's economy has a large dependence on the export sector, which means the stronger baht will have a sizable impact," said Hideki Hayashi, an economist at Mizuho Securities Co. in Tokyo. "When external demand is weaker with the slowdown in the U.S. and China, the rising baht will cut Thailand's price competitiveness in the export market."

The baht advanced to as high as 31.48 a dollar today, its strongest level since April 2008, and is headed for its best week in more than five months after Bank of Thailand Governor Tarisa Watanagase said this week that the central bank is "not concerned" about the currency's gains, provided it moves in line with those in the region.

"The baht's gains affect the exporters of Thailand, but we cannot halt the inflows because the U.S. is not good and Europe is not good, so the inflows are coming to Asia," said Kornvica Pimukmanaskit, an analyst at Kasikornbank Pcl. in Bangkok. "They also have learned a lesson. They fought against the market until they couldn't fight anymore in the 1990s. Like Malaysia did this week, the baht will become more flexible."

#### Slowing Demand

Slowing growth in the second half of the year may prompt the central bank to be "quite cautious in its rate normalization," said Standard Chartered's Usara.

"Signs of slowing global demand will soon translate to weakening shipments," Usara said. "Domestic demand is recovering, but may not be strong enough to offset that."

Tourist arrivals have recovered after dropping 13 percent from a year earlier in May, when riots erupted across Bangkok and damaged the nation's biggest shopping mall. Last month, the number of foreign tourists rose 14 percent to 1.25 million, according to the Office of Tourism Development.

Thai Airways International Pcl said last week the return of tourists after the protests has revived the risk of aircraft shortages. Thai consumer confidence rose for the third straight month in July.

<http://www.businessweek.com/news/2010-08-20/thailand-may-raise-key-rate-as-exports-support-growth.html>

- **Abhisit expects exports will propel GDP up 7%**

Prime Minister Abhisit Vejjajiva has expressed confidence that a growing export sector will help lift economic growth to at least 7% this year.

Addressing a 90th anniversary event at the Commerce Ministry yesterday, Prime Minister Abhisit urged its officials to encourage the development of a creative economy in the agriculture and service sectors.

"The economy grew more than 10% in the first half on the back of strong exports. Exports should continue to expand in the third and fourth quarter," the premier said yesterday at a fair held by the Commerce Ministry to mark its 90th anniversary.

However, he admitted export growth for the rest of 2010 may be slower, as comparisons in the first half were to a very low base in early 2009 when the global recession was at its worst.

Thai exports in July grew for the ninth month on an annualised basis, but slowed from the month before. The value rose 20.6% from a year earlier to US\$15.57 billion, after June's 46.3% year-on-year surge to a record of \$18.04 billion.

Growth slowed due to a drop in shipments of rice, fruits and vegetables, and gems and jewellery. As well, exports started recovering in July last year when the economy started to rebound.

The premier urged the Commerce Ministry to help the private sector in doing business and play a key part in nurturing a creative economy, particularly for agricultural and service sectors.

The ministry is also being encouraged to outline a prudent strategy on international trade agreements and underline regional co-operation as to ensure fair trade and consumer protection. Payungsak Chartsutthipol, chairman of the Federation of Thai Industries, said growth above 7% was highly likely should the government settle the Map Ta Phut environmental issues and restore the investment and trade climate.

The National Economic and Social Development Board will release official first-half economic data on Monday. "Exports are expected to record 20% growth this year according to the Commerce Ministry," Mr Payungsak said. "Several products have fared better than expected, especially automobiles as Asean economies have thrived."

He said the private sector was not too worried about the strengthening baht because other currencies in the region were moving the same way, since the economies of the United States and Europe remain weak.

The Commerce Ministry set an export growth target of 10-15% for 2011 to ensure GDP grows by at least 7% in 2011, said minister Porntiva Nakasai.

<http://www.bangkokpost.com/business/economics/192199/abhisit-expects-exports-will-propel-gdp-up-7>

- **Social Front**
- **Thailand: 27 provinces facing drought**

A total of 27 provinces nationwide are experiencing severe dry conditions with damages on a vast expanse of farmland.

As reported by the Department of Disaster Prevention and Mitigation (DDPM), residents of 9,163 villages in 120 districts of 27 provinces across the country are still severely affected by drought, which has destroyed more than 1.5 million rai of farmland. Those troubled provinces comprise 12 in the North, 11 in the Northeast and 4 in the Central.

The department has been coordinating with the provincial authorities in the 27 drought-stricken provinces on distributing water to the public for consumption and general use and building ditches and barrages to alleviate their hardship. People residing in the areas can contact the DDPM Hotline 1784 for further assistance around the clock.

<http://www.reliefweb.int/rw/rwb.nsf/db900SID/FGAI-88ES62?OpenDocument>

### **Cambodia**

- **Political Front**
- **Cambodians: Sen's Autocracy**

Two weeks ago, I presented in this space a contrast of reporter Benoit Bringer's "Cambodge: Les enfants de la decharge" (Cambodia: The Children of the Garbage Dump), a five minute video, and his gallery of photos, showing how Cambodians scavenge Phnom Penh's public garbage dump just to survive; and Andrew Marshall's "Khmer Riche," published in the Jan 12 Sydney Morning Herald, showing the life at the opposite end of Cambodians' economic spectrum – Cambodia's "rich kids" who can spend "\$2,000 on drinks in a single night" and whose parents' "newly built neoclassical mansions (are) so large that (Phnom Penh's) old French architecture looks like Lego by comparison."

The contrast serves to forecast Cambodia's unpleasant future, a future the international community sought to avoid when it established the 1991 Paris Peace Accords and invested \$3 billion to set Cambodia on a productive course. The current situation in Cambodia and the future it foretells represent an international failure.

### **Economic Inequality, Conflict, Revolt**

Theories abound about economic inequality and its linkage with dissent, unrest, and rebellion by the disadvantaged. Greek philosopher Aristotle (384 BC-322 BC) had linked the well-being of a political community with the well-being of the citizens who make it up, and economic inequality with the revolt of the disadvantaged. His analysis on the causes of revolution—"The passion for equality is at the root of revolution," Aristotle said--has inspired students of politics and theorists until today.

One of Aristotle's often-quoted statements reads: "It is in the interest of a tyrant to keep his people poor, so that they may not be able to afford the cost of protecting themselves by arms and be so preoccupied with their daily tasks (subsistence) that they have no time for rebellion."

#### Inequality in Cambodia

Much has been written about inequality in contemporary Cambodia. A few examples: the London-based Global Witness, an anti-graft international nongovernmental organization, detailed in its 2007 "Cambodia's Family Trees" report, Premier Hun Sen's family members, business associates and senior officials, dubbed the "kleptocratic elite," as allegedly engaged in illegal logging and stripping of Cambodia's public assets for personal profit. In 2009, Global Witness's "Country for Sale" report charged, "Over the past 15 years, 45 percent of the country's land has been purchased by private interests." The March-April 2009 Foreign Affairs Magazine's "Cambodia's Curse," by Stanford's Joel Brinkley, exposed United States Embassy-funded studies in Phnom Penh that "showed in stunning detail that Cambodian government officials steal between \$300 million and \$500 million a year (most years, the state's annual budget is about \$1 billion). "Foreign donors of aid are not blind to what has been happening in Cambodia. But, in the contemporary world in which big and small states still compete for power, influence, wealth; and as all governments are susceptible to their respective interest groups that may clamor for unrestricted economic investment opportunities in Cambodia; there should be no surprise that foreign governments that abhor the current situation of the average Cambodian citizen will not risk upsetting the ruling autocracy and denying the economic pursuits of their domestic constituents by advocating for the civil rights of a foreign people.

The global civil society organization, Transparency International, that leads the fight against corruption, reported Cambodia ranked 158th of 180 countries surveyed on a TI corruption perception index for 2009. In the Aug. 2 Jakarta Globe's "Cambodia's Struggle With Globalization," Australian National University Professor Hal Hill, Asian Development Bank economist Jayant Menon, and Cambodia Economic Association chairman Chan Sophal, reported Cambodia ranks 166th on the TI corruption perception index, and 135th in the World Bank's Doing Business Indicators, out of 181 countries surveyed. They warned: "Achievements over the past decade in particular could be undone by economic crises, or rising civil unrest driven by outrage at the political and bureaucratic excesses."

#### Politics does strange things

Today's Cambodia of Samdech Akka Moha Sena Padei Decho Hun Sen, (an aristocratic

title bestowed by King Father Norodom Sihanouk, himself a former president of a loose coalition of three Khmer factions -- noncommunist nationalist KPNLF, royalist FUNCINPEC, and Khmer Rouge DK -- which fought Vietnamese occupation troops and the Vietnamese-installed Heng Samrin-Hun Sen regime), is far better than the Cambodia of Pol Pot, the master of the 1975-1979 killing fields that took some two million lives.

Without the King Father, China-backed Pol Pot could not have brought down the U.S.-backed Khmer Republic in 1975, a prelude to the occupation of Cambodia by Vietnamese troops in 1979-1989; and without the King Father, Sen's autocracy and his Cambodian People's Party cannot survive in today's Cambodia.

Making Cambodia's current crisis more complex, Hun Sen, who was installed in power by the Vietnamese but is a former Khmer Rouge commander, is now the King Father's adopted son; and the King Father's biological son is now king of Cambodia. The King Father and Premier Sen need one another. Sen needs the King Father to legitimize his rule; the King Father needs Sen to shield him from criticisms of his policies in the Vietnam War era. And the Khmer traditions that inculcates blind obedience and unquestioned loyalty to authority, ensures the Cambodian autocracy's survival.

#### The Love for Material Gain

Many Cambodians simply love Sen's transformation of Pol Pot's ghost capital of Phnom Penh into a bustling city of 1.5 million residents, with huge villas, modern supermarkets, a 92-floor Gold Tower skyscraper, in a Cambodia that attracts over two million tourists annually.

Recall a survey by a U.S.-based nongovernmental organization, the International Republican Institute, that showed 79 percent of those Cambodians polled say Premier Sen's Cambodia is moving in "the right direction," and cited Sen's new roads, modern bridges, new schools, modern complexes.

Indeed, many Cambodians are now clothed better, housed better, and eat better, too.

Except the more than 30 percent of the population of 14 million live below poverty line--many on less than 50 cents a day.

The discovery of oil off Cambodia's coastline may be a boon or a curse.

#### Stability vs. Rights Conflict

Oppression occurs when those who favor stability and security do so at the expense of individual rights. On the other hand, when individual rights and free expression are exercised without restraint, a state of "licentiousness" is reached which breeds instability, insecurity, and chaos. This is no less "oppressive."

In 2006, the Cambodian League for the Promotion and Defense of Human Rights (French



acronym Licadho), issued "The Facade of Stability" report that accused the world community of failing to "speak out" against Sen's regular human rights breaches, and warned, "Cambodia's current period of relative calm is no guarantor of meaningful long-term stability, and ongoing, systematic human rights violations will, to the contrary, promote instability."

Fast-forward. On June 2, as Sen's Supreme Court issued a guilty verdict against Cambodian lawmaker Mu Sochua, for demanding justice following Sen's televised abusive public speech against her, foreign donors who met in Phnom Penh awarded \$1.1 billion in development aid to Sen.

A day earlier, 15 nongovernmental organizations in Cambodia released a briefing paper, "Cambodia Silenced: The End Days of Democracy?" charging, "Since 2009 freedom of expression has continued to be seriously undermined, with the Royal Government of Cambodia crackdown targeting the pillars of democracy in Cambodia: parliamentarians; the media; lawyers; human rights activists; and ordinary citizens."

"Dogs continue to bark, Oxcart continues its trip forward"

The quotation above from an e-mail to me from one of Sen's officers in Phnom Penh, served to remind that national and international critics and rights groups can say what they will, but the ruling Cambodian People's Party moves forward with the aid and recognition of foreign governments – a circumstance that legitimizes Sen's autocracy. Criticisms that break no bones are a tolerable irritant. The regime banned books, makes threats, violates rights and freedom and the rule of law, makes opponents disappear, intimidates opponents, because it can.

The international community should, and could have, nearly 20 years ago, pressured Sen (and other Cambodian parties) to abide by the stipulations of the 1991 Paris Peace Accord. That, the international community didn't do.

To the contrary, it allowed the Khmer Rouge to contest the Accord; it allowed former Khmer Rouge commander Hun Sen, who lost the first United Nations-organized elections (1993) to seize the co-premiership with the winner to rule the country – an impractical and unworkable formula of a two-headed bird, devised by the King Father to appease Sen and the losing CPP at the expense of his son, Norodom Ranariddh. In 1997, Sen's coup d'etat ran Ranariddh out of town for safety abroad and killed his top officers and cadres. It was the international community that pressured Ranariddh to return to participate in the 1998 elections, thereby, legitimizing Sen's autocracy.

Today, Sen profits from China's unconditional aid as an alternative to the aid from Western nations that preach at him as they write their checks. With Beijing tapping its feet waiting for Sen to run into its arms, the Western nations have lost leverage on Sen.

## The Future

Man's hope for the future of a world order in which human rights and free expression can flourish must rest, in the final analysis, on how the world's democracies choose to deal with the world's autocracies.

Former British diplomat, Robert Cooper, of the Council of the European Union, was quoted as saying, today's "struggle for power and prestige goes on as it always has," and "Power is at the service of ideas, but the key ideas are also ideas about power: democracy and autocracy."

While the world's democracies ponder how to use their power and will to shape the world, Cambodian democrats and rights activists can choose to remain pawns while the democracies and the autocracies deal, or Cambodians can "hang together" in their opposition to Sen's autocracy. If they do not, they risk being hung separately by the dictator. We live in an interdependent, interconnected, globalized world. Cambodians can act, or not.

<http://www.scoop.co.nz/stories/WO1008/S00302/cambodians-sens-autocracy.htm>

- **Foreign Relations**
- **Geo-strategic Front**
- **Cambodia asks ASEAN to mediate border dispute with Thailand**

The Cambodian government on Saturday asked the chair of the Association of Southeast Asian Nations (ASEAN) to mediate Cambodia's border dispute with Thailand.

Cambodian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation Hor Namhong on Saturday sent a letter to Pham Gia Khiem, deputy prime minister and minister of foreign affairs of Vietnam, who is the current chair of ASEAN.

In his letter, Hor said "until now, Cambodia has exercised utmost restraint and attempted to find a peaceful solution to the problem bilaterally, but to no avail." "As the current stalemate has extinguished any hope on further bilateral negotiations and in order to avoid any large scale armed conflict..., I earnestly seek Your Excellency's assistance, as chair of ASEAN, to mediate on the matter under the ASEAN framework either as a whole or on an individual basis involving only certain ASEAN members, in line with the Principles of the ASEAN Charter, Article 2 (c) and (d)," Hor said.

Cambodia and Thailand got into border conflict just one week after Cambodia got the Temple of Preah Vihear registered as World Heritage Site in July 2008. The Cambodia-Thai border has never been fully demarcated, and Thailand continues to stake territorial claims of the 4.6 square kilometer area in the vicinity of the Temple of Preah Vihear.

Hor Namhong reiterated that the Temple of Preah Vihear is situated in territory under the sovereignty of Cambodia, citing the adjudication of the International Court of Justice

(ICJ) on June 15, 1962. ASEAN groups 10 countries including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

<http://english.people.com.cn/90001/90777/90851/7104819.html>

- **Cambodia seeks help to avoid armed conflict in border spat**

Cambodia's foreign minister on Saturday sought regional help in resolving a border dispute with Thailand in order "to avoid any large scale armed conflict". In a letter to his Vietnamese counterpart and the Association of Southeast Asian Nations (ASEAN), Hor Namhong said the two countries would not be able to reach a deal without outside support.

"As the current stalemate has extinguished any hope of further bilateral negotiations and in order to avoid any large scale armed conflict... I earnestly seek assistance," he said in the letter. The two countries have stepped up a war of words over the spat recently, with Cambodian Prime Minister Hun Sen warning it could lead to fresh bloodshed.

Meanwhile Thai premier Abhisit Vejjajiva Tuesday called for Cambodian citizens to leave the contested territory. The neighbouring nations have been locked in a troop standoff at their disputed border since July 2008, when the ancient Preah Vihear temple was granted UNESCO World Heritage status.

The World Court ruled in 1962 that the temple belonged to Cambodia, although its main entrance lies in Thailand. The exact boundary through the surrounding grounds remains in dispute, with occasional gunfights claiming several lives.

Troops from both countries exchanged fire briefly on their border in June, the latest in a series of clashes between the neighbours. The Thai-Cambodia border has never been fully demarcated, partly because it is littered with landmines left over from decades of war in Cambodia.

[http://www.channelnewsasia.com/stories/afp\\_asiapacific/view/1075222/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific/view/1075222/1/.html)

- **economic Front**
- **Cambodia: Don't neglect potential of the Mekong**

NATIONS around the Mekong are tightening transport and other links but have neglected the region's very heart - the river itself, a Cambodian minister said yesterday.

At a meeting of the six countries surrounding the Mekong, Cham Prasidh said the potential of the 4,800-km river has been neglected as the region develops road links and 'economic corridors', which he likened to arteries. 'But we forget the heart and the Mekong River is the heart. We need to develop the heart first,' he said at the Greater Mekong Sub-region (GMS) conference. GMS is an Asian Development Bank-supported programme that began 18 years ago to promote development through closer economic links. Along with Cambodia, it includes Laos, Myanmar, Vietnam and Thailand, as well

as China's Yunnan province and the Chinese Guangxi Zhuang Autonomous Region.

Mr Prasad said the Mekong should be developed for river transport to enable trade, while the livelihoods of people living along it should be enhanced.

The Mekong begins in the Tibetan Plateau, flows through China, along the north-eastern border of Myanmar, and then marks the Thai-Lao frontier before pouring into the heart of Cambodia and ending at the Mekong Delta in southern Vietnam. More than 300 million people live in the area surrounding the Mekong.

<http://www.businessstimes.com.sg/sub/news/story/0,4574,400535,00.html?>

- **Cambodia eyes nuclear power to meet energy demands**

Cambodia is looking into nuclear power as a future energy source to meet rising domestic demand, although construction of a plant is still years away, a top government official said on Friday. Skip related content

Cambodian scientists have begun to study nuclear technology in a bid to keep pace with Southeast Asian neighbours planning to build plants in the next few years, said Ith Praing, Secretary of State at the Ministry of Industry, Mines and Energy. "(Nuclear power) is a possibility because our neighbours are doing it, so we have to study it and see how dangerous it is," Ith Praing told Reuters.

"It's still a long way to go, even by 2030, we will not have used all of our resources," he added.

Ith Praing said an assessment of the potential costs on a nuclear energy programme had yet to be made and the government was still focussed on hydropower as an electricity source. Cambodia last year said it wanted to attract about \$3 billion (1 billion pounds) in foreign investment to build six hydropower plants by 2018.

Vietnam, which is currently chair of the Association of South East Asian Nations (ASEAN), last month called on members to consider using nuclear power for peaceful purposes as Asia faces rising energy needs to fuel economic growth.

Russia's State Atomic Energy Corporation has offered to help ASEAN countries to build nuclear power plants and develop its safe use in a region where energy agencies estimates primary power demands will climb 2.5 percent annually until 2030. Cambodia's neighbour, Vietnam, plans to start building its first nuclear power plant in 2014 using Russian technology, a state-run newspaper reported in June.

Thailand is looking to develop nuclear power to reduce its dependence on natural gas and is planning to build four 1,000-MW nuclear power plants at a total cost of about \$8 billion (5 billion pounds). Two of these plants are expected to feed power into the grid in 2020 and the remaining two in 2021.

<http://uk.news.yahoo.com/22/20100820/twl-uk-cambodia-nuclear-2cc8614.html>

- **Social Front**

## **Vietnam**

- **Political Front**
- **Vietnamese leader calls on police to stop political parties forming**

Vietnamese Prime Minister Nguyen Tan Dung has called on police to ensure no alternative political parties are formed that might threaten the control of the communist government, state media reported Wednesday.

In a speech Tuesday at a ceremony marking the 65th anniversary of the public security forces, he told police to fight the 'cunning plots of hostile forces,' the police newspaper Cong An Nhan Dan reported. 'The police are determined not to allow political opposition parties to be established to oppose our government,' Dung said.

The official Vietnam News said Dung congratulated police for having 'ceaselessly strengthened their solid political spirit and loyalty to the party, state and the people.' On August 13, Ho Chi Minh City police arrested Pham Minh Hoang, 55, a maths professor, on charges of belonging to the banned foreign-based political group Viet Tan.

The government often steps up arrests of political activists in the period preceding the Communist Party congress, which takes place once every five years. The next one is slated for the first half of 2011.

[http://www.monstersandcritics.com/news/asiapacific/news/article\\_1578312.php/Vietnamese-leader-calls-on-police-to-stop-political-parties-forming](http://www.monstersandcritics.com/news/asiapacific/news/article_1578312.php/Vietnamese-leader-calls-on-police-to-stop-political-parties-forming)

- **Geo-strategic Front**
- **Vietnam, U.S. hold first-ever defense talks**

Former foes Vietnam and the United States held their first-ever defense talks on Tuesday, which a senior U.S. official called extremely productive and successful.

"I was struck by the open and frank discussions that we were able to have, even though this is the first time that this dialogue was held," Deputy Assistant Secretary of Defense Robert Scher told a joint news conference with Vietnamese Vice Defense Minister Nguyen Chi Vinh.

The talks came as the two countries celebrate the 15th anniversary of their normalization of relations after being enemies in the Vietnam War. Last week, an American warship, the USS John S. McCain, docked in Vietnam, and the two navies conducted training exercises — a sign of growing military ties.

"This dialogue . . . represents the next significant, historic step in our increasingly robust defense relationship, which is based on mutual trust, understanding and respect for independence and sovereignty," Mr. Scher said.

He said the two sides talked about how they could better cooperate in humanitarian

assistance and disaster relief, search and rescue, international peacekeeping and maritime security.

"I continued to be struck by the commonality of approach that our two countries share and the amount of cooperation that we have been able to achieve in a very short amount of time," Mr. Scher said.

China has been uneasy with recent U.S. moves in the region, including military exercises with South Korea and the warming military relationship with Vietnam. Mr. Vinh, however, said Vietnam's increased military ties with the United States would not harm others. "We believe this cooperation brings about benefit to Vietnam and the United States," he told the briefing. "This cooperation does not do harm to the interests of any other country."

Vietnam views U.S. influence in the region as a counterweight to China, which claims disputed islands in the South China Sea. Vietnam, Taiwan, Malaysia, Brunei and the Philippines also have staked claims on all or some of the territory, which straddles vital shipping lanes and important fishing grounds and is believed rich in oil and natural gas reserves.

<http://www.washingtontimes.com/news/2010/aug/17/vietnam-us-hold-first-ever-defense-talks/>

- **Economic Front**
- **Vietnam tackles drought impacts**

Nearly two months into the rainy season, the long-term effects of the drought have spurred the government to send rice and aid to the hardest-hit provinces. On Tuesday (August 10), Prime Minister Nguyen Tan Dung instructed the Ministry of Finance to allocate 7,100 tons of stored rice for several cities and provinces in need.

The support was announced six days after an international stakeholders meeting held in Hanoi to discuss the shortages. The meeting, held August 4, was convened to raise awareness about the drought's impacts and to discuss several mitigation strategies. Participants in the event included representatives from the United Nations Development Program's (UNDP) Coordination Group for Natural Disasters and Emergencies and the Ministry of Agriculture and Rural Development.

"With virtually no rainfall for seven months since September 2009, drought has affected the whole of Vietnam from the northern mountainous areas to the southern Mekong River Delta," the United Nations said in a statement issued Tuesday.

"Consequently, fires have burned forests throughout the country and salt water intrusion in the Mekong River Delta area has penetrated up to more than 70 km from the coastline. The impact is widespread and is affecting all sectors of the Vietnamese economy and

society, including agriculture, energy, irrigation, water supply, fishery and food production,” the statement said.

By July 2010, 87,158 hectares of rice, or 21.4 percent of the then-planted total area, had been affected by drought, the UN said.

Experts at the meeting floated the ideas of improved reservoir management, upgrading irrigation systems, and training farmers in growing drought-resistant crops and efficient farming and drought prevention techniques. They also urged further research on salt water intrusion into inland rivers and freshwater rice paddies.

<http://www.thanhniennews.com/2010/Pages/20100814152804.aspx>

- **Vietnam ships rice to China in ‘unofficial trade,’ group says**

Traders in Vietnam, the second-biggest rice exporter, may have “unofficially” shipped about 600,000 tons to China this year across the nation’s northern border, according to the Vietnam Food Association.

Most of the shipments were made from April to July amid signs of increased demand from China, Huynh Minh Hue, general-secretary of the association, said Monday by phone. Through official channels, Vietnam has shipped less than 100,000 tons to China this year, Hue said.

China, the world’s most populous nation, consumes about 500 million tons of all grains a year, and maintains stockpiles of about 40 percent of annual demand, according to March comments from China Grain Reserves Corp. China’s rice output may fall as much as 7 percent this year after floods, Li Qiang, managing director at Shanghai JC Intelligence Co., said in August.

“It is difficult to say whether the country is short of rice or not because the country has a very big stockpile,” Vietnam Food Association’s Hue said. “These are just estimates, we don’t have exact figures for border trade,” Hue said.

Vietnam will meet a target to ship about six million tons of rice this year, said Nguyen Thanh Bien, Vietnam’s deputy minister of Industry and Trade.

<http://www.thanhniennews.com/2010/Pages/20100821174733.aspx>

- **facing for a Double-Dip Recession: Going Global**

The last time the U.S. economy suffered through a double-dip recession, this country was struggling to overcome the fallout from an Arab oil embargo, Vietnam War-era deficits, and an inflationary spiral that just wouldn't let go.

That 1981-82 double-dip downturn - the result of an economic "shock treatment" aimed at curing those ills - consisted of two recessions that were separated by a single quarter of growth.

The current backdrop is very different from the one that was in place back then, but the

threat of a double-dip recession is no less real.

The world's No. 1 economy lost 8.4 million jobs during the recession that got its start in December 2007, making it the worst national downturn since the Great Depression and the biggest loss of employment since the end of World War II.

The U.S. economy shrank a larger-than-expected 4.1% from the fourth quarter of 2007 to the second quarter of 2009, the Commerce Department recently reported. Household spending fell 1.2% last year - the biggest decline in 67 years and double what was previously believed, the government said.

The unemployment rate remained unchanged at 9.5% in July, as the economy shed 131,000 jobs. What's more, the number of U.S. workers filing new claims for jobless benefits unexpectedly rose last week to 484,000 - the highest level in nearly six months.

"Unemployment is the most important problem we have right now," Bernanke told the House Financial Services Committee. He expects the unemployment to remain above 7% throughout 2012.

After expanding by 5% in the 2009 final quarter, U.S. gross domestic product (GDP) advanced at a slower 3.7% pace in the first three months of the New Year - before skidding to a much-slower-than-expected 2.4% pace for the second quarter.

That stumble prompted economists to slash their U.S. growth forecasts to 2.3% (from 3.3%) for the current quarter, and to cut their full-year targets to 2.9% for 2010 and 2.6% for 2011. As we've already seen, however, those projections are overly optimistic, ignoring the very real possibility of another full-blown downturn - the textbook definition of a double-dip recession.

And that means it's no longer advisable to stand pat. Investments exist that can meet the dual objectives of creating a safe haven from an economic maelstrom - while at the same time providing investors with some major capital gains.

Gold is one such investment. An earlier installment of this investment series, "Three Ways to Brace for a Double-Dip Recession: Going for the Gold," discussed ways investors could acquire the yellow metal. Today we'll look at another way investors can brace for a double-dip recession: Going Global.

#### Fundamental Foreign Holdings

One of the best ways to sidestep economic turmoil in the United States is to increase your exposure abroad. Let your investments do some traveling, by investing in countries that have less debt, more balanced budgets, generally pro-business policies, and a substantial cache of natural resources.

We're talking about China, Brazil, and Canada, among others. These countries are raising interest rates and curtailing lending while U.S. policymakers are still working overtime to



fuel growth with government spending and near-zero interest rates.

Consider Canada, for example. For a long time that country was dependent on U.S. industry for jobs, but our northern neighbor has suddenly come into its own.

While high unemployment continues to hamstring the U.S. economy, Canada already has recouped 403,000 jobs, or 97% of those lost in the recession. Canada's national unemployment rate stands at 8%, compared to 9.5% in the United States.

<http://seekingalpha.com/article/221515-bracing-for-a-double-dip-recession-going-global>

- **Cyber world**
- **Vietnam pulls plug on internet cafes**

Authorities in the Vietnamese capital are clamping down on internet cafes in what they say is a bid to address an online gaming addiction and inappropriate content. Internet shops within 200 metres of schools must shut down this month, the official Hanoi city website said late on Friday. In addition, "technical measures" should be implemented to suspend all online service to internet shops between 11pm and 6am, it said. The city has hundreds of internet cafes near schools, Pham Quoc Ban, head of Hanoi's information department, said. "These shops have resulted in the quitting of classes by students."

Ban added that "specialised software" will help authorities enforce the new policy towards internet outlets.

<http://gulfnnews.com/news/world/other-world/vietnam-pulls-plug-on-internet-cafes-1.668402>

## **Singapore**

- **Economic Front**
- **More efforts needed on re-employment consultation before retirement age**

A survey done by NTUC of 100 unionised companies has concluded that more efforts are needed on re-employment consultation before the retirement age of 62.

Minister in the Prime Minister's Office, Lim Boon Heng, said close to half of the companies surveyed do not have in place structured consultation processes for their staff approaching the retirement age.

He also said that some 70 per cent of the companies surveyed need to put in more work to give their workers more certainty of the re-employment arrangement earlier.

Only 30 per cent currently offer re-employment contracts to their employees at least three months before retirement age as recommended by the Tripartite Guidelines. Most employers polled for the survey were however not only aware of the re-employment law which will take effect in 2012, but have taken steps to prepare themselves.

For example, more than 60 per cent among these companies has performance and

medical fitness as re-employment criteria.

This is aligned to the Tripartite Guidelines of the Re-employment of Older Employees. And almost two-thirds of the companies also give some form of assistance payment when they cannot re-hire their older workers. He said as of end July, some 9,400 older workers above the age of 62 have been re-employed by unionised companies. This is a 34.5 per cent increase over the 7,000 figure as of end of last year.

At the same time, the number of unionised companies practising re-employment has reached a new high of 957, an increase of 128 since the beginning of 2010. Mr Lim said the Labour Movement must press on with these efforts, not only to signal the importance of re-employment to companies, but to help iron out the kinks and practical hurdles faced by companies and older workers, so that re-employment can be achieved smoothly from 62 to 65, then onto to 67 and beyond.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1075791/1/.html>

- **S'poreans seeking job and social help at CDCs sees a decline in 2010**

The number of Singaporeans seeking help for employment and social assistance at the Community Development Councils (CDCs) have fallen sharply, a sign of improving economic times.

Latest figures released by the People's Association (PA) show that the number of new job seekers registered for employment assistance fell by 50 per cent to 5,600 for the period April to June this year. PA said the number has been steadily declining from 2,000 in April to 1,800 in June.

Likewise, for the period April to June, the CDCs' career centres referred about 1,100 job seekers for training. That's a 46 per cent drop compared to the same period last year. In the area of social assistance, PA said 10,400 people sought help from the CDCs between April and June 2010. That's a 21 per cent drop from the corresponding period last year, and 26 per cent lower than the previous quarter.

Zainudin Nordin, Mayor of Central Singapore District, said: "With the recovering economy and more jobs being created in 2010, we encourage residents to continue to upgrade themselves. Skills upgrading and training will enhance the employability of our residents. "There are a many training and upgrading programmes that are relevant to the needs of the industry. "Besides enabling residents with training programmes and financial schemes, our officers at Central Singapore CDC work closely with our ComCare Local Network partners to bridge social gaps and help them achieve self-reliance."

Meanwhile Mayor of North West District, Dr Teo Ho Pin, explained: "Our emphasis now is on the chronic cases. The issues confronting them are independent of the economic conditions. "Most of such cases are single parents with low education and low income,

supporting three or more children. Upskilling and employment is the best social safety net for them. "We are also focusing on upskilling of low-wage workers for the recently-launched Workfare Training Support scheme"

Mayor of South West CDC, Dr Amy Khor said: "With the economy improving and a decline in the number of applications, the CDC is now focusing on encouraging this group of job seekers to upgrade their skills and improve productivity." "For the period 1 January to 30 June 2010, 1,478 jobseekers were sent for training, representing an increase of 35 per cent as compared to the same period in the previous year.

"To further motivate these more vulnerable workers to go for skills training and upgrading, the South West CDC launched the "Upskill the Unskilled" initiative effective from 1 July 2010.

"This scheme complements WDA's Workfare Training Scheme by providing those who go for training with upfront transport and food vouchers of up to S\$200.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1075783/1/.html>

- **S'pore remains committed to being close partner in China's development process**

President S R Nathan has said Singapore remains committed to being a close partner in China's development process, as both countries celebrate 20 years of diplomatic ties this year. President Nathan called the friendship between Singapore and China an ongoing success story, citing China's position as Singapore's third-largest trading partner and top foreign investment destination. He also told the Singapore business community that it played a big role in promoting strong economic ties that now form a key anchor in bilateral ties. Mr Nathan said: "I am confident that we will continue to build upon the strong foundation of our excellent relationship, and that Singapore-China relations will continue to grow and flourish in the years to come." The President said Singapore welcomes China's peaceful rise and will take steps to ride on China's growth.

Mr Nathan's 8-day working visit to China takes him to Beijing and Shanghai. On Thursday, he visited the Capital Museum in Beijing, home to a large collection of cultural and historical artefacts. Earlier, during his meeting with China's foreign minister, Yang Jiechi, both leaders reaffirmed the strong ties between their two countries.

President Nathan also met former Chinese vice-premier Li Lanqing and past Chinese ambassadors to Singapore.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1076058/1/.html>

- **specialized, ready-made facilities needed to attract foreign investors**

Having specialised, ready-made industrial facilities is the way to go if Singapore wants to lure more overseas investors here. The Economic Development Board (EDB) said small

and medium-sized companies will likely be the main users of such factories.

Sectors like aerospace and precision engineering are those that need functional, ready-made infrastructure. EDB said that having such facilities will enable these sectors to start up their operations quickly, while keeping their assets light.

Tan Choon Shian, Deputy Managing Director, EDB, said: "They may not need to start off with their own building, their own land. Because these are high value-added, high technology companies, they tend to have equipment. So they will need specialised, ready-built factories with floor loading that can take heavier loads, sometimes, they need higher ceilings. Some of them will need R&D side by side their manufacturing. Therefore they need laboratory space."

When it comes to building industrial facilities today, developers agree that some investors want to have ready-made facilities fitted to their needs. This will free up their capital for other uses.

But for other sectors like construction and engineering, such investors might want the flexibility of designing and building their own facilities. So developers said there is still a need for a balance of options. Another option is to build more commonly shared industrial facilities for sectors like medical equipment.

Singapore's largest industrial landlord JTC Corporation said this will help optimise the limited land space here. Manohar Khiatan, CEO, JTC Corporation, said: "For example, we're looking at the medical equipment sector. So companies in that sector might have certain common needs for facilities for suppliers. So by clustering them together, we can create a unique advantage for them.

Similarly we're looking at companies in the surface finishing centre, again they have common needs for water treatment, waste recovery and so on. So if we can cluster these companies together and have common facilities, ...we can help them to reduce cost because the individual companies don't have to invest in the facilities themselves.

Secondly we can also harness the synergies from the companies being co-located together." About 400 industry players discussed these trends at the JTC Industrial Property Exchange.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1076245/1/.html>

- **Singapore stocks weaken on concerns over global economy**

Stock prices in Singapore ended lower on Friday as investors continued to worry about the global economy. Traders said the overnight decline on Wall Street also dampened market sentiment on the region's exchanges.

Poor US economic data led to losses on US stocks. A report on Thursday showed first-time claims for jobless benefits rising to a nine-month high at a seasonally adjusted

500,000 last week. The ST index fell 10.29 points, or 0.3 percent, to end at 2,936.48 on a trading volume of 1,108 million shares. In the broader market, there were 263 declines against 133 advances.

Genting Singapore shares fell 3 cents to S\$1.50 as investors were cautious about whether a plan by its parent Genting Malaysia to purchase its UK casino operations will be approved. Among commodity players Olam International lost 2 percent to S\$2.50, while Noble Group shed 1.2 percent to S\$1.63. Golden Agri Resources was down 1.8 percent at S\$0.555.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1076200/1/.html>

- **Singapore's policies not set in stone: MM Lee**

Minister Mentor Lee Kuan Yew has said Singapore's policies are not set in stone. He said the ability to improve on what has been done and basic values like meritocracy have led to Singapore's success.

Addressing his constituents at the Tanjong Pagar National Day dinner on Sunday evening, Mr Lee also spoke of the crucial need for succession.

Mr Lee said the spectacular 45th anniversary National Day Parade encapsulates the experience the Singapore Armed Forces (SAF) has gained in 45 years.

He said: "Every year, the SAF improves on what it has done. It is like the rest of Singapore. It is the reason for our progress. Soldiers are better trained and officers are of the quality to improve on last year's performance. And a new team of officers takes over, studies the past and improves on it. This way, Singapore has ensured succession." "We defied the odds and got to where we are. However, we must never forget our hard and harsh beginnings. If our national solidarity is splintered by communal hostility, and our social cohesion is weakened, we will regress. Then we will have a weak economy that cannot afford a strong SAF. That will again make us vulnerable."

Mr Lee said the resources the SAF needs to mount such a superb performance require a strong and vibrant economy.

And to build such a Singapore, the nation needs an exceptionally strong government with the ablest, the toughest and the most dedicated leaders.

Mr Lee said: "We headhunt for them, test them out in heavy responsibilities. Only such leaders can keep the economy growing and create good jobs and generate the revenue to pay for the equipment and training of our 3-G SAF.

"This 3-G SAF provides the security and confidence of our people and of foreign investors, assured that we can more than defend ourselves. If there is insecurity, there will be fewer investments. That means a poorer people and instability."

Mr Lee added that Singapore's basic values - of ensuring leaders of high integrity;

meritocracy; a level playing field for all citizens; and English as the working language - have laid the foundation of Singapore's success.

He said: "People get to where they are on merit - not nepotism, not corruption. Hence, all are capable and competent. No policy is skewed as a result of personal benefit or profits. We have been rated as the cleanest government in Asia, and amongst the first three cleanest in the world.

"Third, we have a level playing field for all citizens. No one is disadvantaged by our national policies whatever their race, language or religion.

"Fourth, English is our working language. We did not choose Chinese, the language of the majority. English gives everyone an equal chance to master the language. It is a language of the world of trade and individuals, the Internet and new knowledge. It has made us the hub we now are for businesses, industries, banking and financial services, and communications."

Minister Mentor Lee also pointed out that Singapore's policies are not set in stone and the country is always re-examining old policies and positions and changing them with changing world circumstances, like deciding to allow the F1 race which has been a sparkling success.

Similarly, Singapore was also against casinos for decades. But having seen the industry develop in Las Vegas, the Republic allowed two integrated resorts, which Mr Lee said are doing well. The facilities at the two hotels have drawn in hordes of tourists and Singaporeans, with the country's tourist industry having grown by 30 per cent already.

But Mr Lee pointed out that Singapore has done poorly in one sector - Singaporeans are not replacing themselves. And with a fertility rate of 1.22, Singapore will nearly halve its population in one generation. Mr Lee said: "So we have no choice - since we cannot encourage our people with bonuses and incentives to have more children - (but) to get immigrants from Malaysia, who are the easiest to assimilate, from China, from India and from the region." They will take time to adjust to our culture and ways of life, but they will adapt if they want to succeed, and learn English to be part of Singapore." Mr Lee called on Singaporeans to help integrate the children of immigrants into society so that these new citizens will make for a more varied and dynamic society.

Minister Mentor Lee also spoke in Mandarin. He told his audience that Singapore's economic growth, expected to be at least 12 or 13 per cent for this year, was not bad.

Mr Lee said that such growth would allow for improvements such as schools and buildings.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1075367/1/.html>

- **Singapore stocks weaken on concerns over US economic outlook**

Singapore stocks ended softer on Monday after investors turned cautious over the weak US economic outlook. Traders said news of a slowdown in Japanese economic growth also weighed on the market. The Japanese government said on Monday the economy grew an annualised 0.4 percent in the June quarter, from a revised 4.4 percent in the previous three months. The ST index fell 6.46 points to 2,933.51 on a volume of 1,850 million shares. There were 144 gainers compared to 349 rises by the close of dealings. With the earnings season drawing to a close, analysts said markets are likely to focus now on economic data. Shares of property companies fell on concerns that authorities may follow moves by the Hong Kong government to cool property prices in the Chinese territory.

On Friday, the Hong Kong government tightened mortgage lending for bigger flats as their prices headed for historic highs, fuelling asset bubbles.

Among active counters, Singapore Airlines was up 1.91 percent at S\$15.98 while Singapore Telecom eased 2.63 percent to S\$2.96. - CNA/ch

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1075490/1/.html>

- **Social front**
- **Singapore offers 'Home Away from Home' for Middle East visitors during Ramadan and Eid**

Singapore is extending a warm welcome to Middle East visitors this Ramadan and Eid with a host of special travel offers that will allow Muslim tourists to fulfill their religious duties throughout their stay in the cosmopolitan Garden City.

Singapore Tourism Board (STB) has teamed up with Singapore Airlines to launch special deals for visitors from the UAE and Saudi Arabia: from 6 August to 18 September with special packages to Singapore, covering air and hotel costs, free daily Suhours and transfers to one of Singapore's oldest and largest mosques; the Sultan Mosque in Kampong Glam.

A highlight for many visitors to Singapore during this time is the annual Hari Raya celebrations - the Singaporean term for Eid- which sees Geylang Serai, the ethnic district of Singapore's Muslim community, come alive each night with a buzzing bazaar, lit-up with festive street decorations; Middle East travellers can purchase traditional clothes and gifts and sample local Malay cuisine.

"With trade links between the Arab world and South East Asia dating back to the ninth century, Singapore is well accustomed to Middle East visitors. Singapore offers a home away from home for regional visitors during this holy month. With a large Muslim population, multi-cultural Singapore is a destination where Middle East travellers can easily fulfill their religious duties, while experiencing the unique way in which we celebrates this holy month," said Jason Ong, Area Director for Middle East and Africa,

STB.

"The annual Ramadan/ Hari Raya celebration offer a nightly array of colour, where visitors can buy a bounty of garments and gifts, as well as try out a mouth-watering array of local delicacies that can be sampled once the sun goes down. We have created these special travel deals for visitors from the UAE and Saudi Arabia to visit Singapore with their family during Ramadan and Eid," added Ong.

Ramadan activities can be experienced throughout Singapore: mosques across the island engage in the nightly Tarawih prayers and pre-dawn Qiyam prayers and Iftar is available at a wide range of venues, including popular tourist attractions such as the Singapore Flyer, allowing Middle East visitors and locals to meet and exchange festive greetings.

Special cultural performances will also run every weekend during the period at the Malay Village Courtyard at Geylang Serai. For the latest updates on the cultural activities.

<http://www.ameinfo.com/240164.html>

<http://www.todayszaman.com/tz-web/news-217988-5-asean-deal-expected-to-lead-to-full-potential-in-ties-with-turkey.html>

## **Asean**

- **Political Front**
- **ASEAN holding talks on Thai-Cambodia border dispute**

ASEAN members are holding talks on a request from Cambodia for help in resolving a deadly border dispute with Thailand, the bloc's chairman said on Tuesday.

"As ASEAN chair, Vietnam is actively consulting other ASEAN countries about the proposal that ASEAN mediates over the Preah Vihear dispute," Ministry of Foreign Affairs spokeswoman Nguyen Phuong Nga said in a statement.

Cambodia's foreign minister Hor Namhong on Saturday appealed to the 10-member Association of Southeast Asian Nations (ASEAN) for help, "in order to avoid any large scale armed conflict".

He said a stalemate with Thailand had extinguished any hope of further bilateral negotiations. The neighbouring nations have been locked in a troop standoff at their border since July 2008, when the ancient Preah Vihear temple was granted UNESCO World Heritage status.

ASEAN secretary general Surin Pitsuwan said Monday he would await a decision by the bloc's foreign ministers before responding to Cambodia's request for regional help. The World Court ruled in 1962 that the temple belonged to Cambodia, although its main entrance lies in Thailand.

The exact boundary through the surrounding grounds remains in dispute, and occasional gunfights between troops of the two nations have claimed lives. Nga called for peaceful



settlement of the dispute, and called on Cambodia and Thailand to refrain "from armed conflict and from acts that could affect ASEAN solidarity."

The Thai-Cambodia border has never been fully demarcated, partly because it is littered with landmines left over from decades of war in Cambodia.

[http://www.channelnewsasia.com/stories/afp\\_asiapacific/view/1075739/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific/view/1075739/1/.html)

- **Cambodia asks ASEAN to mediate border dispute with Thailand**

The Cambodian government on Saturday asked the chair of the Association of Southeast Asian Nations (ASEAN) to mediate Cambodia's border dispute with Thailand.

Cambodian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation Hor Namhong on Saturday sent a letter to Pham Gia Khiem, deputy prime minister and minister of foreign affairs of Vietnam, who is the current chair of ASEAN.

In his letter, Hor said "until now, Cambodia has exercised utmost restraint and attempted to find a peaceful solution to the problem bilaterally, but to no avail." "As the current stalemate has extinguished any hope on further bilateral negotiations and in order to avoid any large scale armed conflict..., I earnestly seek Your Excellency's assistance, as chair of ASEAN, to mediate on the matter under the ASEAN framework either as a whole or on an individual basis involving only certain ASEAN members, in line with the Principles of the ASEAN Charter, Article 2 (c) and (d)," Hor said.

Cambodia and Thailand got into border conflict just one week after Cambodia got the Temple of Preah Vihear registered as World Heritage Site in July 2008. The Cambodia-Thai border has never been fully demarcated, and Thailand continues to stake territorial claims of the 4.6 square kilometer area in the vicinity of the Temple of Preah Vihear.

Hor Namhong reiterated that the Temple of Preah Vihear is situated in territory under the sovereignty of Cambodia, citing the adjudication of the International Court of Justice (ICJ) on June 15, 1962. ASEAN groups 10 countries including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

<http://english.people.com.cn/90001/90777/90851/7104819.html>

- **Economic Front**

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

According to Vietnamese Ambassador to Turkey Duong Huynh Lap, the increasingly developed bilateral relations between Vietnam and Turkey will reach their full potential as the latter has taken a key step toward expanding its diplomatic outreach to Southeast Asia, signing a cooperative agreement with the main forum in the region, the Association of Southeast Asian Nations (ASEAN).

Late last month, Foreign Minister Ahmet Davutoğlu 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 İstanbul 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 İzmir on Aug. 26-27. The fifth meeting of the Vietnam-Turkey Joint Commission will be held in Hanoi in November of this year. Rifat Hisarcıklıoğlu, 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 İstanbul in October 1999, its consulate general in İstanbul 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.

- **ASEAN urged to play more important role in G20 process**

Vietnam held here Friday a conference on Status of the Association of Southeast Asian Nations (ASEAN) towards the Group of 20 (G20) Seoul Summit, drawing representatives from Vietnam's Ministry of Finance and the Republic of Korea's (ROK) Ministry of Strategy and Finance.

Representatives at the meeting discussed bilateral dialogue between Vietnam and ROK as well as between G20 and ASEAN. ASEAN has participated in two G20 Summits. Vietnam , on behalf of ASEAN, participated in G20 Toronto Summit in Canada this June.

Representatives agreed at the meeting that ASEAN should play a more important and active role in G20 process as ASEAN is one of the most energetic and effective regional organizations in the world's economic landscape.

In his remarks at the meeting, Vietnamese Deputy Minister of Finance Tran Xuan Ha highly appreciated cooperation between Vietnam's Ministry of Finance and ROK's Ministry of Strategy and Finance in bolstering relations between the two countries. Ha said the meeting marked a turning point between the two ministries' cooperation in both bilateral areas as well as world and regional important issues.

<http://english.people.com.cn/90001/90777/90856/7112458.html>

