

**Report # 137**

**Business and Politics in Muslim World**

**South East Asia**

**Tatheer Zahra Sherazi**

**From 10 September to 17 September**

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## Summary

### At political Front

- Indonesia

The United States and Indonesia pledged Friday to expand cooperation to a global scale, saying they can play supporting roles on hot-button issues from the role of Islam to the Middle East conflict. Indonesia does not recognize Israel, but the archipelago is religiously diverse with most Muslims moderate in their beliefs. Jakarta has longstanding ties with North Korea, sometimes serving as an intermediary with the reclusive state. President Barack Obama's administration has put a new emphasis on Southeast Asia, which it feels the previous George W. Bush team neglected due to its preoccupation with the wars in Iraq and Afghanistan.

Indonesia is at the heart of the strategy. But Obama, who spent part of his childhood in Indonesia, has twice put off visits to the country due to domestic issues. Likewise, Indonesian President Susilo Bambang Yudhoyono is not expected to attend next week's summit between Obama and Southeast Asian leaders in New York. Last week, Indonesia reacted strongly to threats by a small Christian congregation in Florida to burn the Koran. Yudhoyono said such a desecration threatened world peace and protesters rallied outside the US embassy.

- Thailand

Hundreds of anti-government protesters Friday defied emergency law in the Thai capital to call for the release of their colleagues arrested in a crackdown four months ago.

Sixteen leaders of the movement have been detained since May 19 for staging a 69-day demonstration that ended with 91 people dead and parts of Bangkok in flames.

About a thousand protesters marched to the Bangkok Remand Centre Friday to lay roses at the front gate of the prison. "We will come back every week until our friends are freed," said Jatuporn Prompan, a leader of the United Front for Democracy against Dictatorship (UDD), better known as the red shirts.

Fugitive ex-premier Thaksin Shinawatra has denied he is plotting revenge against rivals in his homeland, but says he "won't kiss up to anyone".

The former PM also warned that if both sides do not take a step back, both will lose, according to Matichon, which ran an interview after he rang the paper on Friday and talked about reconciliation and Pheu Thai Party.

Thaksin Shinawatra appears upbeat he could play a vital role in putting politics back on course, shrugging off legal woes and pinning hope on the shifting political wind to fix his predicament as the fugitive ex-premier.

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

- Indonesia

Malaysian Prime Minister Najib Razak says a better mechanism is needed to resolve border issues with Indonesia, following the maritime dispute that has sparked angry protests, a report said on Sunday. Tensions flared last month, triggered by the detention of Malaysian fishermen and Indonesian officials in disputed waters, leading to protests, which including the flinging of feces at the Malaysian Embassy in Jakarta.

Najib, who spoke to Indonesian President Susilo Bambang Yudhoyono on Friday to extend Idul Fitri greetings, said both leaders agreed to more talks and a mechanism to resolve border disputes in future, Malaysia's Star daily reported.

- Thailand

Former Thai premier and fugitive from justice Thaksin Shinawatra's arrival on his private jet in Phnom Penh last year was broadcast live on local television, the climax of weeks of diplomatic intrigue that brought relations between Thailand and Cambodia to their lowest point in years. Arriving nominally as an economics adviser to the Cambodian government, the ousted leader served mainly as a pawn in a spat between Bangkok and Phnom Penh that saw the countries withdraw their respective ambassadors and engage in an unflattering war of words over the next several months.

### **At economic Front**

- Indonesia.

IMS says foreign investors who are needed to fund Indonesia's expansion will be cautious until more is done to fight rampant corruption and improve the rule of law. The International Monetary Fund warned on Sept. 17 that Indonesia must make fighting corruption a priority if it wants to build on its progress as one of the world's best-performing economies.

Southeast Asia's biggest economy expanded 4.5% in 2009, the third fastest in the Group of 20, and is poised for accelerated growth in the years ahead, the IMF said in an annual report. But it said foreign investors who are needed to fund Indonesia's expansion into a regional powerhouse would be cautious until more is done to fight rampant corruption and improve the rule of law.

"A decisive and successful response, as well as a decade of sound policies and structural reform, helped Indonesia recover quickly from the 2008 global crisis," the report said. "However, lingering concerns over weak enforcement of the rule of law, transparency, and governance issues weigh on market perceptions. Addressing these weaknesses should be a priority."

The Indonesian government expects annual trade with China to increase by two-

thirds over the next three to five years, Trade Minister Mari Elka Pangestu said on Tuesday.

The implementation of the Asean-China Free Trade Agreement, which took effect in January, should raise trade between the two countries from \$30 billion annually now to \$50 billion within the next three to five years, Mari told the Wall Street Journal in an interview. Speaking at the World Economic Forum's Summer Davos meeting in Tianjin, China, Mari said she expected Indonesia's annual exports to China to rise from \$12 billion to \$13 billion now to at least \$20 billion in three to five years.

The president's team of special economic advisers will urge him this week to expand the state deficit in the proposed 2011 budget, with the money to be used to finance critical infrastructure projects, a team member said.

President Susilo Bambang Yudhoyono last month said the government would increase capital spending by as much as 28 percent next year, building more roads and bridges and boosting spending on seaports and other crucial infrastructure in a bid to help the country reach its economic potential.

- Malaysia

The EU and Malaysia are expected to open negotiations towards an ambitious free trade agreement (FTA) as early as next month. Following the green light given by the EU's 27 trade ministers, during their meeting on 10 September, Karel De Gucht and his Malaysian counterpart could formally launch the bilateral talks in the margins of the ASEM summit, to be held on 4-5 October in Brussels, Europoliticsunderstands.

The FTA talks with Kuala Lumpur are part of a major shift of the EU's trade strategy towards South-East Asia. Until 2009, the official line was to conclude an FTA with the ASEAN bloc. However, the talks that were launched in June 2007 got rapidly deadlocked over the controversial issue of Burma (Myanmar). EU member states refused to negotiate with the dictatorship, while the South-East Asian countries stood by the military junta in the name of ASEAN solidarity. High-ranking officials from DG Trade discreetly toured the region to test the willingness of some ASEAN countries to negotiate bilaterally. In response, ASEAN officials accused the Commission of pursuing a 'divide and rule' strategy.

Malaysia hopes to more than double investments by private companies over the next 10 years as it aims to double its per capita income and add 3.3 million new jobs, a government research organization is set to announce next week.

Malaysian firms invest about 10 percent of gross domestic product, one of the lowest rates in Asia, and the government says it has identified 131 projects with investment needs of \$444 billion, largely from the domestic private sector.

There is substantial room for growth in Turkish-Malaysian economic relations given the two countries' immense economic potential and the warm relations between their peoples.

Malaysia and Turkey, both huge economic powers in their regions, are in the midst of negotiating a Free Trade Agreement (FTA), which, if successful, will secure more bilateral trade between the two countries and serve as a platform for both nations to access other markets.

Malaysia's plans to revitalize investment by backing national champions and ending race-based policies may sound ambitious, but the details are hazy and real economic reform will face formidable obstacles.

The government starts public consultations this month on a new round of reforms, but there is growing resistance from voters and disappointment from investors over measures taken so far.

A government think tank has identified a dozen growth industries such as oil and gas, biotechnology and Islamic finance to focus on in a drive to double Malaysia's income per capita and propel it into the ranks of "developed nations" by 2020.

Prime Minister Datuk Seri Najib Tun Razak has promised a greater push towards ending the social and economic disparities between peninsular Malaysia and Sabah and Sarawak, and for greater opportunities for people of all races. In his speech at the first Malaysia Day national-level celebrations at Padang Merdeka here, Najib said he wanted these dreams fulfilled within the next few years.

He said these could be achieved without disrupting the existing social contract. "My aim is to see Sabah and Sarawak to be fully on par with peninsular Malaysia. God willing, within the next few years, this will become a reality." "The Government is giving priority assistance to those still very much in need of help because we realise that not all segments of society are at the same level now in terms of economic and social standing. This is due largely to the geographical divide," he told 10,000 people who gathered for the historic occasion.

- **Philippine**

A house maid from the Philippines washes dishes at her employers' apartment in the Lebanese capital Beirut. The Lebanese justice system woefully fails to protect the country's large number of migrant domestic workers, many of whom face abuse by employers who act with near total impunity, a human rights group said on September 16, 2010.

Mediterranean-inspired, pastel-colored houses dot the coast and hills of this rural town in

the Philippines, dwarfing their traditional counterparts made of unpainted concrete blocks under roofs of corrugated zinc. The larger houses, barely inhabited, many of them empty, belong to overseas workers who plan to return here one day.

- Vietnam

With China labor costs rising, Vietnam is hoping that its cheaper labor will attract more foreign investment. But Vietnam's rickety infrastructure and lack of skilled workers remain obstacles to growth.

China's wage inflation is being closely watched in Vietnam, which has expanded aggressively since the 1990s into labor-intensive industries like clothing, footwear, and furniture. The US, its former adversary, is now Vietnam's biggest export market and last year became the largest investor here. Exports of textiles and garments, an industry that employs around 1.7 million Vietnamese, rose by 17 percent in the first seven months of the year. But economists say that Vietnam won't necessarily reap the immediate benefits of rising labor costs in its giant neighbor.

Structural weaknesses in Vietnam's export growth need to be addressed soon, experts say

Workers at a footwear factory of Thuong Dinh Company in Hanoi. The company targets exports of US\$8 million this year. Serious problems facing shipments of key products because of their high dependence on imported materials, low-priced orders and shortage of skilled labor belie Vietnam's high export growth, experts and senior officials say.

Vietnam's export earnings reached US\$44.5 billion in the eight months through August, up 19.7 percent over the same period last year, according to the General Statistics Office.

- Singapore

Singapore's exports surged unexpectedly in August, with strong demand for electronics and pharmaceuticals from major economies such as the U.S. and Europe, suggesting the global recovery remains on track. But while shipments to the European Union more than doubled from year-earlier levels, the monthly numbers are volatile and don't signal a strong pickup in developed economies, analysts said.

The city-state's key nonoil domestic exports jumped 31.2% from a year earlier, accelerating from July's 18.3% rise and smashing predictions of a growth slowdown to 14.9% forecast by economists in a Dow Jones Newswires poll.

- Cambodia

Cambodia's Prime Minister Hun Sen said Saturday that his country is considered as a "successful post-conflict country". Giving speech at the forum on 2010 Asialink Conversations- Cambodia, Hun Sen said "Cambodia can be considered as a successful post-conflict country," saying the reforms and economic growth plus other development



schemes and plans are on right track. He said, after the post conflict that only ended in late 1990s, and with the support from development partners and the private sector, Cambodia has made giant strides in development in the last decade.

President Pratibha Patil on Thursday promised support to the Cambodian government in strengthening its economy and also increase bilateral trade between India and the southeast Asian nation which currently sits at a modest USD 50 million.

Addressing an India-Cambodia Business meeting here, President Patil said India's trillion dollar economy, ranked as the fourth largest in the world on the basis of purchasing power parity, offered a "much greater scope for expansion" in bilateral trade.

A Chinese company says it will invest up to US \$3 billion in Cambodia's energy, property and metal processing sectors, according to an official.

Eang Sophalleth, an assistant to Prime Minister Hun Sen, said on Thursday that the company's president Lin Xiang Wang unveiled the proposal in a meeting with the Cambodian leader.

The Chinese firm, Erdos Electrical Power & Metallurgical Co., plans to build a 700-megawatt coal power plant in the coastal province of Preah Sihanouk, said Eang Sophalleth. It also plans investments in real estate and aluminum processing for both the local market and export. Electricity generation in Cambodia remains largely underdeveloped, with most power plants using fossil fuels. The impoverished Southeast Asian nation also buys electricity from neighboring Vietnam and Thailand.

- Thailand

Last week we talked about Singapore and Thailand - two Asian economies that are quietly taking off. Today I want to add to those thoughts with a few more key points that opportunistic U.S. investors should know about Thailand, in particular.

Over the weekend, the Thai currency, the baht, rose to its highest level since 1997 due to an improved outlook for economic growth and expectations of more investor inflows. A current-account surplus of \$5.42 billion this year through July and the fact that the Bank of Thailand has raised its benchmark interest rate twice this year have also helped the baht post the second-best performance among Asia's most-traded currencies excluding the yen.

Thailand's economic figures look good, but we will remain a country of extreme wealth and poverty until our politicians develop a conscience.

The benefits of the recent economic recovery are not being distributed to the majority of Thai people. An Assumption University poll released last Sunday shows that people who earn less than Bt10,000 (US\$321.21) per month have found their income decreasing. In short, income distribution is still a major challenge that the government must address.

## **At Social Front**

- Indonesia

Indonesian President Susilo Bambang Yudhoyono yesterday condemned an armed attack on Christian church leaders outside Jakarta and called on police to solve the case as quickly as possible.

He said Sunday's knife attack by unknown assailants, which left one church elder badly injured and a priest with head wounds, was a highly sensitive matter for the mainly Muslim archipelago. "There is no space for violence from and against anyone for any reason, especially over the sensitive issue of inter-religious community relationships in our country," he said after meeting the security minister and police chief, amid complaints that the authorities have failed to prevent persistent attacks on the Protestant church group by Muslim extremists.

Indonesia's foreign minister says recent anti-Islamic anger among some Americans will not hurt deepening ties between his nation and the United States.

Marty Natalegawa said Friday that such anger against Muslims does not represent the views of the US administration or most Americans.

The United States is trying to forge closer ties with Indonesia, a secular country that has more Muslims than any other in the world. Marty says Indonesia's president was in close contact with President Barack Obama about an American man's aborted plan to burn copies of the Islamic holy book, the Quran, on the anniversary of the Sept. 11, 2001, terrorist attacks.

- Malaysia

Malaysia's plans to revitalize investment by ending race-based policies may sound ambitious, but the details are hazy and real reform will still face some formidable obstacles.

The government starts public consultations this month on a new round of reforms, but there is growing resistance from voters and disappointment from investors over measures taken so far. A government think tank has identified a dozen growth industries such as oil and gas, biotechnology and Islamic finance to focus on in a drive to double Malaysia's income per capita and propel it into the ranks of developed economies by 2020.

- Philippine

A member of the Abu Sayyaf group involved in the celebrated Dos Palmas kidnapping was killed on Sunday following a gunfight with government forces in the southern Philippine province of Basilan, a military commander said.

The slain suspect - Abdulkarim Sali, alias Benjamin Sali and Ben Raffy - has a 350,000 peso (7,900 U.S. dollar) reward on his head for his neutralization, said Lt. Gen. Ben

Dolorfino, chief of the military's Western Mindanao Command.

- Thailand

Thailand has threatened to deny visas to activists attending a Vietnamese human rights conference amid "pressure" to cancel the event, a journalist group said Sunday.

Authorities said that while Thailand attached "great importance" to freedom of expression, it would not allow "activities detrimental to other countries", according to the Foreign Correspondents' Club of Thailand (FCCT) in Bangkok. The FCCT said Foreign Ministry spokesman Thani Thongphakdi emailed the club asking it not to allow its premises to be used for the meeting, led by Vietnam Committee on Human Rights (VCHR), due to be held on Monday.

- Vietnam

The call to prayer from the minaret reaches out over tightly packed alleys in a Ho Chi Minh City neighbourhood as men in white knitted skullcaps and colourful sarongs walk to their local mosque.

The scene is more reminiscent of Malaysia, Indonesia or Brunei - not Vietnam and its Chinese-influenced culture where Muslims are a tiny fraction of the population.

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

- At political Front

President Barack Obama and Southeast Asian leaders will call for the peaceful settlement of South China Sea territorial disputes and urge claimants not to resort to force, according to a draft communique.

Washington upped the ante in July, when U.S. Secretary of State Hillary Clinton told a regional security forum in Vietnam that the peaceful resolution of the disputes over the Spratly and Paracel groups of islands was an American national interest.

The United States was concerned the conflicts could hamper access to one of the world's busiest commercial sea lanes. Beijing angrily reacted by saying Washington was interfering in an Asian regional issue.

## **Detailed news monitoring Report**

### **Indonesia**

- **Political front**
- **Yudhoyono condemns attack on Christians**

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He said Sunday's knife attack by unknown assailants, which left one church elder badly injured and a priest with head wounds, was a highly sensitive matter for the mainly Muslim archipelago. "There is no space for violence from and against anyone for any reason, especially over the sensitive issue of inter-religious community relationships in our country," he said after meeting the security minister and police chief, amid complaints that the authorities have failed to prevent persistent attacks on the Protestant church group by Muslim extremists.

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=385991&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=385991&version=1&template_id=45&parent_id=25)

- **New US-Indonesia alliance**

The United States and Indonesia pledged Friday to expand cooperation to a global scale, saying they can play supporting roles on hot-button issues from the role of Islam to the Middle East conflict.

Indonesia's Minister for Foreign Affairs Marty Natalegawa, speaks to a meeting of the Center for Strategic and International Studies in Washington, DC. Holding an inaugural "Joint Commission" on ties, Washington and the world's largest Muslim-majority nation promised to keep a "scorecard" on recent agreements such as boosting student exchanges to fighting climate change. "Indonesia is not only a great bilateral partner, it is a leader on behalf of so many of the important issues that we both are addressing," US Secretary of State Hillary Clinton told a news conference.

Indonesian Foreign Minister Marty Natalegawa, speaking earlier at a think-tank, said the world's third and fourth most populous nations should complement each other on the international stage. "We are ready to work with the United States in fostering mutual understanding wherever there is a conflict or tension," Natalegawa said at the Center for Strategic and International Studies. "Whether the problem is the Israeli-Palestinian conflict or the nuclear issue on the Korean peninsula, we will always strive to be part of the solution," he said.

Indonesia does not recognize Israel, but the archipelago is religiously diverse with most Muslims moderate in their beliefs. Jakarta has longstanding ties with North Korea, sometimes serving as an intermediary with the reclusive state. President Barack Obama's administration has put a new emphasis on Southeast Asia, which it feels the previous George W. Bush team neglected due to its preoccupation with the wars in Iraq and Afghanistan.

Indonesia is at the heart of the strategy. But Obama, who spent part of his childhood in Indonesia, has twice put off visits to the country due to domestic issues. Likewise,

Indonesian President Susilo Bambang Yudhoyono is not expected to attend next week's summit between Obama and Southeast Asian leaders in New York. Last week, Indonesia reacted strongly to threats by a small Christian congregation in Florida to burn the Koran. Yudhoyono said such a desecration threatened world peace and protesters rallied outside the US embassy.

The radical pastor, Terry Jones, dropped his planned burning of the Islamic holy book after US leaders warned he was putting Americans at risk. Natalegawa, speaking at the joint news conference next to Clinton, voiced confidence that the two nations saw eye-to-eye on the issue. "We have been very much aware of the fact that such conduct would not represent the views of the US administration, certainly not the views of the great majority of Americans, and therefore we are very much on the same page," he said.

Clinton praised Indonesia for cracking down on Islamic extremists who recently assaulted Christian elders. Just as the Florida pastor should not be seen as representative of the United States, the anti-Christian violence "didn't represent the Indonesian people," Clinton said. "We have to stay focused on preventing such provocation," she said. "This is a hard problem in a democracy. And it is one that, we believe strongly, we have to keep an open dialogue about because we so respect the Indonesian approach to this issue," she said.

<http://www.bangkokpost.com/news/asia/196923/us-indonesia-pledge-work-on-hot-button-issues>

- **Geo-Strategic Front**
- **Indonesia and Malaysia Agree on Need for Border Rules**

Malaysian Prime Minister Najib Razak says a better mechanism is needed to resolve border issues with Indonesia, following the maritime dispute that has sparked angry protests, a report said on Sunday. Tensions flared last month, triggered by the detention of Malaysian fishermen and Indonesian officials in disputed waters, leading to protests, which including the flinging of feces at the Malaysian Embassy in Jakarta.

Najib, who spoke to Indonesian President Susilo Bambang Yudhoyono on Friday to extend Idul Fitri greetings, said both leaders agreed to more talks and a mechanism to resolve border disputes in future, Malaysia's Star daily reported.

"We must do whatever it takes to ensure that we do not destroy [our relationship] because our links go deep, whether in the fields of economy, society or politics," Najib was quoted as saying. "There need to be a mechanism to help resolve border issues between the two countries and ... more talks to enhance the relationship," he added.

Last week, the nations' foreign ministers met to agree on measures aimed at preventing a recurrence of the Aug. 13 incident, which saw seven Malaysian fishermen detained in

disputed waters off southern Malaysia by Indonesian authorities who accused them of straying into their territory.

Three of the Indonesian officials were also detained by Malaysian maritime authorities after arresting the fishermen. All involved have now been released.

The two sides have agreed to hold meetings in October and November to resolve the issues. Discussions are expected to cover the Sulawesi Sea, the southernmost part of the Straits of Malacca, the South China Sea and possibly the Singapore Strait.

Bantarto Bandoro, an international affairs expert from the Center for Strategic and International Studies, said both governments needed to sit down and work out a policy that would serve as a guideline when similar incidents occurred in the future. "There should be a mutual understanding from both parties that would be formalized in a joint border consensus or a memorandum," he said. Bantarto said the recent incident showed that both the Malaysian maritime police and the Indonesian sea patrol officers were "blind or unaware that there is a strict rule that would guide their activities."

Both countries currently have a General Border Committee, which should have set the standard operating procedure and rules of engagement in a time of a dispute, according to Teuku Faizasyah, a spokesperson for the Indonesian Foreign Ministry. "The General Border Committee is under the Ministry of Defense — therefore the elements of the committee are mostly from the military and police," he said.

However, during the recent joint ministerial meeting that took place in Kinabalu, Malaysia, both governments agreed to include more civilian elements in negotiations.

Teuku said both countries have agreed to include Indonesia's Maritime Security Coordinating Agency (Bakorkamla) and its Malaysian counterpart in the upcoming talks.

<http://www.thejakartaglobe.com/home/indonesia-and-malaysia-agree-on-need-for-border-rules/395739>

- **Economic Front**
- **Corruption Threatens Indonesia's Economic Rise**

IMS says foreign investors who are needed to fund Indonesia's expansion will be cautious until more is done to fight rampant corruption and improve the rule of law. The International Monetary Fund warned on Sept. 17 that Indonesia must make fighting corruption a priority if it wants to build on its progress as one of the world's best-performing economies.

Southeast Asia's biggest economy expanded 4.5% in 2009, the third fastest in the Group of 20, and is poised for accelerated growth in the years ahead, the IMF said in an annual report. But it said foreign investors who are needed to fund Indonesia's expansion into a regional powerhouse would be cautious until more is done to fight rampant corruption

and improve the rule of law.

"A decisive and successful response, as well as a decade of sound policies and structural reform, helped Indonesia recover quickly from the 2008 global crisis," the report said. "However, lingering concerns over weak enforcement of the rule of law, transparency, and governance issues weigh on market perceptions. Addressing these weaknesses should be a priority."

The IMF praised Indonesia's "remarkable achievements" over the past decade, as it transformed from the Suharto dictatorship into a flourishing democracy and recovered from near-bankruptcy in the 1998-1999 Asian financial crisis. Indonesia was forced into a \$43 billion bailout from the IMF in 1998, and only exited supervision by the Washington-based organization in 2003. But the Fund said Indonesia "still faces challenges to preserve financial stability and develop its financial system", especially in areas such as supervision and the development of the non-bank sector. Market participants view Indonesia as a country with great potential, supported by a large consumer base and rich in natural resources."

"Yet, Indonesian securities continue to trade at a discount relative to regional peers and many wealthy Indonesian individuals still prefer to place their savings offshore." As if to prove the point, 26 politicians were banned from leaving the country on Sept. 17 amid investigations into graft related to the election of a central bank deputy governor in 2004. The Fund's mission chief for Indonesia, Thomas Rumbaugh, said the corruption fight was a "big objective the government has set for itself" and there had been improvement in terms of removing obstacles to investment. Recently we have seen some interest from multinationals moving into Indonesia ... but investors will be watching closely and what happens in this area will say a lot." Foreign direct investment in the archipelago of 240 million people -- the fourth biggest country in the world by population -- soared 53% on-year to 35.6 trillion rupiah in the April-June period, official figures show.

[http://www.industryweek.com/articles/corruption\\_threatens\\_indonesias\\_economic\\_rise\\_2812.aspx](http://www.industryweek.com/articles/corruption_threatens_indonesias_economic_rise_2812.aspx)

- **Chinese-Indonesian Trade Taking Off, Minister Says**

The Indonesian government expects annual trade with China to increase by two-thirds over the next three to five years, Trade Minister Mari Elka Pangestu said on Tuesday.

The implementation of the Asean-China Free Trade Agreement, which took effect in January, should raise trade between the two countries from \$30 billion annually now to \$50 billion within the next three to five years, Mari told the Wall Street Journal in an interview. Speaking at the World Economic Forum's Summer Davos meeting in Tianjin, China, Mari said she expected Indonesia's annual exports to China to rise from \$12

billion to \$13 billion now to at least \$20 billion in three to five years.

She added that Indonesia's trade deficit with China has narrowed since 2008, without providing figures. The Central Statistics Agency reported in June that the trade deficit with China for the first four months of the year was \$1.6 billion, a 5.3 percent increase from the same period a year earlier, but analysts noted much of the imports were capital goods.

The trade agreement, which faced some resistance in Indonesia among those who feared a flood of cheap Chinese imports, eliminated tariffs on thousands of products. Mari told the newspaper that the two countries were trying to balance trade and that Indonesia would like to see Chinese investments in the country include manufacturing and areas like textiles, garments, steel, automotive and electronics. She also said China's interest in Indonesia has traditionally been resource-oriented. "We'd like to expand beyond that."

<http://www.thejakartaglobe.com/business/chinese-indonesian-trade-taking-off-minister-says/396146>

- **Expand Deficit to Bankroll Indonesian Infrastructure, Advisers Say**

The president's team of special economic advisers will urge him this week to expand the state deficit in the proposed 2011 budget, with the money to be used to finance critical infrastructure projects, a team member said.

President Susilo Bambang Yudhoyono last month said the government would increase capital spending by as much as 28 percent next year, building more roads and bridges and boosting spending on seaports and other crucial infrastructure in a bid to help the country reach its economic potential.

However, the National Economics Committee (KEN), is arguing that the government should go even further, expanding the 2011 state budget deficit to up to 3 percent of the country's GDP, up from a proposed 1.7 percent, to take advantage of lower borrowing costs stemming from demand for the country's debt. The committee will meet with the president on Thursday and urge him to increase the deficit, said Aviliani, secretary of the committee and an economist with the Institute for Development of Economics and Finance (Indef).

"We think the deficit should be increased for infrastructure projects. Even if it reached 3 percent, we would agree," Aviliani said.

The 2011 state budget submitted to the House of Representatives last month called for Rp121.7 trillion (\$13.5 billion) in capital spending, an increase of Rp 26.6 trillion, with the intention of stimulating economic growth. The proposed deficit is 1.7 percent of GDP, assuming a 13 percent increase in tax revenue, an inflation rate of 5.3 percent and a crude oil price of \$80 a barrel.



Indonesia jumped 10 spots in the World Economic Forum's latest Global Competitiveness Index, rising to No. 44 worldwide. However, the report noted that the country's infrastructure remained a severe impediment, ranking it No. 82 overall, with road infrastructure ranked 84th and the availability of power at 97th. "We desperately need basic infrastructure, and the financing for that comes from government," said Chatib Basri, KEN vice chairman and an economist with the Institute for Economic and Social Research at University of Indonesia. "With current infrastructure, our growth would not exceed 6.5 percent, and will soon overheat in two or three years."

However, some top economic officials argue that the uncertainty hanging over the global economy calls for prudence in management of the state budget, especially with the coveted investment-grade sovereign debt rating within reach.

Fitch Ratings has assessed Indonesia's sovereign debt at one notch below investment grade, while S&P and Moody's put it two levels below.

Finance Minister Agus Martowardojo said the government should limit the deficit to 1.7 percent of GDP, arguing that a deficit above 2 percent would shift the primary balance — the net borrowing and lending— into the red. The balance is negative by Rp 28.1 trillion this fiscal year after remaining in the black for the past five years, and is expected to become back to positive by Rp 726.2 billion next year. Hatta Rajasa, coordinating minister for the economy, also urged caution. "We do not want to be like Greece, which almost defaulted when crisis hit. We don't know what lies ahead," he said. "There are many who want to lend us money, but we want to be prudent."

- **Marty: Anti-Islam anger won't hurt ties**

Indonesia's foreign minister says recent anti-Islamic anger among some Americans will not hurt deepening ties between his nation and the United States.

Marty Natalegawa said Friday that such anger against Muslims does not represent the views of the US administration or most Americans.

The United States is trying to forge closer ties with Indonesia, a secular country that has more Muslims than any other in the world. Marty says Indonesia's president was in close contact with President Barack Obama about an American man's aborted plan to burn copies of the Islamic holy book, the Quran, on the anniversary of the Sept. 11, 2001, terrorist attacks.

Marty says the United States has eloquently denounced attacks on Islam. The Indonesian foreign minister is visiting the US for talks on comprehensive cooperation between the two countries.

<http://www.thejakartapost.com/news/2010/09/18/marty-antiislam-anger-won039t-hurt-ties.html>

- **U.S. to host major economies climate forum in New York**

The United States will host a meeting of the world's biggest economies in New York to discuss climate change on Monday and Tuesday, the U.S. State Department said.

The Major Economies Forum will bring together 16 of the world's biggest economies next week with the 27-nation European Union to haggle over ways to fight global warming. A drop of water falls from a melting piece of ice on Argentina's Perito Moreno glacier near the city of El Calafate, in the Patagonian province of Santa Cruz, December 16, 2009. (REUTERS/Marcos Brindicci/Files)

It was formed to augment U.N. climate change talks. A deal to curb greenhouse gas emissions has so far eluded negotiators within the U.N. process.

The 17 members of the forum include Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, South Africa, the United States, and the EU.

[http://thestar.com.my/news/story.asp?file=/2010/9/15/worldupdates/2010-09-15T033739Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-514940-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2010/9/15/worldupdates/2010-09-15T033739Z_01_NOOTR_RTRMDNC_0_-514940-1&sec=Worldupdates)

- **At social Front**
- **Indonesian Women Slaves Saved from Malaysian Hell**

Malaysia's plans to revitalize investment by ending race-based policies may sound ambitious, but the details are hazy and real reform will still face some formidable obstacles.

The government starts public consultations this month on a new round of reforms, but there is growing resistance from voters and disappointment from investors over measures taken so far. A government think tank has identified a dozen growth industries such as oil and gas, biotechnology and Islamic finance to focus on in a drive to double Malaysia's income per capita and propel it into the ranks of developed economies by 2020.

Prime Minister Najib Razak's record on reform is patchy — he shied away from big subsidy cuts and reversed tack on race-based preferential equity ownership rules for the majority ethnic Malay population under pressure from activists.

“Earlier optimism that Najib will be able, and will be committed, to carrying out his plans for reforms has been replaced by resignation that Malaysia will not change course quite so quickly or easily,” Southeast Asia political risk analyst David Kiu said.

Najib took office last year and promised investor forums that on reforms, he would “execute or be executed,” after the National Front coalition that has now ruled this Southeast Asian country for 53 years stumbled to its worst-ever election result in 2008.

In the past decade, Malaysia has seen its dominant position as an investment destination in Southeast Asia crumble, its productivity gains lag and a worsening of its education

ranking which mean it is less well-equipped to meet its growth goals. A survey last week by the World Economic Forum showed Malaysia slipped two places in its global competitiveness rankings to 26th out of 139 countries while neighboring Indonesia surged 10 places to 44th.

The quality of Malaysia's institutions, ranked 17th by the WEF five years ago, has plunged to 42nd since then. Under its Economic Transformation Plan to be unveiled this month, Malaysia's government wants to galvanize 2.2 trillion ringgit (\$706.7 billion) in investment over the 10 years to 2020, of which 92 percent will come from the private sector.

That would be a big leap from the 535 billion ringgit the private sector has invested over the past decade, and few analysts expect detailed plans to be unveiled on how to boost investment. Although hot money has flowed into the bond market this year, pushing the ringgit to 13-year highs against the dollar, Malaysia has slid off the investment map.

Foreign ownership of the stock exchange stands at just 21.2 percent of market capitalization, down from 26.2 percent in 2007. Many Malaysian companies like leading bank CIMB and Axiata are being wowed by the prospects of faster growth in countries like Indonesia and want to become major regional players, so they are exporting capital.

That means government-linked companies will lead the charge to invest more at home, said Wan Saiful Wan Jan of the Institute for Democracy and Economic Affairs: "They cannot talk about opening up our markets and at the same time give more for GLCs to meddle in our economy." Although Najib has only been in power since April 2009, he may soon have to shift to policies that will shore up his political base. Elections are due by 2013 and are likely to be called earlier.

His coalition, constructed along racial lines to reflect the Malay, Chinese and Indian populations as well as the indigenous people in Borneo, is still fraying.

Najib is under pressure from Malay activists in his own party who fear reforms will erode their privileges as well as from ethnic Chinese coalition leaders whose only hope to win back voters is to be more vocal in promoting their own community. A Malay pressure group called Perkasa, which claims 300,000 members, recently lodged a police report against the leader of the coalition's ethnic Chinese party after he called for the removal of laws guaranteeing Malays and indigenous people 30 percent rights in public firms.

There has been a steady drip of racial posturing in media during Ramadan with an opposition ethnic Chinese politician being attacked for visiting a mosque and a Ramadan ad campaign being pulled for having Christmas overtones.

"The incitement of ultra-nationalist feelings is mainly conducted in Malay media and hence is not so visible to foreign observers but it is a really worrying trend that is taking

place under a so-called reformist government,” said Lim Teck Ghee, director of the Centre for Policy Initiatives.

Najib has sought to sidestep some of the blockages to reform by outsourcing the process to advisory bodies, but when it comes to implementation, he will still have to rely on the 1.2 million strong mainly Malay civil service.

The civil service employs one in every 20 Malaysians and Wan Saiful notes many of them are drawn from the constituency that has most to lose from reforms.

<http://www.thejakartaglobe.com/business/ethnically-split-malaysia-faces-hard-road-to-reform/396161>

- **29 illegal Afghan migrants detained in Palu**

Authorities say they have detained 29 illegal migrants from Afghanistan who were trying to reach Australia from Indonesia's Sulawesi island. Local immigration official Yusuf Sadu said none had passports and visas, and it was not immediately clear how they managed to reach Sulawesi without travel documents.

Sadu said police detained seven men late Monday at an airport in the Central Sulawesi town of Palu and the others in a raid on a rented house early Tuesday. One person managed to escape. He said the men told authorities they wanted to seek asylum in Australia. They were transferred to an immigration detention center in Palu.

Indonesia has long been a transit point for people fleeing conflict-ridden countries such as Afghanistan.

<http://www.thejakartapost.com/news/2010/09/14/29-illegal-afghan-migrants-detained-palu.html>

- **Assailants stab, beat Christian worshippers outside of Indonesia's capital**

Indonesia's president ordered police to hunt down and arrest assailants who stabbed a Christian worshipper in the stomach and beat a minister in the head with a wooden plank as they headed to prayers. Neither of the injuries appeared to be life-threatening.

No one claimed responsibility for Sunday's attacks. But suspicion immediately fell on Islamic hard-liners who have repeatedly warned members of the Batak Christian Protestant Church against worshipping on a field housing their now-shuttered church.

In recent months, they have thrown shoes and water bottles at the church members, interrupted sermons with chants of "Infidels!" and "Leave Now!" and dumped piles of feces on the land. Local police Chief Imam Sugianto said Asia Sihombing, a worshipper, was on his way to the field when assailants jumped off a motorcycle and stabbed him in the stomach.

The Rev. Luspida Simanjuntak was smashed in the head as she tried to come to his aid.

"I was trying to help get him onto a motorcycle so we could get him to a hospital," she told reporters in the industrial city of Bekasi, 25 miles (40 kilometers) east of Jakarta. She said the face of one of the assailants looked familiar.

President Susilo Bambang Yudhoyono, who relies heavily on Islamic parties in parliament, has been widely criticized in the media for failing to crack down on hardliners. But he immediately called on authorities to investigate and to hold accountable those responsible.

"We've questioned nine witnesses and have already identified the perpetrators," said local detective, Capt. Ade Arie. "But it's too early to comment or speculate on a motive." Indonesia, a secular country of 237 million people, has more Muslims than any other in the world. Though it has a long history of religious tolerance, a small extremist fringe has become more vocal in recent years. Leading the charge against the Batak Christians has been the Islamic Defenders Front, which is pushing for the implementation of Islamic-based laws in Bekasi and other parts of the nation. They are known for smashing bars, attacking transvestites and going after those considered blasphemous with bamboo clubs and stones. Perpetrators are rarely punished or even questioned by police.

The front also pressured local authorities early this year to shutter the Batak church, located in a densely populated Muslim area, saying the permit was granted without the required approval of residents. The Christian worshippers have refused to back down. Every week, about 20 or so return to the field to pray, defying threats and intimidation.

<http://www.foxnews.com/world/2010/09/12/assailants-stab-beat-christian-worshippers-outside-indonesias-capital/?test=latestnews>

## **Malaysia**

- **Economic Front**
- **Free trade talks with Kuala Lumpur to start in October**

The EU and Malaysia are expected to open negotiations towards an ambitious free trade agreement (FTA) as early as next month. Following the green light given by the EU's 27 trade ministers, during their meeting on 10 September, Karel De Gucht and his Malaysian counterpart could formally launch the bilateral talks in the margins of the ASEM summit, to be held on 4-5 October in Brussels, Euro politics understands. The Union's trade commissioner hailed the agreement reached by the ministers, saying it was good news for the European economy. "I want to create new business opportunities for European companies in countries like Malaysia, and by doing so, lower the costs for European business of international commerce," said De Gucht.

Malaysia is the third country among the ten members of the ASEAN bloc to open

bilateral trade talks with the EU. The launch of the talks is a fresh success in the region for De Gucht, who has already started FTA talks with Singapore and convinced Vietnam to follow suit last March. Emulated by the example of Hanoi and Singapore, Malaysian diplomats held exploratory talks with DG Trade in March and June in order to define the scope of the future FTA.

Kuala Lumpur's final decision to negotiate is a signal that the 'domino strategy' employed by the Commission since 2009 is eventually paying off. This approach is based on the assumption that once one of the members of the ASEAN starts bilateral talks with the EU, then several other neighbouring countries would follow. In this case, the trigger was Singapore, which was the first to break the ASEAN ranks by agreeing to negotiate a bilateral deal with the Commission late last year. This strategy was crafted by DG Trade as an alternative to a region-to-region FTA negotiation as originally planned under the then Trade Commissioner Peter Mandelson (see box).

Malaysia is a 'good catch' for EU negotiators, since it is the Union's second largest trading partner in the region after Singapore. However, bilateral trade in goods remains modest, reaching €3 billion in 2009. The EU exported €9 billion and imported €14 billion worth of goods. Exchange in services is even more modest, representing €4,5 billion. However, from 2005 to 2009, the EU's exports grew by 1.2% on average each year. The Commission stresses that the FTA will increase bilateral exchanges.

While Malaysia is expected to benefit from the elimination of tariffs on goods, the EU's negotiators hope to gain in services and through the removal of non-tariff trade barriers. "There are economic benefits coming from the FTA if it covers both goods and services," insisted the EU's Ambassador to Malaysia, Vincent Picket.

#### PUBLIC PROCUREMENT

However, two sensitive issues are expected to complicate the talks. Of all ASEAN members, Malaysia is the most reluctant to open its public procurement market to foreign investors. This is precisely an area where EU companies would have a competitive edge and are keen to expand their business in South-East Asia. Renewable energy and sustainable development are also expected to be thorny subjects to be discussed, as Malaysia is one of the biggest exporters of palm oil. Kuala Lumpur hopes to get better access to the EU market through the FTA.

#### Background

The FTA talks with Kuala Lumpur are part of a major shift of the EU's trade strategy towards South-East Asia. Until 2009, the official line was to conclude an FTA with the ASEAN bloc. However, the talks that were launched in June 2007 got rapidly deadlocked over the controversial issue of Burma (Myanmar). EU member states refused to negotiate

with the dictatorship, while the South-East Asian countries stood by the military junta in the name of ASEAN solidarity. High-ranking officials from DG Trade discreetly toured the region to test the willingness of some ASEAN countries to negotiate bilaterally. In response, ASEAN officials accused the Commission of pursuing a ‘divide and rule’ strategy.

<http://www.europolitics.info/external-policies/free-trade-talks-with-kuala-lumpur-to-start-in-october-art281041-46.html>

- **Malaysia Hopes to Add Millions of Jobs By Encouraging Private Investment**

Malaysia hopes to more than double investments by private companies over the next 10 years as it aims to double its per capita income and add 3.3 million new jobs, a government research organization is set to announce next week.

Malaysian firms invest about 10 percent of gross domestic product, one of the lowest rates in Asia, and the government says it has identified 131 projects with investment needs of \$444 billion, largely from the domestic private sector.

Idris Jala, who manages the government’s Performance Delivery and Management Unit, said that seven investments worth \$37 billion were ready to go with a “named investor and serious commitment.” Idris told journalists ahead of the official launch of the plans next Tuesday that of the \$444 billion in investments, 60 percent would come from private companies, 32 percent from government-linked companies and just 8 percent from the state.

That compares with 535 billion Malaysian ringgit (\$171.7 billion) of private sector investment over the past 10 years. At present, around half the investment in Malaysia comes from the government, according to World Bank data.

Idris, however, did not specify any tax or regulatory changes that would fundamentally redraw the investment map for companies operating in Malaysia. The investments cover 11 industries, including oil and gas, financial services, especially Islamic finance, electronics and palm oil, as well as a new underground transportation system for Kuala Lumpur.

Idris said the plans were drawn up after consultations with 194 companies, ministries and government agencies. “They [firms] made the choice [to invest] not because the government was asking them to but because they made sense commercially,” Idris said.

In May, Idris formulated wide-ranging plans aimed at slashing government subsidies across a range of goods from fuel to food, only to see those plans run into political opposition and get watered down. After that experience, analysts are sceptical that the government will deliver on these latest plans.

<http://www.thejakartaglobe.com/business/malaysia-hopes-to-add-millions-of-jobs-by-encouraging-private-investment/396736>

- **Malaysia-Turkey free trade agreement to bring mutual benefit**

There is substantial room for growth in Turkish-Malaysian economic relations given the two countries' immense economic potential and the warm relations between their peoples. Malaysia and Turkey, both huge economic powers in their regions, are in the midst of negotiating a Free Trade Agreement (FTA), which, if successful, will secure more bilateral trade between the two countries and serve as a platform for both nations to access other markets.

Being the 16th largest economy in the world, with a large population of around 71.4 million and a per capita gross domestic product (GDP) of \$9,950, Turkey is seen as an appealing market for Malaysian products. The commercial counselor's office of the Turkish Embassy in Kuala Lumpur organized a trade delegation that traveled to Malaysia in January, hoping to encourage Malaysia to import more Turkish products, and invited Malaysian products to Turkish trade fairs. In the first quarter of this year, Turkey's total volume of exports to Malaysia was around \$16.5 million, while its imports amounted to \$243 million. By the end of the second quarter, Turkish 2010 exports to Malaysia had risen to \$93 million with imports more than doubling to \$498 million. By 2012, bilateral trade is expected to rise to \$2.5 billion, with Malaysian exports making up a large portion, said Hasan Önal -- a commercial advisor at the Turkish Embassy -- in an interview with a Malaysian news agency in July.

Malaysia holds a strategic location in Association of Southeast Asian Nations (ASEAN) and could promote Turkish products to neighboring countries. Turkey can assist Malaysian companies expand their trade and investment into Central Asia, the Middle East, Europe and North Africa.

In a statement to Sunday's Zaman, the Foreign Trade Undersecretariat said: "Turkey attaches great importance to enhancing and deepening its trade and economic relations with the countries in the Asia-Pacific region. For this purpose, starting from 2005, Turkey has been implementing the 'Trade Development Strategy towards Asia-Pacific Region.' Malaysia, as a big economic power in the region, occupies a significant place for Turkey. ... Turkey believes that an FTA between Turkey and Malaysia would best correspond to the interests of the parties."

According to the Malaysian Ministry of International Trade and Industry, the decision to begin investigating the likelihood of an FTA was made over the course of several meetings between Malaysian and Turkish officials since late 2009. Turkey's reassurance of its strong interest in establishing an FTA with Malaysia then led to initial talks



between Malaysia and a Turkish delegation held over two days last January in Kuala Lumpur. Discussions revolved around exchange of information on bilateral trade relations, respective economic policies and prospects of intensifying bilateral trade and investment. Both countries also committed to conducting their own feasibility studies on the suggested FTA. The positive results of the studies and approval from the Malaysian government resulted in the launch of the first Trade Negotiating Committee meeting between Turkish and Malaysian trade officials held in Ankara between May 31 and June 1. Areas that are being negotiated under the Malaysia-Turkey Free Trade Agreement encompass trade in goods, legal issues, trade remedies and cooperation. However, discussions on trade in services are to start a year after the trade agreement comes into force.

At the sector level, main Malaysian exports to Turkey include vegetable oil, crude rubber, gloves, palm oil and mittens, as well as electrical machinery and equipment. Major Turkish exports to Malaysia include fuel oil, carpets and other textile floor coverings, disodium tetra borate and natural borates, wheat or meslin flour and unwrought tin. Malaysia imports manufacturing services from Turkey and exports services related to wholesale and retail trade, as well as franchise businesses.

Turkey is also eager to have FTA talks with other ASEAN countries in the future. “We are going to start with Malaysia first, and other ASEAN countries could take this as an example and be attracted to it,” Hüsni Dilemre, director-general of EU Affairs at the Turkish Foreign Trade Undersecretariat, told the Bernama news agency earlier this year.

Insight on the MTFTA Trade Negotiating Committee meetings

The inaugural meeting of the Malaysia-Turkey Free Agreement (MTFTA) Trade Negotiating Committee (TNC) took place in Ankara from May 31 until June 1, featuring talks about terms of reference, scope, coverage and the modalities of negotiations. Three Working Groups – Market Access, Cooperation and Legal Matters – were also established during the first meeting. Both countries also agreed, in principle, to fast track their negotiations and aim for conclusion by the first half of 2011.

The second TNC meeting was held from Aug. 23-25 in Kuala Lumpur. The Malaysian delegation of the meeting was led by Dato’ Kamaruddin Ismail, deputy secretary-general of the Ministry of International Trade and Industry, while the Turkish delegation was led by Cemalettin Damlacı, deputy undersecretary of the Foreign Trade Undersecretariat. Both parties have agreed for a third TNC meeting to convene between Nov. 30 and Dec. 2 of this year in Turkey.

<http://www.sundayszaman.com/sunday/detaylar.do?load=detay&link=221412&bolum=1>

- **The problem with exports**

Here's a partial list of the countries trying to export their way out of economic trouble: Germany. Japan. China. The United States of America. Malaysia. Thailand. The Philippines. South Korea. India, Brazil.

And that's really quite partial. On some level, everyone wants to export their way out of the woods. Sadly, as Simon Kennedy explains, there's a problem with this strategy: Everyone's exports are someone else's imports. One outcome here is that the strategy just doesn't work very well, and the current trade imbalances don't really change. Another, more worrying, outcome is that various countries resort to currency manipulation to get a leg up on the competition.

The good outcome, where countries that have big trade surpluses (think China) build up their domestic markets while countries with big trade deficits (like us) somehow multiply the size of our export markets, seems like the least likely of the three.

[http://voices.washingtonpost.com/ezra-klein/2010/09/the\\_problem\\_with\\_exports.html](http://voices.washingtonpost.com/ezra-klein/2010/09/the_problem_with_exports.html)

- **Malaysia's reforms face formidable challenges**

Malaysia's plans to revitalize investment by backing national champions and ending race-based policies may sound ambitious, but the details are hazy and real economic reform will face formidable obstacles.

The government starts public consultations this month on a new round of reforms, but there is growing resistance from voters and disappointment from investors over measures taken so far.

A government think tank has identified a dozen growth industries such as oil and gas, biotechnology and Islamic finance to focus on in a drive to double Malaysia's income per capita and propel it into the ranks of "developed nations" by 2020.

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In the past decade Malaysia has seen its dominant position as an investment destination in Southeast Asia crumble, its productivity gains lag and a worsening of its education

rankings which mean it is less well equipped to meet its growth goals.

A survey last week by the World Economic Forum showed Malaysia slipped two places in its global competitiveness rankings to 26th spot out of 139 countries while neighbouring Indonesia surged 10 places to 44th spot. The quality of Malaysia's institutions, ranked 17th by the WEF five years ago, has plunged to 42nd place since then.

Under its "Economic Transformation Plan" to be unveiled this month, Malaysia's government wants to galvanise \$706.7bn in investments over the 10 years to 2020 of which 92 percent will come from the private sector.

That would be a big leap from the 535 billion the private sector has invested over the past decade, and few analysts expect detailed plans to be unveiled on how to boost investment.

Although hot money has flowed into the Malaysian bond market this year, reversing outflows in 2008 and 2009 and pushing the ringgit currency to 13 year highs against the dollar, Malaysia has slid off the investment map for many.

Foreign ownership of the stock exchange stands at just 21.2 percent of market capitalisation, down from 26.2 percent in 2007.

Many Malaysian companies like leading bank CIMB and telco Axiata are being wowed by the prospects of faster growth in countries like Indonesia and want to become major regional players, so they are exporting capital. That means government-linked companies (GLCs) will lead the charge to invest more at home, said Wan Saiful Wan Jan of the Institute for Democracy and Economic Affairs think tank: "They cannot talk about opening up our markets and at the same time give more for GLCs to do to meddle in our economy." Although Najib has only been in power since April 2009, he may soon have to shift to policies that will shore up his political base. Elections are due by 2013 and are likely to be called earlier. His coalition of 12 parties, constructed along racial lines to reflect the Malay, Chinese and Indian populations as well as the indigenous people on Borneo island, is still fraying.

<http://www.thepeninsulaqatar.com/views/126303-malaysias-reforms-face-formidable-challenges.html>

- **Social Front**
- **Helping maids know their rights**

Maids attending the community outreach programme, shared their view and story on stage. TSMP Law corporation holds a free talk on legal rights for foreign domestic workers in collaboration with TWC2 and Home at Fort Canning. HELP was at hand for about 100 Filipino and Indonesian maids who turned up for a free talk on their legal

rights on Sunday.

A team from top law firm TSMP Law Corporation spent about three hours talking to the maids at The Gallery in Fort Canning. The topics included what their rights are and the protection given to them under the law, such as what employers can and cannot ask them to do under their employment contracts.

Some of the maids' key concerns revolved around the non-payment of salaries and poor working conditions.

Some said they found their salaries docked when employers felt they did not work 'hard enough', while others said they were made to sleep on the floor or in store rooms.

Sunday's event was the result of a tie-up between the law firm and migrant workers advocacy groups Transient Workers Count Too (TWC2) and the Humanitarian Organisation for Migration Economics (Home). Since last year, TSMP has been providing pro bono legal services to foreign workers referred by Home, and recently extended the help to TWC2. So far the firm has handled between 20 and 25 cases. Some involved cases that went to court while others involved providing legal advice and drafting letters for the foreign workers.

[http://www.straitstimes.com/BreakingNews/Singapore/Story/STISStory\\_580556.html](http://www.straitstimes.com/BreakingNews/Singapore/Story/STISStory_580556.html)

- **PM vows to end disparities between peninsula and Sabah, Sarawak**

Prime Minister Datuk Seri Najib Tun Razak has promised a greater push towards ending the social and economic disparities between peninsular Malaysia and Sabah and Sarawak, and for greater opportunities for people of all races. In his speech at the first Malaysia Day national-level celebrations at Padang Merdeka here, Najib said he wanted these dreams fulfilled within the next few years.

He said these could be achieved without disrupting the existing social contract. "My aim is to see Sabah and Sarawak to be fully on par with peninsular Malaysia. God willing, within the next few years, this will become a reality." "The Government is giving priority assistance to those still very much in need of help because we realise that not all segments of society are at the same level now in terms of economic and social standing. This is due largely to the geographical divide," he told 10,000 people who gathered for the historic occasion.

Najib said Sept 16 was an excellent occasion to put in place a greater vision to develop the whole country, adding that the people in Sabah and Sarawak had chosen rightly and wisely to form Malaysia, and vowed not to let extremism and fanaticism derail his plans.

Najib said the people must remember that Malaysia's formation was fraught with challenges, adding that there had been past attempts by neighbouring countries to stop it.

In PETALING JAYA, Deputy Prime Minister Tan Sri Muhyiddin Yassin urged Malaysians not take the country's harmony and unity for granted but work towards preserving peace.

"I hope the Malaysia Day celebration will speed up the social and psychological integration between Malaysians of all races despite our geographical locations," he said in his Malaysia Day message.

<http://thestar.com.my/news/story.asp?file=/2010/9/17/nation/7052151&sec=nation>

- **Same standard of living for all Malaysians, PM promises**

Prime Minister Datuk Seri Mohd Najib Tun Razak has promised a greater push towards ending the social and economic disparities Peninsula Malaysia and Sabah and Sarawak, and for greater opportunities for people of all races.

In his speech at the first Malaysia Day national celebration at Padang Merdeka here on Thursday, Najib said he wanted these dreams fulfilled within the next few years. He said these could be achieved without disrupting the existing social contract.

"My aim is to see Sabah and Sarawak to be fully on par with Peninsula Malaysia. God willing, within the next few years, this will become a reality." "The Government is giving priority assistance to those still very much in need of help because we realise that not all segments of society are at the same level now in terms of economic and social standing. This is due largely to the geographical divide," he told over 10,000 people who had gathered for the historic occasion. Najib said September 16 was the excellent occasion to put in place a greater vision to develop the whole country, adding that the people in Sabah and Sarawak had chosen rightly and wisely to form Malaysia, and vowed not to let extremism and fanaticism derail his plans. "Some people are worried that there will be confusion because we are celebrating August 31 and September 16 as public holidays.

"August 31 is the day we achieved independence and September 16 is the day we united into one big nation," he said. Najib said the people must remember that Malaysia's formation was fraught with challenges, adding that there had been past attempts by neighbouring countries to stop it.

"We owe it to our past leaders and their struggle to continue their good work and to bring Malaysia to greater heights," he said. He later presented Tokoh Malaysia awards to four prominent leaders - two from Peninsula Malaysia and one each from Sabah and Sarawak for their contribution.

In PETALING JAYA, Deputy Prime Minister Tan Sri Muhyiddin Yassin urged Malaysians not take the country's harmony and unity for granted but work towards preserving the peace.

This was in line with the country's goal of becoming a developed nation by 2020 that was

stable, united and peaceful, he said. "I hope the Malaysia Day celebration will speed up the social and psychological integration process between Malaysians of all races despite our geographical locations," he said in his Malaysia Day message. He added that more could be done to ensure the country's progress and success both locally and internationally. He urged the public to continue giving their support to the various Government transformation programmes aimed at improving the people's standard of living.

<http://thestar.com.my/news/story.asp?file=/2010/9/16/nation/20100916222722&sec=nation>

- **Cyber world**
- **Malaysia Is Leader in Fast 4G Mobile Internet Services**

As cellphone users in many countries are getting used to the greater speed of the 3G mobile internet, telecom companies around the world are testing even faster 4G high-bandwidth services.

Malaysia's YTL Communications is a leader in this race. The Malaysian company is investing more than \$700 million to get its 4G network up and running in that southeast Asian market by the end of this year, with help from global companies including Samsung, Cisco and Intel -- and Bartle Bogle Hegarty. The IT companies will provide infrastructure and other technical expertise, but YTL recognizes the importance of marketing, too. Bartle Bogle Hegarty, Singapore, was appointed without a pitch. The agency will handle creative and brand strategy for the launch campaign -- one of the biggest ad accounts in Southeast Asia -- expected to kick off in the fourth quarter of this year.

Other 4G services have debuted around the world in pockets of countries as diverse as the U.S. and Russia, said John Hadfield, BBH's CEO, Asia/Pacific in Singapore. "But this will be the world's first nationwide, 4G network, enabling real mobile broadband. Convergence of voice and data through mobile hasn't really been done properly yet through 3G. It's a huge win for us."

Mr. Hadfield declined to say exactly how much YTL will invest in the launch campaign, but said the Malaysian conglomerate's budget will make YTL one of BBH's three biggest clients by spending, along with Unilever and the Singapore Tourism Board.

YTL is also working with WPP's digital agency, Agenda, and Aegis Group-owned Carat for media planning and buying. BBH will get on-the-ground implementation assistance from Alfa 245, part of Leo Burnett Group (Burnett parent Publicis Groupe also owns a 49% stake in BBH). Mobile phone ownership in Malaysia is already about 100%, Mr. Hadfield said, "or even higher since some people have more than one phone account."

Malaysians also have shown strong interest in mobile internet. According to The Economist, only 7% of subscribers in Malaysia had a handset capable of connecting with a 3G network in 2007. That number jumped to 25% last year, and if "dongles" (devices that connect laptops to mobile networks) are included, 3G penetration is closer to 40%.

[http://adage.com/globalnews/article?article\\_id=145930](http://adage.com/globalnews/article?article_id=145930)

## **Philippine**

- **Political Front**
- **Philippine president to receive bus hijacking report**

Philippine President Benigno Aquino is scheduled to receive Friday a report on a bus hijacking that killed eight Hong Kong tourists and tarnished the reputation of his 79-day-old government.

The tourist bus that was the scene of the deadly hostage incident in which eight Hong Kong residents were killed, during an inspection by the panel of investigators in Manila. Philippine President Benigno Aquino is scheduled to receive Friday a report on a bus hijacking that killed eight Hong Kong tourists and tarnished the reputation of his 79-day-old government.

Justice Secretary Leila de Lima said on the eve of handing over her panel's report that it would urge the president to file charges against up to 10 people, including so far unnamed police officers, over the fiasco. Police have admitted missing repeated chances to take out the hostage-taker and to key officials leaving their posts during the day-long crisis, which ended in a bungled rescue bid broadcast live on television around the world. "The government really has to show results in terms of going after those we are going to recommend (to be charged)," said de Lima, the head of the inquiry.

However, she stressed it was up to Aquino to decide whether he would agree with the findings and follow the panel's proposed plan of action.

De Lima said the report would also conclude that the eight Hong Kong tourists were all shot by the lone hostage-taker. Presidential spokesman Edwin Lacierda said Aquino will read the report over the weekend but was unlikely to act on it before he starting a six-day visit to the United States on Monday, his his first foreign trip as a leader. "I don't know when he will take action on that. He will take some time on it," Lacierda added.

Aquino, criticised by the opposition for allegedly failing to show leadership during the crisis, has called for time to be able to read the report, which he has promised to share with the Hong Kong and Chinese governments. He has, however made clear his determination to ensure that the tragedy will not define his six-year presidency.

After enjoying a landslide election win and sky-high popularity ratings at the beginning of his term, Aquino hopes to draw a line under the tragedy and rescue the Philippine

tourism sector. Sacked Manila policeman Rolando Mendoza, armed with an assault rifle and a handgun, hijacked the bus full of Hong Kong tourists on August 23 in a desperate bid to get his job back and clear his name of extortion charges. Mendoza was himself killed by police, who took nearly an hour to break into the hijacked vehicle.

Edcel Lagman, the minority leader in parliament, and other critics have pounced on Aquino's decision to leave the handling of the crisis to police and city officials as indicative of weak leadership. "There was an obvious failure of leadership and now we're the laughing stock of the international community," Lagman said.

Hong Kong police experts helped the Philippine panel conduct its inquiry, which included hearing testimony from Hong Kong tourists who had survived the bloodbath. Aquino has pledged to send a high-level delegation led by Vice President Jejomar Binay to Hong Kong, where he will try to head off an angry backlash in a key tourism market and a city that employs 100,000 Filipino domestics.

He has also vowed to improve the capability of the security forces, now tied down by communist and Muslim separatist insurgencies as well as hampered by puny budgets, to deal with similar situations in the future.

<http://www.bangkokpost.com/news/asia/196740/philippine-president-to-receive-bus-hijacking-report>

- **Economic front**
- **Unemployment rate falls to lowest in two years – NSO**

THE number of jobless Filipinos fell at its fastest pace in nearly two years with the economy growing nearly 8 percent. The National Statistics Office (NSO) on Wednesday said that unemployment went down to 6.9 percent as of July, the lowest since October 2008. A year ago the unemployment rate was 7.6 percent.

According to the agency, the actual number of jobless Filipinos was 2.7 million, lower than the 2.9 million in July last year and 3.1 million in April. The NSO said that the number of unemployed persons was higher among males at 62.6 percent than among females with 37.4 percent.

It added that 52.4 percent of the unemployed were in the age group 15 to 24 years old.

Of the unemployed, 32.5 percent were high school graduates, 22.7 percent were college undergraduates and 20.5 percent were college graduates. The country's total labor force rose to 39 million from 38.5 million in January.

The underemployment rate also went down to 17.9 percent, or a total of 6.5 million workers. The number of employed persons was estimated at 36.63 million, or an employment rate of 93.1 percent. The employment rate in July last year was recorded at 92.4 percent. Of the estimated 36.3 million employed persons, the services sector was the



largest group, comprising 51.2 percent of the total employed population.

The highest employed workforces in the services sector were in wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods.

Workers in the agriculture sector accounted for 33.9 percent of the total number of the employed, while only 14.9 percent of the total employed were in the industry sector.

Among the various occupation groups, laborers and unskilled workers comprised the largest, with 31.8 percent of the total employed population. In the first half of the year, the economy as measured by gross domestic product (GDP) grew by 7.9 percent compared to the same period last year. GDP is the total value of goods and services produced in a country in a year. This was the highest semestral growth since 1998 at 9.3 percent. Despite the better-than-expected GDP in the first half, the government kept its economic growth target of between 5 percent and 6 percent for this year. For 2011 to 2016, the government expects the economy to grow between 7 percent and 8 percent.

<http://www.manilatimes.net/index.php/top-stories/25968-unemployment-rate-falls-to-lowest-in-two-years--nso>

- **World poverty seen falling sharply but patchily**

It's lunchtime, but the cooking pots are empty outside Nurain Dimalao's shack. Her 7-year-old son plays amid the flies in garbage-strewn sand. She worries where his next meal will come from.

Baseco Compound, a shantytown of 50,000 people on the edge of Manila Bay, is the familiar face of poverty in villages and urban slums around the world. Yet there's also good news, albeit qualified: Worldwide, the poor are getting less poor, though not everywhere.

The share of the population of developing regions who live in extreme poverty is expected to fall to 15 percent by 2015, down from 46 percent in 1990, according to the U.N. The gains stem largely from robust economic growth in countries such as China and India, the world's two most populous countries.

Ten years ago, the U.N. set eight "Millennium Development Goals" to tackle the world's most pressing humanitarian problems by halving rates of affliction in such areas as disease, poverty and lack of basic education by 2015, compared with 1990.

But as a U.N. summit in New York next week will hear, the overall success in cutting extreme poverty is patchy from region to region. According to the World Bank, much of Asia has already met or is well on its way to meeting the goal, and Latin America is on track to more than halve its rate from 11 percent in 1990 to 5 percent in 2015, but sub-Saharan Africa is likely to fall short at a projected 38 percent. It was 58 percent in 1990.

In China, whose economy this year officially surpassed Japan's as the world's second

largest, the number living below the international poverty line fell from 60.2 percent in 1990 to 15.9 percent in 2005. By 2015, it is forecast to be 5 percent.

By a U.N. measure of living on less than \$1.25 a day, some 254 million Chinese remain in extreme poverty. The Chinese government uses a poverty line of \$190 in annual income, or about 52 cents a day, and 40 million Chinese fall below that. Those bedrock poor are mostly farmers and nomads, mainly from minority ethnic groups in remote areas.

Farmers in central China's Funiu mountains were among the poorest just a few years ago. In Chongdugou village, families wove bamboo mats to peddle for food.

Change came as it did to many villages in China — through an idea and a road. A local official thought the area's forested mountains and waterfalls could draw tourists, so he drummed up funding to pave the dirt track that was the sole path in and out of Chongdugou. Today almost all the village's 350-plus families are involved in tourism.

In the 1990s, "people could only feed themselves, and some even starved. Children could not afford to go to school, and many could not even finish primary school," said Liu Jiandang, a 41-year-old former farmer. "Now, we've got paved roads, new houses, phones and vehicles. I run a hotel that can host 20 to 30 tourists and some rooms have TV sets, air conditioners, hot water and bathrooms."

With her profits topping 50,000 yuan (\$7,000) a year, Liu can afford to send her 19-year-old son to vocational college and her 10-year-old daughter to primary school. "Our lives are so much better than before," she said.

India hasn't been as successful, but the U.N. says it is nonetheless on track to cut its poverty rate from 51 percent in 1990 to 24 percent in 2015. India's economy grew 8.8 percent in the second quarter of this year. "The growth within India has been outstanding," said Caitlin Wiesen, the India country director for the U.N. Development Program. But as in most places, the prosperity isn't evenly shared. "Growth needs to be job-rich and also needs to focus on agricultural productivity and production," she said. Even if the poor make up only 15 percent of the developing world's population by 2015, as the U.N. projects, that would still leave 920 million people in extreme poverty.

Dimalao, in the Manila slum, may well be one of them. Twenty years ago she left her home in the impoverished southern Philippines, tired of hardship and being caught in the war between government troops and Muslim rebels.

In Manila she hoped to get a job as a maid in Saudi Arabia and join the 10 percent of Filipinos who work abroad. But without money for the high fees charged by recruitment agencies, she ended up as a vendor until she quit to take care of her two children.

Her husband, a security guard, drops by occasionally and sometimes hands her 500 pesos

(\$10), but he has not been paid in full in the last seven months. He too wanted to work abroad, but a job recruiter ran off with his money. "I sometimes think of going back to work as a vendor but I have no capital," said Dimalao, now 40. "I would like to be able to provide for my children, but I also can't work because no one will look after them."

Their situation worsened in January, when a fire razed their neighborhood. They now live in a leaky plywood-and-tarpaulin shack, vulnerable to typhoons.

The Philippines issued a progress report this month that lowered its chances of meeting three out of four poverty-related goals by 2015.

The report said 32.6 percent of Filipinos were below the poverty line in 2006, and suggested the Philippines could miss the U.N. goal for 2015, but saw a "high probability" of halving the proportion who cannot afford to buy the food they need. The government blamed rising food and oil prices, slower income growth and faster population growth — and warned that bleaker times may lie ahead.

Jacqueline Badcock, the U.N. resident representative in the Philippines, said she was disappointed with the country's slide in progress. Natural disasters such as typhoons and floods also have cut gains, she said. U.N. officials point out that some nearby countries such as Thailand, which has tempered its population growth, increased economic output and reduced poverty rates, are already setting bolder targets above the Millennium Development Goals.

In India, the government runs a massive social welfare program that guarantees all rural families 100 days of work a year at a wage of 100 rupees (about \$2) a day. In the village of Suwana in Rajasthan state, Vimla Sharma said her family scraped by on her husband's meager earnings from working at a temple before she signed up for the work program two years ago. The extra money has allowed her to add a room and a kitchen to her house and send her teenage daughter to school. "Before, we wore torn and tattered clothes," she said. The program "has made it possible for us to take care of our household needs."

She only wishes the program could be extended. "There are 100 days of work in a year," she said. "Once these 100 days are over, what will the women do?"

Associated Press writer Charles Hutzler in Beijing and Shivani Rawat in Suwana contributed to this report.

[http://news.yahoo.com/s/ap/20100915/ap\\_on\\_re\\_as/millennium\\_goals\\_fighting\\_poverty](http://news.yahoo.com/s/ap/20100915/ap_on_re_as/millennium_goals_fighting_poverty)

- **Filipinos Paying a Price for Remittance Economy**

A house maid from the Philippines washes dishes at her employers' apartment in the Lebanese capital Beirut. The Lebanese justice system woefully fails to protect the country's large number of migrant domestic workers, many of whom face abuse by employers who act with near

total impunity, a human rights group said on September 16, 2010.

Mediterranean-inspired, pastel-colored houses dot the coast and hills of this rural town in the Philippines, dwarfing their traditional counterparts made of unpainted concrete blocks under roofs of corrugated zinc. The larger houses, barely inhabited, many of them empty, belong to overseas workers who plan to return here one day.

Despite their absence, the workers have contributed money to help build roads, schools, water grids and other infrastructure usually handled by local governments. They pay for annual fiestas that were traditionally financed by municipalities, churches and local businesses. Thanks to their help, Mabini became a “first class” municipality last year in a government ranking of towns nationwide, leaping from “third class.”

In one village nicknamed Little Italy, where a quarter of the 1,200 residents are working in Italy, the overseas workers paid 20 percent of the cost to construct a public hall.

“We couldn’t have finished it without the OFWs,” the village head, Raymundo Magsino, 64, said, referring to “overseas Filipino workers.” Remittances, which the government says have been rising sharply — from \$7.6 billion in 2003 to \$17.3 billion in 2009 — now account for more than 10 percent of the Philippines’ gross domestic product.

The payments are also the main factor driving the country’s recent economic growth, which would have otherwise remained stagnant.

But critics, including many overseas workers, say the government has developed an unhealthy dependence on the remittances, turning a blind eye to their social costs, especially divided families and the reliance on them to pay for services while failing to build a sound economy that produces good jobs at home.

About 15 percent of the 42,000 residents of Mabini, about 130 kilometers south of Manila, live overseas — typically working as maids, nurses or service workers — compared with an estimated national average of 10 percent. One recent morning, Jocelyn Santia, 40, was packing her bags after two months of vacation here to return to her job as a housekeeper in Milan. She and her husband, who died six years ago, began working in Italy 20 years ago after being recruited by an employment agency.

Her grandparents and a brother raised her four children here, though the two eldest now attend college in Italy. Her sacrifice, she hoped, would yield good, white-collar jobs for her children. But with her departure — and yet another separation from her two younger children — looming before her, she expressed bitterness about having to leave her family. “The economy is bad here, salaries are low,” she said. “It’s the fault of the government that so many Filipinos have to go abroad. If there were good jobs here, why would we ever think of going abroad?”

Nilo Villanueva, the mayor of Mabini, said he had often heard this criticism from

overseas workers. Villanueva was elected in 2007 by campaigning in Italy and championing the interests of overseas workers. The mayor connected Little Italy to the water grid last year. Yet, even as Villanueva has sought overseas workers' investments in a feed mill and other projects, he said he worried about the town and country's reliance on remittances. "Many people have become lazy now, because they are overdependent on remittances," he said.

He said the municipality not only counted on investment from its overseas workers, but also had become dependent on their earnings in less direct ways. Most overseas workers here, for example, send their children to private elementary schools, which have smaller class sizes and offer richer educational and extracurricular programs. "They are helping the municipal government because we are spending less on public schools," Villanueva said.

At the private Santa Fe Integrated School, which charges an annual tuition of \$370, 80 percent of the 250 students are children of overseas workers. About half have both parents overseas and are being raised by relatives or housekeepers, said Louella de Leon, the principal. Kate Michele Mendoza, 12, and her sister Christina, 8, are typical cases. With their parents working in Italy since Kate Michele's birth, they live with their grandparents and two cousins, whose parents work in Oman. The parents return here once a year, staying one to two months.

De Leon said that while the children of overseas workers were better off financially, they lacked discipline and scored poorer grades than the children with parents present. "The kids of OFWs have everything in terms of gadgets — the latest cellphones that you can't even find in Manila — and they have bigger allowances than even the teachers," De Leon said. "But they have an attitude. They are arrogant." "I don't understand their parents," she added. "They are working as maids in Italy and they hire maids here to take care of their own children. They value their money more than their families." The national government has highlighted the positive effects of the OFW economy, calling the workers "heroes" and presenting awards for the model OFW family of the year.

In Manila, Vivian F. Tornea, a director at the Department of Labor's Overseas Workers Welfare Administration, said the benefits of the remittance economy far outweighed the costs. Tornea denied that the national and local governments had become dependent on remittances, saying that overseas workers' contributions to building public infrastructure were simply "payback" because they did not pay income taxes.

"Just as we get assistance from other funding institutions, why can't we accept from our own nationals who are willing and capable of giving something for their own community?" she asked.

While the government has welcomed the overseas workers' remittances, it has done too little to ensure their long-term financial health, critics say. Atikha, a private organization here, provides financial literacy programs for overseas workers who, here in Mabini and elsewhere, tend to invest in houses and vehicles that remain unused for years.

Ella Cristina Gloriane, a personal finance adviser at Atikha, said overseas workers often incurred debts overseas to build their dream houses here. "That's one reason why many of them can't come home," she said. "They have to keep working to repay their debts.

<http://www.thejakartaglobe.com/business/filipinos-paying-a-price-for-remittance-economy/396941>

- **At Social Front**
- **Abu Sayyaf member killed in S Philippines: military**

A member of the Abu Sayyaf group involved in the celebrated Dos Palmas kidnapping was killed on Sunday following a gunfight with government forces in the southern Philippine province of Basilan, a military commander said.

The slain suspect - Abdulkarim Sali, alias Benjamin Sali and Ben Raffy - has a 350,000 peso (7,900 U.S. dollar) reward on his head for his neutralization, said Lt. Gen. Ben Dolorfino, chief of the military's Western Mindanao Command.

A joint military and police team was conducting law enforcement operations at Lower Mangas village, Lantawan town around 3 a.m. when Sali resisted arrest, Dolorfino said.

Sali figured in a 10-minute fire fight against the troops until he was slain. Recovered from his possession were one M16 rifle with M203 grenade launcher attached on it, ammunition for M16 and M203, cell phones and personal belongings.

Dolorfino said Sali had standing warrants for involvement in the May 2001 kidnapping of 20 tourists from the posh Dos Palmas resort in Palawan province, including American missionary couple Martin and Ggacia Burhnamn and American-Peruvian Guillermo Sobero.

From the resort, the Abu Sayyaf members took their hostages to their bailiwick province in Basilan and subsequently figured in the siege of Lamitan town, where the terrorists took a few more hostages.

Sobero was beheaded by the Abu Sayyaf group weeks later. Meanwhile, Martin Burhnamn was slain while Ggacia Burhnamn was rescued in a military operation in Sibuco town in Zamboanga del Norte province a year after the kidnapping.

Abu Sayyaf, active in southern Philippines, was founded in the 1990s and has perpetrated a number of high-profile attacks, including kidnapping and bombing. The Philippine military estimates the Abu Sayyaf, which has links with external terrorist organizations such as Al-Qaeda, currently has about 400 members.

<http://english.people.com.cn/90001/90777/90851/7145264.html>

- **Should the media be punished over Philippines bus siege?**

Philippine Justice Secretary Leila de Lima has vowed to criminally or administratively sanction police and other government officials responsible for the bungled August 23 rescue of a group of Hong Kong tourists taken hostage by a dismissed former policeman. The debacle -- broadcast worldwide -- left eight hostages dead and relations between Hong Kong, China and the Philippines in tatters. Enraged Hong Kong people and embarrassed Filipinos alike expect the Philippine government to hold those responsible for the tragic fiasco accountable.

De Lima seems determined to oblige. And she said she won't stop with police and government officials. Powerful government officials -- and many ordinary Filipinos -- believe that local media personalities and their bosses share responsibility for creating conditions that allowed the crisis to spin out of control. One broadcast commentator, Erwin Tulfo, has gone on record admitting that in their eagerness to "out-scoop" each other, networks may have contributed to the fatal end of the hostage drama.

Whether those sentiments are correct or not, De Lima and her boss -- President Benigno S. Aquino III -- are taking an enormous political gamble taking on the media. The overwhelming political goodwill that largely accounted for Aquino's election has been seriously eroded by the perception that he failed his first major leadership test in a stunningly public and inept way.

Because Filipinos rely on their free -- and often freewheeling -- media to keep government in check, any hint that the government's true intent is to silence media critics rather than discipline criminal behavior will backfire with profoundly damaging results. Persistent reporting of alleged corruption by the administration of Aquino's predecessor -- former President Gloria Macapagal-Arroyo -- account in a significant way for the historic low approval ratings of Arroyo.

Arroyo attempted to put media in its place by having her husband, the former "first gentleman" Mike Arroyo, file liable cases against reporters, editors, and publishers. Mr. Arroyo eventually withdrew those cases after recovering from a serious illness, offering the excuse that he was tired of fighting. His critics believe otherwise, suggesting that the negative publicity surrounding the cases -- including international criticism -- was actually making things worse for his wife's beleaguered administration. But Filipinos hold few illusions about media, either. Stories abound of "envelopmental journalism" -- referring to payoffs in the expectation of positive coverage, particularly, but not limited to, in political and government circles. When someone refers to a columnist or commentator as "AC-DC," he is referring to the practice of "attack-collect, defend-

collect." But for Filipinos, the trade-off in professional ethics is worth the benefit of keeping a government on its toes, if not very honest. Although the Philippines is perceived to be one of the most corrupt countries in Asia -- the 2010 World Economic Forum Competitiveness Report lists corruption as the most problematic factor for doing business here -- to be fair there are pockets of good governance, particularly in departments responsible for economic growth and development such as Trade and Finance.

Hard-working, honest career officials labor diligently under the mantle of corruption that characterizes perception of government. The same is true for media, where professionals constantly struggle to demonstrate commitment to excellence in their work despite the underhanded practices of some of their peers.

Filipinos won't allow the uneasy but sacrosanct dichotomy between media and government to be tampered with much. The fact that the balance must be preserved benefits both corrupt politicians and government officials and corrupt media. But it also protects professional media -- probably more than it does honest government officials -- from unscrupulous officials who loathe transparency and are in government to leverage opportunity, rather than to serve.

What this means for Aquino and his justice secretary is that Filipinos are likely to go along with legitimate discipline of any media personality that contributed criminally to the needless deaths of the eight hostages. But they must remember that where that line is drawn is very fuzzy, and government is itself responsible. Because officials at no time issued a media directive; they cannot enforce one retroactively. As Tulfo admits, broadcast media probably did contribute to the bloody outcome of the crisis. If they did, it was with government's acquiescence. But then, should professional media have known better anyway? The opinions expressed in this commentary are solely those of Michael Alan Hamlin.

<http://edition.cnn.com/2010/OPINION/09/17/hamlin.philippines.hong.kong.bus.hostage/index.html>

- **Saudi govt urged to probe maid's murder**

The Philippines yesterday demanded that Saudi Arabia investigate the killing of a Filipina domestic worker who was stabbed and attacked with sulphuric acid at her employer's home. The victim, whose name and other details were withheld until her family was informed, was found with horrific injuries at a house in the eastern Saudi city of Al Khobar on September 8, said the foreign ministry in Manila.

A ministry statement rejected the employer's supposed explanation that the woman had committed suicide.



“The (Philippine) embassy is... to make strong representations with the Saudi authorities for the thorough investigation of the case, and if warranted, for the filing of the necessary criminal charges against the culprit,” it said. The ministry said the woman had flown to the Middle East kingdom 100 days earlier to work as a nursing aide, but was forced to become a “household service worker” instead.

She was taken to the King Fahd Hospital on September 8 by the Red Crescent after she was found in the kitchen of her employer’s residence, the statement said.

She was found to have knife wounds in her neck, abdomen and wrist, as well as acid burns in her mouth area, arms and legs. Reportedly an almost empty container of sulphuric acid was taken from the scene, it added.

She was pronounced dead at the hospital. The doctor who treated the woman told police it was impossible for the woman to have committed suicide by stabbing herself and ingesting the acid at the same time, the ministry said. AFP

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=386087&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=386087&version=1&template_id=45&parent_id=25)

- **Manila to wrap up bus hijack report this week**

An official report on a bus hijacking that left eight Hong Kong tourists dead is to be submitted to Philippine President Benigno Aquino later this week, the country’s justice chief said yesterday.

The report is expected to contain specific names of police and government officials to be criminally or administratively sanctioned over last month’s hostage fiasco, which has undermined Aquino’s young government.

“It’s a very exhaustive, fact-intensive report,” said Justice Secretary Leila de Lima who is heading the inquiry.

The report was scheduled to be submitted to Aquino yesterday, but de Lima said that investigators needed two more days to complete some sections.

“We have advised the president that we will submit the report on Friday, the 17th,” she said. “It’s not possible to submit it today.”

The report, she said, would include testimony of the survivors as well as official accounts of the police commanders on the ground during the August 23 hostage-taking by a disgruntled former police inspector. Police have admitted missing repeated chances to take out the hostage-taker during the day-long crisis, which culminated in a bungled rescue bid that was broadcast live on television around the world.

Aquino, whose political capital has been diminished by the fiasco, said Tuesday he hoped to draw a line under the tragedy and move to rescue the tourist industry battered

by the crisis.

“Many people are saying that what happened at the Quirino Grandstand was the first test of my administration,” Aquino said as he named a new police chief. The country’s top cop left Manila as the crisis unfolded, and decided to retire three months early as the fiasco blew up in Aquino’s face.

Critics led by Edcel Lagman, the minority leader in parliament, have pounced on Aquino’s decision to leave the handling of the crisis to city officials and police as indicative of weak leadership.

“The crisis, because of its international repercussions and effects on our economy, demanded decisive and forthright presidential action, but the president was nowhere to be found,” Lagman said. “There was an obvious failure of leadership and now we’re the laughing stock of the international community.”

Sacked Manila policeman Rolando Mendoza, armed with an assault rifle and a handgun, hijacked a bus full of Hong Kong tourists in a bid to win back his old job and clear his name of extortion charges.

One of the inquiry’s tasks was to establish whether the hostages were killed by Mendoza, the police rescuers or other forces deployed in the area during the crisis.

De Lima, the head of the inquiry, has backed away from her earlier suggestions that some of the hostages could have been hit by “friendly fire,” saying at least one survivor pointed to Mendoza as the killer.

Aquino has pledged to send a high-level delegation led by Vice President Jejomar Binay to Hong Kong to try to mollify an angry backlash in a key tourist market where about 250,000 Filipinos are employed.

He has also vowed to improve the capability of the security forces, who are already battling communist and Muslim separatist insurgencies, to deal with similar situations in the future.

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=386086&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=386086&version=1&template_id=45&parent_id=25)

- **Cyber World**

### **Thailand**

- **Political Front**
- **Anti-government protesters in Thailand demand release of leaders**

Hundreds of anti-government protesters Friday defied emergency law in the Thai capital to call for the release of their colleagues arrested in a crackdown four months ago.

Sixteen leaders of the movement have been detained since May 19 for staging a 69-day

demonstration that ended with 91 people dead and parts of Bangkok in flames.

About a thousand protesters marched to the Bangkok Remand Centre Friday to lay roses at the front gate of the prison. "We will come back every week until our friends are freed," said Jatuporn Prompan, a leader of the United Front for Democracy against Dictatorship (UDD), better known as the red shirts.

The red shirts plan to hold protests in Bangkok and the northern city of Chiang Mai Sunday to commemorate the fourth anniversary of the bloodless 2006 coup that toppled their leader, former premier Thaksin Shinawatra.

The coup was seen by the UDD as a step backward for Thai democracy and an entrenchment of the political elite, monarchy, military, bureaucracy, old money and established political parties, such as the Democrats, who lead the current government.

Red-shirt demonstrations in April 2009 and from March to May of this year were put down by the government with support from the army. With most of the UDD leaders in jail, the pro-Thaksin opposition party Puea Thai in disarray and Bangkok still under emergency law, few expected the red-shirt movement to regain its momentum soon.

"At this stage, I think the establishment is ensconced without a challenge," said Thitinan Pongsudhirak, a political scientist at Bangkok's Chulalongkorn University. "But the red shirts have not gone away. The movement is still a significant force." On May 19, the Thai army cracked down on the UDD leadership and thousands of its supporters who had occupied the heart of Bangkok for six weeks, demanding that the government dissolve parliament and call new elections.

When the troops moved in, the UDD leadership surrendered. Their arrests sparked a looting and arson rampage in the upmarket Ratchaprasong shopping district, a response that damaged the movement's credibility among residents of Bangkok.

Altogether, 91 people died in street battles, bombings and sniper fire from April 10 to May 19, and more than 1,800 were injured. Of the dead, 11 were soldiers or police. The top UDD leaders have been detained at the Bangkok Remand Centre since the crackdown, facing a series of charges, including terrorism.

Bangkok has been under emergency decree since April 7, allowing authorities to arrest suspects for up to three months without charge and banning all political gatherings of more than five people. The government has yet to lift emergency law in the capital although it has done so in most provinces.

<http://www.newkerala.com/news2/fullnews-43369.html>

- **Thai politics is all business as usual - literally**

First, I was asked why I displayed no noticeable excitement over the "major shake-up" in the opposition Pheu Thai Party. Thai police general Kowit Watana was supposed to be

the key figure to ensure that national reconciliation would finally take place.

Then, I was questioned why I wasn't surprised by the fact that the party "leader", Yongyuth Wichaidit, who had resigned a week earlier, was voted back in.

My conclusion has always been: The more things change, the more they remain the same. This is especially true with Thai politics. You raise your hopes at your own peril.

My optimistic friends have been pestering me with the question: Shouldn't we all be looking forward with great anticipation to a big leap forward in Thai politics? Perhaps, for the first time, we may see some genuine improvement in the quality of Thai politicians. But my pessimistic friends have warned me: Once Thaksin Shinawatra starts talking peace, you had better be prepared for a new round of war.

Caught in between the two camps, I probably should look for signs of encouragement in the wake of this new talk about national reconciliation - which may lead to a new general election that will usher in a new era of democracy, leaving behind the ugly and depressing imposition of emergency decrees.

But I can't remain "neutral" while trying to retain my sanity. My discussions with a good number of the country's best-known "vote-getters" - who have successfully disguised themselves as the country's leading politicians - convinces me that the time to celebrate the arrival of a new era of representative democracy is still a long way off.

My research has confirmed that most Thai political parties, whether you like it or not, are "owned" by individuals. And believe it or not, most party "owners" are either banned from political activities or are living abroad fighting legal battles at home. For quite a few of them, the creation of a political party is nothing more than a business investment. The name of the game is to win enough seats in an election to bargain for sufficient Cabinet portfolios so that they can exercise political power to "earn" enough money to make a "profit" from the political venture.

Typically, a party owner looks upon the formation of a party as a capital venture. He may start by taking a loan from a bank (against his own land or personal guarantee as collateral) with a clear "business plan" that shows a very attractive "return on investment". He then goes around picking promising candidates who could win seats for his party. His investment on each of the candidates depends on his or her potential to win enough votes to get a seat in the House. The electoral candidates in effect become the party owner's employees, who then vote and talk along the lines dictated by the boss.

Political scientists call it "party discipline" when they advocate a constitutional provision whereby MPs have to vote according to their party's policy. Investors who make money out of the business of politics call it the normal "corporate chain of command".

Strange though it may sound, the principles of ideal political theory and smart business

investment practice somehow end up in the same place.

In a slightly different model of the "corporatisation of politics", the party's owner may enter into a "joint venture" with a few "shareholders" who finance their own bloc of candidates. With or without any formal agreement, the "major shareholder" and his "investment partners" split up the spoils once the election results are known. The "financiers" get their "quota" of Cabinet portfolios in proportion to the size of investment of each shareholder. Ministerial portfolios are classified and graded according to the "potential business opportunities" for the Cabinet members.

"Grade A" portfolios such as the interior, communications, industry or commerce ministries offer the party owners the greatest opportunities to turn huge profits on their investments.

The party's big shareholders make sure that their MPs who become ministers squeeze and extort as much money as possible from their positions of power, through all possible corrupt means, to pay back the investments made on them during the election campaigns.

All these efforts to maximise profit must of course be conducted with flair and rhetoric that should convince the general public that such political joint ventures are aimed at promoting national interests, while in fact the top priority in these schemes is nothing more than making the highest return on the party owners' investment.

It will thus require a massive political earthquake and a series of violent aftershocks to convince me that there is light at the end of the tunnel. This means that I expect lots of bad news before we can really turn the corner. As a good Thai citizen, though, I shall hang in there and stick it out.

<http://www.asianewsnet.net/news.php?id=14352&sec=3>

- **Me? Plot revenge? No way, says Thaksin**

Fugitive ex-premier Thaksin Shinawatra has denied he is plotting revenge against rivals in his homeland, but says he "won't kiss up to anyone".

The former PM also warned that if both sides do not take a step back, both will lose, according to Matichon, which ran an interview after he rang the paper on Friday and talked about reconciliation and Pheu Thai Party.

"Don't worry that I think about taking revenge. In my heart, I believe reconciliation is a great agenda. I do not think about taking revenge. I do not have any resentment against anyone. But I will not kiss up to anyone," he said.

Asked if he wants reconciliation, why he hasn't stopped a political movement that seems to put the country in jeopardy, Thaksin asked why had "harassment against him" not stopped. Thaksin rejected criticism that Pheu Thai Party was on the way down with MPs defecting to other parties. "Let's wait and see when the general election is held. The party

expelled the two rotten MPs, does this show the party is on the downward spiral?"

He also denied going into shock during a blood transfusion. "When people do not like each other, they can say anything but I forgive them," he said.

<http://www.nationmultimedia.com/home/2010/09/12/politics/Me-Plot-revenge-No-way-says-Thaksin-30137794.html>

- **Thaksin says he can push politics back on course**

Thaksin Shinawatra appears upbeat he could play a vital role in putting politics back on course, shrugging off legal woes and pinning hope on the shifting political wind to fix his predicament as the fugitive ex-premier.

"I think there is a good chance for the resumption of political normalcy even though it is not happening at this time due to many politicians selling their democratic spirits to dictatorship with the hope of clinging to power," he said in a second part of his interview published in Friday's Thai Rath online edition. Thaksin said he believed Thailand could become a truly democratic country under two conditions if politicians would unite in upholding democracy and if the people would consistently cast their votes to punish pseudo-democratic politicians.

<http://www.nationmultimedia.com/home/Thaksin-says-he-can-push-politics-back-on-course-30137215.html>

- **Geo-Strategic Front**
- **Thailand, Cambodia look beyond Thaksin**

Former Thai premier and fugitive from justice Thaksin Shinawatra's arrival on his private jet in Phnom Penh last year was broadcast live on local television, the climax of weeks of diplomatic intrigue that brought relations between Thailand and Cambodia to their lowest point in years. Arriving nominally as an economics adviser to the Cambodian government, the ousted leader served mainly as a pawn in a spat between Bangkok and Phnom Penh that saw the countries withdraw their respective ambassadors and engage in an unflattering war of words over the next several months.

The abrupt announcement of Thaksin's "resignation" from his post last month has been cause for rapprochement, with ambassadors returned to their posts and a meeting scheduled between Cambodian Prime Minister Hun Sen and his Thai counterpart Abhisit Vejjajiva in New York next week.

Yet for all the pomp attached to Thaksin's comings and goings, the current rapprochement between Thailand and Cambodia can only steal the spotlight for so long from their more fundamental disagreement over their shared border. Ironically, Thaksin's advisory appointment caused significant economic harm for Cambodia.

In retaliation, Bangkok tore up a 2001 memorandum of understanding on joint

development of a 26,000 square kilometer area in the Gulf of Thailand thought to contain significant oil and gas reserves. Cambodia's exports to Thailand plunged 50% year-on-year in the first six months of 2010, while many Thai investors have likely been dissuaded from investing in Cambodia in view of the acrimony between the countries.

Politically, though, Thaksin provided Hun Sen with a chance to ratchet up tensions with a traditional enemy and intensify his border rhetoric to a rather outlandish extent. "Do you dare to swear on magic that could break your neck, on a plane crash or a dissolution of the countries, that your soldiers did not invade Cambodia's territory?" Hun Sen said in a speech last year, apparently addressing Abhisit.

Tension over the border erupted in 2008 after the listing of Preah Vihear temple as a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage site for Cambodia, as both sides laid claim to a 4.6-square-kilometer patch of land adjacent to the temple. The issue flared up again last month after a meeting of UNESCO's World Heritage committee in which Cambodia submitted management plans for the temple.

The countries are in the process of demarcating their border, but talks have been stalled since last year pending approval of the latest round of negotiations in the Thai parliament. Abhisit and his Democrat party-led government are under intense pressure from hardline elements of the nationalist "yellow shirt" movement not to give any ground in the territorial dispute, and a vote in the Thai parliament to approve the latest negotiations was again postponed last month, to the ire of Cambodian leaders.

Cambodia has been pressing aggressively to bring attention to the dispute, appealing to both the United Nations and the 10-member Association of Southeast Asian Nations (ASEAN) for assistance. ASEAN assistance was required, Cambodian Foreign Minister Hor Namhong said, to help avoid "large-scale armed conflict" along a frontier in which at least seven soldiers have been killed in periodic skirmishes since 2008. These appeals have irked Thai officials, who have repeatedly stated their opposition to border talks in any forum but a bilateral one. The move to cut ties with Thaksin may be the latest element of Cambodia's border strategy, said Ou Virak, president of the Cambodian Center for Human Rights.

"It gives Cambodia the upper hand when the Thaksin issue has been played out," Ou Virak said, with the move allowing Phnom Penh to "separate the Preah Vihear conflict or tension from other kinds of issues".

Amid its diplomatic maneuvering, Cambodia is also bidding very publicly to upgrade its military capabilities at the border. This week, the government announced the purchase of

dozens of T55 tanks and armored personnel carriers.

Meanwhile, in a bizarre bit of corporate charity that has drawn condemnation from rights groups, a local television station is collecting donations to help build reinforced concrete bunkers for combat troops at the border.

Carlyle Thayer, a professor at the Australian Defense Force Academy, said these efforts were largely "grandstanding" for the benefit of a domestic audience. "You can't take it at face value - there's no way that Cambodia is ever going to acquire the military power to take on Thailand in a conventional military conflict," Thayer said.

He said the militarization that Hun Sen has been pushing in relation to the border may be an effort to consolidate his support in the military, an institution that is the only conceivable counterweight to his near-absolute power. "It keeps the military on his side if you talk about an external threat or their importance," Thayer said. For Thailand, the border dispute with Cambodia remains a key issue in a domestic political crisis that shows no sign of being resolved any time soon.

"The real reason that the border issue is a problem is not because Cambodia has these claims - the real reason the border issue is a problem is that the yellows accuse the reds [Thaksin supporters] of giving away a national asset," said Michael Montesano, a visiting fellow at Singapore's Institute for Southeast Asian Studies.

"The government doesn't want to have to deal with large-scale yellow-shirt demonstrations, and the lives of people in the government can be made very difficult and the lives of their families can be made very difficult if they are seen as somehow stepping back from the yellow cause." Signs do, for the moment, point to a warming of relations. With the return of their ambassadors - absent for more than nine months - Cambodia and Thailand have now resumed full diplomatic ties, and Abhisit and Hun Sen are scheduled to meet again in October following their meeting in New York next week.

Montesano said Thaksin's "resignation" had in fact likely been brokered in secret talks between the two governments, with Bangkok perhaps hoping to get closer to apprehending red-shirt leaders known to be hiding out in Cambodia after the May 19 military crackdown on protests in Bangkok. In a surprise move in early July, Cambodian authorities apprehended two Thais believed to be red-shirt supporters and suspected of involvement in a bomb attack on the headquarters of Bhum Jai Thai, the second-largest party in Abhisit's ruling coalition. Phnom Penh handed over the suspects to Thai authorities without a formal extradition request from Bangkok.

"This is to show the willingness of the government in fighting terrorism," Koy Kuong, Cambodia's Foreign Ministry spokesman, said after their arrests. At the very least, Thaksin's departure has given Hun Sen and Abhisit the political cover to hold talks on



economic issues and other obvious common interests. The border dispute continues to loom large in their relationship, however, and for the moment, appears indifferent to external developments. Just one day after Thaksin's resignation was announced, the Cambodian government's Press and Quick Reaction Unit (PQRU) issued a statement accusing Abhisit of becoming "an accomplice and a sponsor of criminal-prone activity" by the yellow shirts.

"Once again, the [PQRU] urges Thai political figures to put an end to the malicious campaign of innuendo, suggestion and speculation to fault Cambodia by raising the issue of the Temple of Preah Vihear," the statement read.

[http://www.atimes.com/atimes/Southeast\\_Asia/LI18Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/LI18Ae01.html)

- **Economic front**
- **Investors Keep Eye on Thailand Asian Economic Tiger**

Last week we talked about Singapore and Thailand - two Asian economies that are quietly taking off. Today I want to add to those thoughts with a few more key points that opportunistic U.S. investors should know about Thailand, in particular.

Over the weekend, the Thai currency, the baht, rose to its highest level since 1997 due to an improved outlook for economic growth and expectations of more investor inflows. A current-account surplus of \$5.42 billion this year through July and the fact that the Bank of Thailand has raised its benchmark interest rate twice this year have also helped the baht post the second-best performance among Asia's most-traded currencies excluding the yen.

"There has been quite a lot of demand to buy the baht from offshore, probably from foreigners to buy Thai stocks and bonds," Kozo Hasegawa, a Bangkok-based foreign-exchange trader at Sumitomo Mitsui Banking Corp., told Bloomberg News. "Money is flowing into Asia on the region's strong economic outlook." The rise in the currency has coincided with a 30% advance in Thailand's SET Index since May, when government troops smashed anti-government protests.

That advance is almost entirely from locals, because investments from the G3 countries - the United States, the Eurozone, and Japan - are at an 11-year low due to the political unrest of the spring. Overseas investors sold a record \$1.81 billion of Thai stocks in May, when fighting between troops and anti-government protesters left 89 people dead. Barclays Capital reported that emerging-market funds have invested less in Thai stocks and bonds this year than any Asian market except Singapore. Bloomberg reported that global funds are slowly creeping back, as they bought \$298 million of Thai stocks last week. That was the biggest net purchase in almost six months, and it helped send the SET to its highest level since November 1996. However, the market is still very cheap,

sporting a forward price/earnings (P/E) multiple of around 11-times. Again, this is largely due to fears over the political climate. Also remember that the Thai market is only just emerging from a twelve-year bear cycle that began with the Asian currency crisis in 1997. It's also very thin, with a total market capitalization of less than \$10 billion.

Still, Thailand's economy expanded 9.1% in the second quarter from a year earlier after gaining 12% in the previous three months, making for the best two quarters of growth since 1995.

And, as I pointed out last week, Thai companies are becoming globally competitive. The action in this market isn't just a paper-trading, stock-market phenomenon; it's real managers building real global businesses brick by brick. And because of the recent political upheaval, many of the big financial players are underexposed to this dynamic economy. KGI Securities reported that its foreign clients still had "slim" positions in Thailand, suggesting there is room for further inflows. "With the political unrest, many foreign institutional investors are still underweight on Thailand," Jessada Sookdhis, a fund manager at Ayudhya Fund Management, told Bloomberg. "Since last month, we have seen comparatively higher inflows into Thailand. The political situation is very calm here now." The Bottom Line: There's no bubble in Thailand, just some new attention in a thin market after a long period of avoidance. The iShares MSCI Thailand Index Fund (NYSE: THD) 20.3% is up 25% since the start of July. So stick with it for now, even if there's some volatility, as latecomers should continue to push values higher.

[Editor's Note: Money Morning Contributing Writer Jon D. Markman has a unique view of both the world economy and the global financial markets. With uncertainty the watchword and volatility the norm in today's markets, low-risk/high-profit investments will be tougher than ever to find. It will take a seasoned guide to uncover those opportunities.

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<http://www.marketoracle.co.uk/Article22710.html>

- **This is still a land of bitter division**

Thailand's economic figures look good, but we will remain a country of extreme wealth and poverty until our politicians develop a conscience.

The benefits of the recent economic recovery are not being distributed to the majority of Thai people. An Assumption University poll released last Sunday shows that people who

earn less than Bt10,000 (US\$321.21) per month have found their income decreasing. In short, income distribution is still a major challenge that the government must address.

The good economic figures this year have been founded largely on the vibrant export sector, but in the Assumption poll, respondents from 12 selected provinces said they had earned less compared to the previous quarter. Most said that their income barely covered their expenses. Two-thirds of them have no monthly savings at all.

The survey results give a more realistic picture of the Thai economy. The government has been excited at the economic growth figures but makes little effort to understand if this growth is actually meaningful to ordinary people. The Thai economic structure is still a failure, with the rich getting richer while the poor get poorer. As well as this, there is insufficient effort to foster contribution from the better-off sections of society to enable everyone to grow together. The massive budget earmarked to empower rural people is likely to be ill-spent.

Instead of superficial economic figures, the government should focus on providing educational and employment opportunities to the people who need them most, in order to ensure that long-term economic prosperity is attainable by all, especially for those in rural areas. If we cannot do this, an increasing number of people will continue to migrate to the big cities, exacerbating the problem of urban poverty.

Recently-released figures from the Finance Ministry reaffirm the size of the problem. Overall income distribution is now much worse than in 1992. The top 20 per cent of the richest people in Thailand account for 54 per cent of the country's combined revenue, while the poorest 20 per cent account for only 4.8 per cent of the country's total income.

Of Thailand's 64 million people, only 9 million submit tax payment forms to the Revenue Department. Of this number, only 2.3 million actually pay taxes, while the other 7 million are exempt from paying taxes because they receive tax benefits. Of the 2.3 million taxpayers, only 60,000 pay the highest progressive tax rate of 37 per cent.

These figures prove that only a small middle class is contributing to the welfare of the whole country. It is also worrying that Thailand is now ranked internationally as the 50th worst country in terms of income distribution.

These problems are unlikely to be solved if the Thai economy continues to follow this direction, where the people with good connections get all the opportunities, leaving the rest out in the cold. Thailand could easily move up from its shameful position on the worst income distribution list, but it's going to take great political will and sacrifice on the part of the wealthy to achieve this.

While the big cities have been growing, the rural areas have been largely ignored. Politicians in rural provinces don't care about sustainable, long-term initiatives to

improve the well-being of their constituents. They think only of personal short-term gain when they should be developing their constituencies to make communities more self-reliant. These politicians are a burden on the state and the people. They aim only at seizing funds that will compensate them for money spent during the election season. They become richer while leaving their constituencies poorer and more dependent on handout money.

The Thai political crisis stems largely from this uneven income distribution and unfair access to opportunity, especially in education. Prime Minister Abhisit Vejjajiva has said many times that the government will bridge the gap to reconcile the division in the country. So far, no concrete action has been taken. What we have seen is the old vicious circle of massive spending approved for big projects in which a small group of businesses receive lucrative concessions. Development budgets are designated to rural areas but fall into the hands of corrupt politicians and officials. Little is being spent to enhance the strengths of the people of this country. The result is that many people leave their homes to do menial jobs in cities while also relying on government subsidies and welfare.

Political reform will never be successful unless this uneven wealth structure is corrected. The failure to distribute wealth and promote local strengths and competitiveness will only lead to future political conflict. Corrupt politicians should be ashamed of living in palatial houses in the rural provinces while many in their own constituencies are struggling with grinding daily poverty. A prosperous and sustainable society can only thrive if there is cooperation and fair access to education and economic opportunity.

<http://www.asianewsnet.net/news.php?id=14176&sec=3>

- **Thailand biggest investment destination behind China: Jetro**

The Japan External Trade Organisation (Jetro) is looking at Thailand as the second-most-attractive investment destination after China, as Thailand has a clear picture for investment legislation. Jetro chairman and chief executive Yasuo Hayashi said yesterday that after the government solved the Map Ta Phut problem, his organisation had conducted a survey among its members.

The survey result showed that Japanese investors have confidence to resume investment in Thailand, as the country is ranked second as an attractive destination for their investment, ahead of Vietnam. Jetro met with a team led by Industry Minister Chaiwuti Bannawat and Atchaka Sibunruang, secretary-general of the Board of Investment (BoI), yesterday in Tokyo. It was the first roadshow of the Industry Ministry in Japan after the Central Administrative Court lifted the injunction for the 76 halted projects in the Map Ta Phut area.

Japanese make up the largest investor group in Thailand. During the first eight months of this year, the investment value from Japanese firms granted privileges by the BOI was 130 billion yen (Bt46.5 billion), accounting for 41 per cent of total investment value receiving the support from board. Hayashi said Thailand was a vital automotive manufacturing base for Japanese investors, representing the fact that Japan has cooperated with Thailand to manufacture automobiles to penetrate the world market.

"It is our country's intention to collaborate with Thailand in the long term," he said.

Hayashi said Thailand's political problems and the Map Ta Phut crisis were the major concerns for Japanese investors over the past few years. Now that Jetro has been assured by the Industry Ministry that the government will not change its policy of supporting foreign investors no matter whether the Cabinet is changed in the future, it has more confidence to expand investment in Thailand.

Jetro plans to send about 35 experts in the automotive industry to help improve Thai workforces. Jetro and the Thailand Automotive Institute have collaborated since 2006 to send Japanese automotive professionals to train labourers as part of the Thai government's policy to upgrade automotive-industry development.

The Japan External Trade Organisation (Jetro) eyes Thailand as the second place for the most interesting investment location in Asia behind China after the country has a clear picture for the investment legislation. Chairman and CEO Yasuo Hayashi yesterday said after the Thai government could solve the Map Ta Phut problem, Jetro had conducted a survey among its members. The survey result showed that Japanese investors have more confidence to resume investment in Thailand, as the country is the second-ranked for the most attractive destination for their investment, followed by Vietnam.

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Hayashi said Thailand is the vital manufacturing base in automotive industry for Japanese investors. It represents that Japan has cooperated with Thailand to manufacture auto to penetrate the world market. He said Thailand's political problem and the Map Ta Phut crisis were the major concerns for Japanese investors over the past few years. After Jetro

has been confirmed from the Industry Ministry that the Thai government will not change its policy in supporting foreign investors no matter what the Cabinet would be changed in the future or not, it has more confidence to expand the investment in Thailand.

<http://www.nationmultimedia.com/home/2010/09/18/business/Thailand-biggest-investment-destination-behind-Chi-30138239.html>

- **Social Front**
- **Thai 'pressure' to stop rights event on Vietnam: media group**

Thailand has threatened to deny visas to activists attending a Vietnamese human rights conference amid "pressure" to cancel the event, a journalist group said Sunday.

Authorities said that while Thailand attached "great importance" to freedom of expression, it would not allow "activities detrimental to other countries", according to the Foreign Correspondents' Club of Thailand (FCCT) in Bangkok. The FCCT said Foreign Ministry spokesman Thani Thongphakdi emailed the club asking it not to allow its premises to be used for the meeting, led by Vietnam Committee on Human Rights (VCHR), due to be held on Monday.

It was asked to tell event organisers -- an exiled Vietnamese rights group and long-time critic of that country's communist regime -- "that it was Thailand's intention to deny visas to the scheduled speakers", the FCCT said.

"We feel it is unfortunate that the Thai government has chosen to apply pressure on us in this way. We would appreciate if the government reconsiders the wisdom of such pressure," it added in a statement. A source close to the organisers said the event was now unlikely to take place at the FCCT because of the visa restrictions, although the group's report on Vietnam will be published as planned on Monday.

The document, sent to AFP under embargo on Saturday, claims rights abuses continued unabated during Vietnam's presidency of the Association of Southeast Asian Nations (ASEAN), a group that also includes Thailand.

Authorities in both countries were not immediately available for comment and it is not clear what sparked the Thai government intervention.

Thani said the country had a "long-standing position" of prohibiting activities deemed "detrimental" to other states, in the email received by the FCCT on Friday. "I therefore hope that the FCCT will respect this position and not allow its premises to be used for such activities," he added. Critics complain that Thailand's record on freedom of expression -- already controversial because of web censorship driven by strict rules over insulting the monarchy -- have worsened since deadly protests in April and May.

Emergency rules were imposed across many parts of Thailand during two months of "Red Shirt" protests in Bangkok from mid-March that left 91 people dead and ended with

a bloody army crackdown .Authorities have used the decree, which remain in place in seven out of Thailand's 76 provinces including Bangkok, to arrest hundreds of suspects and silence anti-government media.

[http://news.yahoo.com/s/afp/20100912/wl\\_asia\\_afp/thailandvietnamrightspress](http://news.yahoo.com/s/afp/20100912/wl_asia_afp/thailandvietnamrightspress)

## **Cambodia**

- **Political Front**
- **Opposition Leader faces trial in Cambodia**

The leader of Cambodia's main opposition party is facing an 18-year jail term should a Phnom Penh court convict him later this month of charges that the opposition says are steeped in politics. The municipal court in Phnom Penh heard evidence on Wednesday in the government's case against opposition leader Sam Rainsy. It is the second case the government has brought against him in less than a year.

Sam Rainsy was not in court – he is currently in France in self-imposed exile after receiving a two-year sentence from a Cambodian court in January.

The charges against Rainsy

In today's case he faced charges of spreading disinformation and falsifying public documents. The charges carry jail terms of up to 18 years.

The charges are based on a press conference given by Sam Rainsy earlier this year when he showed maps of the border area with Cambodia's powerful and influential neighbour Vietnam. Mu Sochua: guilty of defamation Bildunterschrift: Großansicht des Bildes mit der Bildunterschrift: Mu Sochua: guilty of defamation He claimed the maps proved that Vietnam was taking land belonging to Cambodian farmers.

Ruling party close to Hanoi

Cambodia's Prime Minister Hun Sen's links to Hanoi are easy pickings for the opposition, and go down well with some in a country whose people are wary of their powerful neighbors.

Cambodia's ruling party was effectively installed by Hanoi after a combined Cambodian-Vietnamese military force drove out the genocidal Khmer Rouge regime three decades ago.

Can courts deliver justice?

Although Sam Rainsy missed today's hearing, a number of opposition MPs were there including former women's affairs minister, Mu Sochua – herself no stranger to the country's much-criticized courts. Last year Mu Sochua sued Hun Sen for defamation over public comments he had made that she felt were about her and were derogatory. Hun Sen countersued and won on the grounds that her case against him was in itself defamatory.

Speaking outside the court, Mu Sochua said she did not believe the courts would deliver justice for Sam Rainsy: "For me this is déjà vu – revisiting my case again. You have the plaintiff, which is the government, the prosecutor is repeating exactly what the lawyers of the government are asking for. Exactly. And you have three judges who are really not qualified on this technical issue." The court will hand down its verdict on September 23rd, which means at this stage it is unclear whether Sam Rainsy will be convicted. But the opposition believes the outcome is a foregone conclusion. Party spokesman Yim Sovann says he is "very pessimistic" about the outcome of the case. Yim Sovann says every time the opposition goes head to head with the government in the courts, the opposition loses.

#### Bad Image for Cambodia

Chhaya Hang is the executive director of the Khmer Institute of Democracy, a Phnom Penh-based non-governmental organisation focused on democracy, politics and human rights. He says cases such as this one and others like it that the government has brought against its perceived critics in the opposition and in civil society carry a cost for Cambodia: "It's really difficult to have the leader of the opposition party overseas. So this is a bad image also from outside and [for] development partners and donors and what not to Cambodia."

Hun Sen: close to HanoiBildunterschrift: Großansicht des Bildes mit der Bildunterschrift: Hun Sen: close to HanoiChhaya Hang says it is in the government's own interest to ensure that Sam Rainsy can return from exile and carry out his work in safety and without having to worry about being sued or jailed. Chhaya Hang points out that political deals like that have happened before. Five years ago Sam Rainsy was sentenced to 18 months in prison in another case brought by the ruling party. He was eventually granted a royal pardon at Hun Sen's request.

Regardless of the outcome from today's case, Sam Rainsy still has a two-year jail term hanging over him from an earlier court case – again over allegations that Vietnam was taking the land of Cambodian farmers. Hun Sen has already ruled out a pardon for that. With the 2013 general election looming, it remains to be seen whether the leader of Cambodia's opposition will even be able to take part.

<http://www.dw-world.de/dw/article/0,,5985643,00.html?maca=en-rss-en-asia-5133-rdf>

- **Geo-strategic front**
- **Cambodia boosts army with new tanks, fighter vehicles**

Cambodia is buying dozens of new tanks and other combat vehicles to boost its military, the foreign ministry said Wednesday, as a deadly border dispute with Thailand rumbles on.



The pro-government newspaper Rasmei Kampuchea reported that 50 new T55 tanks and 44 armoured personnel carriers are set to arrive in the country next week.

Military officials could not be reached for comment but foreign ministry spokesman Koy Kuong confirmed that Cambodia had purchased a number of tanks and fighting vehicles and said further shipments would follow. "We will have many more" than 94, Koy Kuong told AFP.

He said Cambodia would not pose a threat to anyone with its new military hardware -- despite a long-running border row with Thailand, a spat that has claimed the lives of several soldiers on both sides.

"We have purchased this equipment in order to strengthen our military capacity to defend territorial integrity and to prevent any intentional invasion from another country," Koy Kuong added. He would not confirm how much Cambodia is paying for the new military equipment or where it is coming from. Cambodia has an estimated 124,300 armed forces, according to 2010 data from the International Institute of Strategic Studies in London. Compared to Thailand with its 300,000-strong armed forces and well-equipped air force, Cambodia has much less military muscle than its neighbour, a situation it has been trying to improve in the wake of the border dispute. Cambodia and Thailand 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 World Court ruled in 1962 that the temple belonged to Cambodia, although its main entrance lies in Thailand. 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/20100915/wl\\_asia\\_afp/cambodiathailandmilitary](http://news.yahoo.com/s/afp/20100915/wl_asia_afp/cambodiathailandmilitary)

- **economic Front**
- **Cambodia Spurs Development With Second Tallest Building in Asia**

Cambodia, despite, being one of the poorest nations in the world, has announced plans to build the second tallest building in Asia, a 1,820-foot skyscraper in its capital, Phnom Penh. Some may applaud the idea as a step toward development, but for others the announcement is radically unnecessary, given the country's vast poverty and struggling socio-economic indicators. Wouldn't the \$200 million dollars be better spent elsewhere?

"Coupled with the country's push with mining there certainly is concern that social services may be overlooked with a need for economic advancement," Architecture for Humanity founder Cameron Sinclair tells Fast Company--he was recently in Cambodia working on design for the poor and marginalized. "Cambodia is fueled by thousands of micro-entrepreneurs and supporting this community would bring as much stability as luring in international business."

There is a precedent for building in uncertain times, such as the Empire State Building's construction during the Depression, but "economic development does not mean having the biggest companies or tallest buildings. It is worrying to see Cambodia take a Dubai approach to plant a foot on the world map," says Sinclair. But it seems Cambodia wants Siam Reap to be the next New York City and is willing to risk the well-being of millions of its citizens to reach that goal via a vision for Asia's tallest building.

Asia's current tallest building is Dubai's Burj Khalifa, followed by Taiwan's Taipei 101 Tower, the Shanghai World Financial Center and Malaysia's Petronas Towers.

<http://www.fastcompany.com/1687310/cambodia-tallest-building-in-asia>

- **Cambodia considered a successful post-conflict country: PM Hun Sen**

Cambodia's Prime Minister Hun Sen said Saturday that his country is considered as a "successful post-conflict country". Giving speech at the forum on 2010 Asialink Conversations- Cambodia, Hun Sen said "Cambodia can be considered as a successful post-conflict country," saying the reforms and economic growth plus other development schemes and plans are on right track. He said, after the post conflict that only ended in late 1990s, and with the support from development partners and the private sector, Cambodia has made giant strides in development in the last decade.

With the return of full peace in 1998, a sense of confidence and pride pervades the country, a feeling that bodes well for birth prospects for economic growth and job creation and a concrete vision of a promising future. "Since then, the Cambodian economy has undergone a dramatic and rapid transformation. Economic growth during 1999-2003 averaged 8.8 percent, and although official development assistance (ODA) continued to finance growth, foreign direct investment (FDI) particularly investments in garment and tourism, was key to promoting growth," he said.

Hun Sen said that with the implementation during the last 5 years of the public financial management reform program, government revenue more than doubled from 2,220 billion riels (553 million U.S. dollars) in 2004 to 4,928 billion riels (1.2 billion U.S. dollars) in 2009. In 2009, the gross domestic product experienced a positive growth, though very small, as agriculture and services sector maintained robust growth, he added.

On the per capita income, Hun Sen said since 1993, Cambodia's gross domestic product (GDP) increased fourfold from 2.4 billion U.S. dollars in 1993 to 10.3 billion U.S. dollars in 2008, and during this period, per capita income has more than tripled from 229 U.S. dollars to 739 U.S. dollars.

The prime minister also expressed his optimism over the Asia's growth despite global economic recovery remains fragile. "Although the global recovery remains fragile, we can see the positive signs of the recovery of the world economy," he said, adding "We expect

growth in Asia excluding Japan in 2010 to be around 7 percent."

<http://english.people.com.cn/90001/90777/90851/7129250.html>

- **India would gladly support Cambodia: Prez**

President Pratibha Patil on Thursday promised support to the Cambodian government in strengthening its economy and also increase bilateral trade between India and the southeast Asian nation which currently sits at a modest USD 50 million.

Addressing an India-Cambodia Business meeting here, President Patil said India's trillion dollar economy, ranked as the fourth largest in the world on the basis of purchasing power parity, offered a "much greater scope for expansion" in bilateral trade.

"In order to promote trade with Cambodia, India has extended a duty free tariff preference facility since last year. I encourage the Cambodian business community to avail of this facility in full at an accelerated pace," she said.

She said that she welcomed the Cambodian government's initiatives to improve agriculture productivity, as well as to transform Cambodia into a key rice exporting country in the world.

"I can assure that India would cooperate and share its experience with Cambodia in achieving this objective. India would be happy to extend training support and also depute Indian experts to Cambodia under bilateral co-operation arrangements," she said.

Along with agriculture, Patil said tourism, IT and IT enabled services "could be areas which are worth exploring." She said that trade and investment opportunities in the agriculture sector have also generated a lot of interest among Indian enterprises and expressed hope that the current visits would fructify into actual business transactions.

<http://www.newkerala.com/news2/fullnews-42978.html>

- **Cambodia: Chinese Company to Invest US \$3 Bn**

A Chinese company says it will invest up to US \$3 billion in Cambodia's energy, property and metal processing sectors, according to an official.

Eang Sophalleth, an assistant to Prime Minister Hun Sen, said on Thursday that the company's president Lin Xiang Wang unveiled the proposal in a meeting with the Cambodian leader.

The Chinese firm, Erdos Electrical Power & Metallurgical Co., plans to build a 700-megawatt coal power plant in the coastal province of Preah Sihanouk, said Eang Sophalleth. It also plans investments in real estate and aluminum processing for both the local market and export. Electricity generation in Cambodia remains largely underdeveloped, with most power plants using fossil fuels. The impoverished Southeast Asian nation also buys electricity from neighboring Vietnam and Thailand.

Erdos, which is 25 percent owned by Japan's Mitsui & Co., did not reveal an exact

timetable for its projects, but Hun Sen expressed his full support for the plans, Eang Sophalleth said. Based in Inner Mongolia, Erdos is part of the Erdos Group, whose mainstay company is Erdos Cashmere Group Co., one of the world's largest processors of cashmere products.

China is a leading foreign investor in Cambodia, with some 349 Chinese companies mainly involved in agricultural projects, construction and dams. China has provided millions of dollars in aid to Cambodia over the past decade, agreed to write off debts and granted it tariff-free status for some 400 goods.

[http://www.irrawaddy.org/article.php?art\\_id=19430](http://www.irrawaddy.org/article.php?art_id=19430)

- **Social Front**
- **Nearly 40,000 Cambodians working in foreign countries**

Cambodian government said Friday that by the first six months of this year, nearly 40,000 Cambodian are working in foreign countries.

At a round-table discussion with Club of Cambodian Journalists, Hou Vuthy, deputy director general of the General Directorate of Ministry of Labor and his colleagues told reporters that by June this year, there were 39,051 Cambodian workers working in Malaysia, Thailand, South Korea and Japan.

They said there were 19,588 Cambodians laborers working in Malaysia, 10,284 working in Thailand, 9,082 in South Korea and 97 in Japan.

Through these workers, about 150 million U.S. dollars was sent home (Cambodia) every year, said Hou Vuthy. He said their salary, while working in Thailand and Malaysia is about 200 U.S. dollars per month, whereas in South Korea and Japan is between 800 and 1,000 U.S. dollars per month.

Hou Vuthy said Cambodian laborers were first sent to work abroad in 1995. As of date, Cambodian workers are only sent to these four countries, but more targeted nations such as Kuwait, Qatar, Canada and Singapore are being negotiated, and hope those countries will accept Cambodian labors in the near future, according to Hou Vuthy.

<http://english.people.com.cn/90001/90778/90858/7137237.html>

## **Vietnam**

- **Geo-strategic Front**
- **Economic Front**
- **Vietnam seeks gains as China labor costs rise**

With China labor costs rising, Vietnam is hoping that its cheaper labor will attract more foreign investment. But Vietnam's rickety infrastructure and lack of skilled workers remain obstacles to growth.

China's wage inflation is being closely watched in Vietnam, which has expanded

aggressively since the 1990s into labor-intensive industries like clothing, footwear, and furniture. The US, its former adversary, is now Vietnam's biggest export market and last year became the largest investor here. Exports of textiles and garments, an industry that employs around 1.7 million Vietnamese, rose by 17 percent in the first seven months of the year. But economists say that Vietnam won't necessarily reap the immediate benefits of rising labor costs in its giant neighbor.

While labor costs are low – around two-thirds less than in China – export industries are held back by rickety infrastructure, an inefficient bureaucracy, and a lack of skilled workers. Companies are also concerned by signs that the government may impose price controls on private businesses to tamp down inflation, currently around 8 percent.

Keeping labor costs down is only one factor in attracting more investment to Vietnam, says Adam Sitkoff, executive director of the American Chamber of Commerce in Vietnam. Employers also need to see an upgrading of facilities like ports, roads, and utilities, amid a sharp rise in demand for electricity that the state-owned utility struggles to meet. "How can you attract investors to a place where you can't keep the lights on?" asks Mr. Sitkoff.

Not just China talking strike

Moreover, as in China, factory workers in Vietnam are also ready to stop work. While independent unions are illegal, wildcat strikes have erupted in industrial zones where foreign-owned manufacturers are clustered. Strikes have risen since 2006 and average 400 a year, of which the majority are in textile factories, according to the Ministry of Labor. In May, a textile workers' union and a national industry association agreed to raise starting salaries to \$82 a month, up from less than \$50. But only 70, mostly state-run, companies have signed the pact, says Nguyen Tung Van, the head of the union. Many foreign-owned companies are reluctant to sign, he says. "We tell the bosses, if you keep paying low salaries, you won't keep your workers. They don't want to listen, but they must listen," he says.

The collective textile-industry pact marks a departure from Vietnam's practice of setting a general minimum wage for factory labor. Analysts say it may reflect fears that the official Communist Party-affiliated union is losing its relevancy as workers begin to assert their rights, particularly in the booming private sector.

<http://www.csmonitor.com/World/Asia-Pacific/2010/0912/Vietnam-seeks-gains-as-China-labor-costs->

[rise?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+feeds%2Fworld+%28Christian+Science+Monitor+|+World%29](http://www.csmonitor.com/World/Asia-Pacific/2010/0912/Vietnam-seeks-gains-as-China-labor-costs-rise?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+feeds%2Fworld+%28Christian+Science+Monitor+|+World%29)

- **Migrants on the margins**

Vietnamese workers in Libya have a 5 a.m.-breakfast. Many poor locals seeking work abroad to better their lot have returned home empty-handed or worse.

Nhung decided to migrate to Taiwan in 2004 and become a domestic worker in the hope that she would make enough money to support her family back in rural Hanoi.

The 42-year-old mother of two needed to support her unemployed husband's medical treatment for diabetes and liver diseases. He physically abused her and their children often and spent the family's money on gambling and alcohol. But she had to take care of her children, and this job offered a way out.

Two months later, Nhung was back, with her own health problems. Her savings, US\$400, were not sufficient to repay loans of more than \$700 she'd taken out to meet her pre-migration costs. Nhung and her family were in worse straits now.

"I shared a room with the elderly lady I was looking after her. She slept in the bed, while I slept on the floor next to her... They feared that I would run away; so they seldom let me go out," she said about her experience abroad. Nhung's case is not rare. In fact, many Vietnamese citizens have landed themselves in worse situations after working abroad.

Poor working conditions, being underpaid and cheated by brokers in Vietnam are common experiences that guest workers have gone through. Not only have they had to work for lower payment than promised, some have even lost the money they paid without being sent abroad. At a meeting of the National Assembly's Standing Committee on Tuesday (September 14), Nguyen Thi Kim Ngan, Minister of Labor, War Invalids and Social Affairs, admitted that many Vietnamese workers had been cheated by illegal labor brokers. There are also many cases where legal firms have sent workers abroad and washed their hands of any further responsibility, she added. According to the Ministry of Labor, War Invalids and Social Affairs, only 30 percent of the total 167 labor export firms are operating effectively. Government statistics show that more than 60,000 workers have been sent to work abroad every year since 2001 on average. Around 500,000 Vietnamese workers are working abroad in 40 countries and territories. Malaysia tops the list with 90,000 Vietnamese guest workers, followed by South Korea with 45,000.

According to a report titled "International labor migration from Vietnam to Asian countries: Process, Experiences and Impact" published in March by the Institute of Social Development Studies, a majority of workers have said that their overall situation improved after working abroad, but a very significant proportion saw no improvement and many reported their lives had taken a turn for the worse. The report, which examined the experiences of migrant workers from Vietnam who have worked in the four major destination countries and territories: Malaysia, Taiwan, South Korea and Japan, found that this polarization emerges from the variability in pre-migration costs, working

conditions, degree and frequency of deception, net earnings, work injuries and the migrants' overall self-assessment of the impact of migration on themselves and their families.

“In light of the frequent negative migration outcomes uncovered in this survey, we believe that the potential benefits of international labor migration for migrants, their families, communities and Vietnam as a country are seriously compromised,” authors of the report said.

The most negative outcomes included 33 percent of workers abroad being sent home earlier than contracted and an equal proportion failing to pay their pre-departure debt entirely after return. Overall, 41 percent of respondents reported a negative assessment of migration, and 33 percent of migrants felt they had been deceived during the migration process, the report found. The report said it takes an average of 18 months of working abroad to repay pre-departure debts and most early returnees are saddled with the obligation for a long time after their return.

Tuan, another worker from rural Hanoi, said he had been cheated by a private broker who had promised him a job abroad with a monthly salary of \$570 with food expenses covered by the employer. The broker took \$4,700, without providing any invoice or receipt, to cover pre-departure costs and extra-money for incidental costs associated with intermediaries involved in Tuan's recruitment. Tuan also paid more than \$100 for language training which he never received.

Tuan said he realized that he had been a victim of fraud only a few hours before boarding the plane, when the broker presented Tuan with his final contract citing a lower salary and less favorable working conditions than promised. But he had to sign the contract if he wished to migrate.

#### Growing concerns

At the meeting of the National Assembly (NA)'s Standing Committee on September 14, the Labor Minister Nguyen Thi Kim Ngan said her agency had censured violating employment agencies.

“We have inspected and asked these firms to strictly follow laws relating to sending workers abroad and honor their commitments to the workers,” she said.

However, legislators called for the revocation of business licenses of agencies that had committed violations and were not functioning properly. “Why should we keep those firms who send less than 100 workers abroad every year?” asked Ksor Phuoc, Chairman of the NA's Ethnic Minorities Committee.

Deputy Le Quang Binh agreed with Phuoc. He said: “It is necessary to revoke the license of those failing to meet criteria [stipulated in the Law for Contracted Vietnamese

Workers Working Abroad]. We have to prevent violations like illegal brokering close firms that cheat [workers].”Legislators at the meeting called for stricter enforcement of labor export laws, making timely amendments and updates to regulations, and increasing awareness of the risks involved among workers wishing to go abroad.

<http://www.thanhniennews.com/2010/Pages/20100918163710.aspx>

- **US helps Vietnam simplify customs services**

The United States Trade and Development Agency will give US\$718,600 to a one-door customs project in Vietnam to reduce customs clearance time and expand the country’s trade and transit market, it said Wednesday.

“This pilot project will help to increase revenue, enforce trade compliance regulations and reduce the cost of cargo movement into Vietnam, an increasingly important partner for the United States in Southeast Asia,” US ambassador Michael W. Michalak said when he signed the grant in Hanoi.

Another place to enjoy Middle-Eastern food is the Cashah café lounge & restaurant with its domed small and big dining rooms and a great view of the Notre Dame Cathedral. Cashah also serves the shisha pipe and fruity tobacco.

He said the money “demonstrates once again, the US’s commitment to working with Vietnam to promote economic growth and more broadly, the regional integration of ASEAN.”The money will fund a study that will identify the system requirements, evaluate standardized customs documents and data, recommend institutional changes and data models, and outline the implementation plan for project deployment, the US Trade and Development Agency said in a press release.

<http://www.thanhniennews.com/2010/Pages/20100917163827.aspx>

- **Export growth hides underlying problems**

Structural weaknesses in Vietnam’s export growth need to be addressed soon, experts say. Workers at a footwear factory of Thuong Dinh Company in Hanoi. The company targets exports of US\$8 million this year. Serious problems facing shipments of key products because of their high dependence on imported materials, low-priced orders and shortage of skilled labor belie Vietnam’s high export growth, experts and senior officials say.

Vietnam’s export earnings reached US\$44.5 billion in the eight months through August, up 19.7 percent over the same period last year, according to the General Statistics Office.

However, the increasing prices of imported materials used to make the finished product and labor shortages are pushing up costs and lowering production and business capacity, said Deputy Minister of Industry and Trade Nguyen Thanh Bien. Some key export industries like footwear, seafood, and textile and garments depend heavily on imported materials. Truong Dinh Hoe, general secretary of the Vietnam Association of Seafood



Exporters and Producers said many member companies are not getting enough raw material, especially shrimp and catfish, for production. He said many firms have not invested in seafood production because of the high risks involved, especially of shrimp that are highly vulnerable to diseases. They focused instead on investing in processing facilities, and this has resulted in many processors in the Mekong Delta and the central regions running at 30-50 percent of their capacity.

These facilities were having to import materials from neighboring countries like Cambodia for production, Hoe said. However, some customers do not want seafood from other countries used for their imports from Vietnam, and this has caused more difficulties. The footwear, and textile and garment industries also import some 60-70 percent of materials for production, admitted Nguyen Duc Thuan, chairman of the Vietnam Footwear Association.

“The footwear sector has not had a strong supporting industry. Designing and marketing staff have not reached international standards to help domestic products compete in the world market.”

#### Low-priced orders

Another problem facing key export items like footwear, handicraft and agricultural products is that importers frequently place low-priced orders.

According to the Ho Chi Minh City Handicraft and Wood Industry Association (HAWA), many firms, for several years, have refused orders from European and Japanese customers because of the low prices offered while their input costs are higher due to increasing material prices, making the products less attractive than those from Thailand and China.

It is also difficult for handicraft firms to meet orders where customers require many designs for small batches of goods. In fact, the dependence on designs given by foreign customers is also a problem facing key export industries.

Most handicraft firms are small scale ones in traditional craft villages, so they are limited in the number of orders they can meet in terms of quantity, quality and styles, said Luu Duy Dan, general secretary of the Vietnam Association of Handicraft Villages.

#### Labor shortage

A shortage of laborers, especially manual workers, is becoming serious in labor-intensive industries including garment, woodwork and footwear, industry insiders say. Many firms are going all out to recruit workers, and in Hanoi's industrial parks, job vacancy announcements are posted everywhere – on company gates, trees and electric poles – but most go unanswered. Low salaries and hard work have made employment in many firms

less attractive to local laborers.

Do Dinh Dinh, general director of the garment firm Hung Long, said demand for Vietnamese garment products from big importers like the EU and the US has soared by 40-50 percent in recent months, but the number of available workers has plummeted, so they've had to turn down orders from many customers.

Dinh said his firm needs an additional 1,000 laborers to meet all of its new orders. Now, the firm has 2,700 employees, but the actual number of people reporting for work on a given day is only 2,400.

Difficulties in accessing bank loans and trade barriers imposed by foreign importers are also impacting Vietnamese exports. Experts have cautioned that some key export commodities face increasing risk of trade barriers, especially antidumping lawsuits. Former deputy minister of Industry and Trade Phan The Rue said trade barriers imposed on Vietnam would become more "diverse" in the near future.

"In addition to barriers relating to product quality, subsidies for industrial products and food hygiene, regulations on goods' origin and environmental standards are increasing and getting stricter," he said. Deputy Minister Bien said firms should look for measures to effectively deal with difficulties relating to labor and input material issues so that export growth can be maintained in a stable manner.

<http://www.thanhniennews.com/2010/Pages/20100917134013.aspx>

- **Vietnam seafood exports set to rise 7 pct**

Vietnam exported US\$1.2 billion worth of shrimp in the first eight months

Seafood exports are poised to hit US\$4.5 billion this year, up 7 percent from 2009, as global demand surges, says a senior agriculture ministry official. Exports in the first eight months approached the \$3 billion level, an increase of 12 percent from the same period last year, said Luong Le Phuong, deputy minister of Agriculture and Rural Development.

There were sharp increases in exports to new markets in the Middle East and South America, with Saudi Arabia up 28 percent and Mexico, 20 percent. Phuong said global seafood demand will continue to rise in final months of the year.

Vietnam exported around \$4.2 billion worth of seafood to 35 markets last year. Japan and the US were the main buyers, accounting for 18 percent and 16.7 percent of total exports respectively.

<http://www.thanhniennews.com/2010/Pages/20100912143440.aspx>

- **The legacy of a liberal**

When the various and sundry messes in the State Bureau of Investigation started coming to the fore, I reminded my mother about that time, at the height of the Vietnam War, when she was "under surveillance." Actually, it was only once that I know of, but it

happened on the Capitol grounds in downtown Raleigh, at a peace demonstration. There, among the youthful, long-haired demonstrators was my mother and a group of her friends from Pullen Memorial Baptist Church, led by the late and legendarily liberal Rev. Bill Finlator. I was a whippersnapper of a reporter. I may have been in school, or perhaps I was working part-time here at The N&O. But I felt empowered enough by the pen to walk up to one of the SBI agents, who was photographing the crowd.

"What are you doing?" I asked.

"You'll have to ask the director."

"But that's my mother over there."

"You'll have to ask the director."

"I really don't think she's a danger to society. She doesn't have a record. Well, some Guy Lombardo, but not a criminal record." The man in the blue suit was growing impatient. He said again, "You'll have to ask the director."

It was not her first, nor would it be her last, demonstration. In most all cases, she was part of the Pullen crowd, a mix of N.C. State and Meredith College folks, plus others from West Raleigh who found a muse in Finlator and a passion in the causes of civil rights, women's rights and opposition to the war. The files told the story. After my mother, Ruth Byers Jenkins, died Aug. 5 at the age of 91, I went through two big filing cabinets in her home, stuffed with letters from kinfolk, or those from famous or semi-famous people to me owing to encounters I'd had with them through working for newspapers.

But most of them were about the issues of the day, or rather of her days. "Read this!" was atop a number of pieces related to racial injustice, local stories most of them, dating to the late 1940s, when she and my father moved to Raleigh. Sometimes these were Finlator sermons, other times articles about court cases or beatings or incidents of discrimination that sickened her and my father, to the point where she'd join a march or a protest.

She was an unlikely demonstrator, perhaps, born and raised in the foothills of North Carolina, a conservative region if ever there was one. But she remembered the Great Depression, and the poor families walking down the street who were so grateful that her mother had asked them into dinner. That made her a Roosevelt Democrat. She knew war, having lost two brothers during World War II. That made her wary of Vietnam and the shaky justifications from Lyndon Johnson's White House. And she was aware even in her time of the inequalities of opportunity for women. She marched for them, too, and voted for women who made their way to a ballot (Beverly Perdue and Kay Hagan were to be the last ones). For her politics, she was unapologetic. "Why are people ashamed to say they're liberals?" she'd ask now and then. "They should be ashamed for being ashamed."

The files never stopped. She added environmentalism and conservation to her causes in

the last few years, was adamant about recycling and wanted the car stopped if some litter was spotted by the side of the road. When kinfolk or friends not of her political persuasion came to call, she would defer to their conservative opinions out of a sense of graciousness. But only to a point. One made the mistake of criticizing the New Deal at dinner. "Your ancestors got jobs because of Franklin Roosevelt," she told him. "That's really the reason you got the opportunity to go to college and be a success." He wisely steered the conversation to the lima beans. We are all the product of our backgrounds, of our experiences, including our associations with people whose opinions and commitments we share. The best among us, be they liberal or conservative or somewhere in between, are where they are in their beliefs out of well-grounded conscience.

Mama was buried on a lovely hillside in Shelby. Presiding at the service was the Rev. Nancy Petty. She is, of course, the senior pastor at Pullen Memorial.

<http://www.newsobserver.com/2010/09/16/683655/the-legacy-of-a-liberal.html>

- **Vietnam import rules may breach WTO, says business group**

Vietnam's new rules on gaining an import license for certain products may breach the country's commitments to the World Trade Organization (WTO), the European Chamber of Commerce said in a statement obtained on Wednesday.

The government imposed new guidelines for importers in July as the government tries to rein in a huge trade deficit, which is weighing heavily on the economy. However, the chamber said the changes added to the uncertainty and administrative burdens for companies looking to import a range of new products from iron and steel items to vehicles, meat and fish, and liquor.

EuroCham said "key articles of Circular 24 appear to be in breach of Vietnam's obligations under the relevant WTO commitments dealing with import licensing". Vietnam joined the WTO three years ago. Vietnam is trying to control surging imports, which the official Vietnam News Agency said rose more than 24 percent year-on-year in the first eight months while the trade deficit hit US\$8.15 billion.

EuroCham warned that the rules "will have a restrictive effect on the import of many ordinary commodity items: Under Circular 24, importers may be discouraged to consider Vietnam as a key market for investment." The time and effort required for each import transaction will increase costs that will likely shift to consumers or business operators, damaging the local economy, the group said.

The WTO is the only global international organization dealing with the rules of trade between nations.

<http://www.thanhniennews.com/2010/Pages/20100917164727.aspx>

- **Social Front**

- **Vietnamese Muslims live isolated existence in enclaves**

The call to prayer from the minaret reaches out over tightly packed alleys in a Ho Chi Minh City neighbourhood as men in white knitted skullcaps and colourful sarongs walk to their local mosque.

The scene is more reminiscent of Malaysia, Indonesia or Brunei - not Vietnam and its Chinese-influenced culture where Muslims are a tiny fraction of the population.

This small community in an area known as District 8 says it is the largest enclave of Cham Muslims in the metropolis informally still known as Saigon. It has more than 1,300 residents, halal restaurants, a large mosque and a madrassa that regularly sends students to Malaysia for further study. These and other Cham communities in southern and central Vietnam are all that remain of the Champa kingdom, which ruled for centuries. There are more than 100,000 Chams in the Buddhist-dominated country of 86 million, the government says. "The Cham fell and lost their country. I feel like I live in another country and it's not my home," says a noodle seller who gave her name only as Hachot, 49. The Cham were a Hindu people who ruled parts of southern and central Vietnam for hundreds of years and gradually converted to Islam. By the late 15th century the Vietnamese had pushed south and Champa was in decline. Today, the kingdom's most visible legacy is the My Son temple ruin near Danang. It is a Unesco World Heritage site, popular with tourists.

These days more than 80 per cent of Cham are adherents of Islam, researchers say. According to government data, Muslims are the smallest of six major religious groups in the country, with Buddhism the largest.

Religious activity remains under state control in communist Vietnam, but worship among a variety of faiths is flourishing. However, Catholics have had a long-running dispute with the government over land, and some minority Buddhist groups have complained of persecution. The Muslims have kept a lower profile. "We just follow this religion. We don't care about politics," says Haji Mou-sa, 52, deputy manager of the local madrassa. He is fluent in Malay and knows some Arabic.

Mou-sa says Ho Chi Minh City has more than a dozen imams, all trained in Vietnam. Foreign imams also visit, especially from Malaysia, and the Koran has been translated into Vietnamese. A slight man in a collarless shirt, sarong and metal-rimmed glasses, he has lived in District 8 since the 1960s, when Chams first began moving to the area. Many came from the Mekong Delta province of An Giang, where Chau Doc city is still home to a significant Cham Muslim population.

In the beginning, the District 8 Cham homes were made from wood and thatch. Electricity came to the area in 1990, and much later a bridge was built connecting the

once-isolated area to downtown, leading to improved roads and rapid development of the surrounding area. According to residents, there are 16 mosques in Ho Chi Minh City, some of them built with assistance from Muslim nations. A plaque in the Cham neighbourhood's Masjid Jamiul Anwar says it was rebuilt in 2006 with funds from the United Arab Emirates and the Red Crescent. Although they get support from the Middle East, Cham relations remain strongest with Malaysia and Indonesia, thanks partly to shared cultural and religious values. "Malaysians came here and supported schools and better jobs," Hachot recalls. The ties started more than 20 years ago after Vietnam began a policy of gradual economic openness. She says she does not feel a part of wider Vietnamese society, even though the government helped to rebuild her house some years ago.

The attitudes of the majority Kinh ethnic group towards the Cham vary, Hachot says. "Some Kinh say the Cham are dirty," she says, and they object to the Muslims' shunning of pork. "Other people don't care." Many older Muslim residents make pilgrimages to Mecca, and most Cham have Arabic names on their government-issued identity cards.

Mohamath Zukry, 22, moved from his small town in An Giang more than 18 months ago to study and live at the madrassa. He plans to go to Malaysia to finish his religious education, and to study information technology. Less devout Mack Aly, 29, a real estate agent who lives outside the Cham neighbourhood, says he still enjoys an alcoholic drink with his friends, and dates a non-Muslim woman. "In Vietnam religion is not so strong. I won't eat pork. But I don't pray five times a day. And I drink and smoke," he explains at an upscale coffee shop. Aly and his family have taken advantage of the opportunities offered by the Muslim diaspora. His brother works in Egypt and his sister in Indonesia.

Headscarves, long skirts and sleeves are common in Cham neighbourhoods, but women leave their heads uncovered when they go to work and may opt for jeans. They say this is partly out of a fear of discrimination by co-workers. Ngo Van Dong, 50, is among a small number of Kinh who have converted, despite initial opposition from his family who thought the religion "weird". The mechanic says he adopted Islam more out of love for his Cham wife than religious piety. Over time, he came to understand his adopted faith better.

Like fellow Muslims around the world, the Cham in District 8 were marking the holy fasting month of Ramadan until about September 9.

They commonly also enjoy Vietnam's biggest celebration, the Tet Lunar New Year in February, although they do not engage in the spiritual rituals that accompany it.

"But we still have fun," says Dong.

<http://www.scmp.com/portal/site/SCMP/menuitem.2af62ecb329d3d7733492d9253a0a0a>

[0/?vgnnextoid=f3e2eda809bfa210VgnVCM100000360a0a0aRCRD&ss=Other&s=Life](http://www.monstersandcritics.com/news/asiapacific/news/article_1583916.php/Thailand-opposes-Bangkok-launch-for-Vietnam-human-rights-report)

- **Thailand opposes Bangkok launch for Vietnam human rights report**

Thailand objected to the use of Bangkok to launch a report denouncing Vietnam's human rights record and has reportedly revoked the visa of the main author, sources said Sunday. The Paris-based International Federation for Human Rights and the Vietnam Committee on Human Rights planned a press conference Monday at the Foreign Correspondents Club of Thailand (FCCT) to publish the report titled From Rhetoric to Reality: Human Rights in Vietnam. Thailand's Foreign Ministry objected to the event, and it is unclear whether it will be held.

'While the Royal Thai government attaches great importance to the principles of freedom of expression and diversity of views, it also has a longstanding position of not allowing organizations and/or persons to use Thailand as a place to conduct activities detrimental to other countries,' ministry spokesman Thani Thongpaksi said in a letter to the press club. 'I therefore hope that the FCCT will respect this position and not allow its premises to be used for such activities,' he said.

The press conference was to be held by Vietnam Committee on Human Rights chairman Vo Van Ai and vice president Penelope Faulkner. Ai, a critic of the Vietnamese government who runs the Buddhist Information Center in Paris, was initially granted a visa but it was later revoked by the Thai embassy in France, sources said.

It was not immediately known whether Faulkner would be allowed to attend the planned Bangkok event. 'We feel it is unfortunate that the Thai government has chosen to apply pressure on us in this way. We would appreciate if the government reconsiders the wisdom of such pressure,' the FCCT said in a statement.

[http://www.monstersandcritics.com/news/asiapacific/news/article\\_1583916.php/Thailand-opposes-Bangkok-launch-for-Vietnam-human-rights-report](http://www.monstersandcritics.com/news/asiapacific/news/article_1583916.php/Thailand-opposes-Bangkok-launch-for-Vietnam-human-rights-report)

- **Cyber world**

### **Singapore**

- **Geostrategic Front**
- **Philippines plans renovation in Spratly's bases**

The Philippines plans to repair and upgrade its military outposts on disputed islands in the South China Sea, an army spokesman said on Tuesday, announcing visits by several government ministers in the coming days.

The Philippines occupies nine islands in the Spratlys, which is claimed wholly or in part by Brunei, China, Malaysia, Taiwan and Vietnam. Except for Brunei, all claimants have deployed troops in the disputed territories. "There are actually major plans to renovate the Spratlys, including the islands' airport and facilities," Brig.-General Jose Mabanta told

reporters. He said civil engineers would be found to renovate the structures.

"If you will look at our facilities there, we need to do a lot of renovation due to poor maintenance, longstanding neglect and deterioration." Mabanta said four government ministers would visit the Spratlys within the next month to assess repairs.

President Benigno Aquino's spokesman, Edwin Lacierda, said the trip was a routine re-supply mission.

China and other claimant states are expected to protest against the visit, invoking an existing code of conduct prohibiting new construction and improvements of facilities in the disputed territories.

<http://arabnews.com/world/article138241.ece>

- **Economic Front**
- **M'sians think twice about settling in S'pore in wake of recent property measures**

Some Malaysians are now thinking twice about settling in Singapore, in light of the recent dual property ownership measures.

The new rules state that Singaporeans and permanent residents who want to buy an HDB flat must sell their overseas property within six months. At a showroom of one of Malaysia's leading property developers SP Setia Group, Channel NewsAsia spoke to some concerned Malaysians who are now on the fence as to where they want to be permanently based. "Because I'm a Singapore PR, so in order for me to buy a HDB here, I have to sell my property in Malacca, which I'm quite reluctant to do. Singapore private property is quite expensive, that's why I've chosen to invest in Malaysia property," said Clay Lu.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1080711/1/.html>

- **Singapore reduces dues concession**

The recovery in the global economy and shipping industry has prompted the Port of Singapore to reduce its port dues concession.

As from October 1, the previous 10% reduction was reduced to just 5% for vessels staying less than 10 days. The initial concession was introduced in April last year as the impact of the global downturn began to negatively affect shipping. Nevertheless, the decision to continue to offer 5% discount has been influenced by the uncertain outlook for economies in the US and Europe.

<http://www.portstrategy.com/news101/asia/singapore-reduces-dues-concession>

- **Singapore Exports Surged in August**

Singapore's exports surged unexpectedly in August, with strong demand for electronics and pharmaceuticals from major economies such as the U.S. and Europe, suggesting the



global recovery remains on track. But while shipments to the European Union more than doubled from year-earlier levels, the monthly numbers are volatile and don't signal a strong pickup in developed economies, analysts said.

The city-state's key nonoil domestic exports jumped 31.2% from a year earlier, accelerating from July's 18.3% rise and smashing predictions of a growth slowdown to 14.9% forecast by economists in a Dow Jones Newswires poll.

Though surprisingly robust, the export data aren't expected to prompt Singapore's central bank to tighten policy when it meets next month. "Our view is that a double-dip is unlikely but that moderation in the Asian economies will continue, due to the weaker global growth," said Chow Penn Nee, an economist with United Overseas Bank. The Monetary Authority of Singapore's stance is "likely to stay the same."

The MAS aggressively tightened policy at its last meeting, in April, by targeting a stronger Singapore dollar, shifting from aiming to keep the currency steady.

Singapore is heavily dependent on exports, and trade flows dwarf the small domestic economy, so the central bank uses the exchange rate rather than interest rates as its main policy tool. Given the changeable nature of single-month figures, especially pharmaceuticals, "We believe the August uptick in exports is a one-off and not likely to be sustained," said economist Wai Ho Leong at Barclays Capital.

August exports to the EU more than doubled from a year earlier, accelerating from July's 27.2% growth, with pharmaceuticals more than doubling. Shipments to the U.S. were up 42.7% from a year earlier, after a 30.1% rise in July, while exports to China grew 36%, up from a 34% rise the previous month.

Electronics exports grew 34.9% year-to-year, accelerating from July's 25.7% gain, while nonelectronic shipments rose 29%. Among nonelectronics exports, pharmaceuticals rose 64.7% rebounding from a 22.3% drop. Compared with the previous month, August exports rose 10% in seasonally adjusted terms, reversing a 3.9% fall in July and beating the forecast decline of 1.5%.

[http://online.wsj.com/article/SB10001424052748703904304575497373395365394.html?mod=rss\\_asia\\_whats\\_news](http://online.wsj.com/article/SB10001424052748703904304575497373395365394.html?mod=rss_asia_whats_news)

- **Social front**

## **Laos**

- **Economic front**
- **Thai-Lao business blossoms**

The value of cross-border trade between Thailand and Laos is forecast to reach 80 billion baht at the end of this year, as the Thai government is pursuing a new strategy to optimise free trade agreements.

The Asean Free Trade Area (Afta) agreement, which took full effect in January, was becoming a key driver for Thailand's border trade growth, said Commerce Minister Porntiva Nakasai. Mrs Porntiva made the comment at the first Thailand-Laos Border Trade Festival: Gateway Grand Sale in Nong Khai province.

The festival runs until tomorrow and features outstanding products from both countries as well as business matchmaking events. Border trade between Thailand and neighbouring countries totalled 639.16 billion baht last year, down 10.4% from a year earlier because of the effects of the global recession. Thailand's overland exports fell 10.8% to 366.11 billion baht and imports were down 9.8% to 273.04 billion, according to Foreign Trade Department statistics. Cross-border trade between Thailand and Laos was totalled 71.98 billion baht in 2009, a drop of 12%.

But Mrs Porntiva has forecast that border trade will reach one trillion baht over the next three years, now that Afta has cut tariffs on thousands of Asean products to between zero and 5%. Border trade is also a good channel for acquiring low-cost raw materials with low transport costs, she added. Mrs Porntiva said the ministry would open three more permanent checkpoints \_ in Loei, Nong Khai and Amnat Charoen \_ bringing the total on the Thailand-Laos border to 11.

<http://www.bangkokpost.com/business/economics/195934/thai-lao-business-blossoms>

- **PM, southern teachers to talk on compensation**

More than 30 teachers based in the South will today meet with Prime Minister Abhisit Vejjajiva at Government House to discuss the ongoing insurgent violence and killing of teachers.

Bunsom Thongsriphrai, head of an umbrella group of teachers based in the South, said he would propose more measures for compensating families of those killed and injured in the past six years, which saw 135 teachers slain by Muslim insurgents.

All 326 schools in Narathiwat- which closed in protest at the killing of two teachers last week- will reopen today, he said, and new security measures have been laid out to boost teachers' protection.

At the meeting, teachers will exchange ideas over the situation in the South and report all problems to the prime minister. Among many items on the agenda is the welfare and other benefits for government teachers - such as higher regular and special pay - to keep their morale high. Abhisit said he should "make an understanding with the teachers" following reports of their concern relayed to him in advance by Education Minister Chinnaworn Boonyakiat and Deputy Interior Minister Thavorn Senniam, who visited them in the past week.

An Education Ministry meeting last Friday turned up many things the ministry needed

to work on further, Abhisit said. "I have ordered the ministry to work them out before the meeting on Monday," he added. Asked whether the government would heed both teachers' safety and more benefits, he said: "I think most conditions should be met, but I dare not say all will be. The government intends to look into both issues and heed them all."

Bunsom said teachers affected had been divided into three groups, which should be compensated differently: the families of those killed; cases of injuries where victims are completely cured or still receiving treatment; and those still working in areas at high risk. He said all those affected throughout the six-year spate of violence had not been sufficiently compensated. Sanguan Intharak, head of the Narathiwat-based teachers, said all teachers based in the deep South had placed "high expectations" on this day's meeting. "We anticipate a positive outcome from this meeting," he added. "We hope the authorities would do something concrete to bring peace to the region, including talks between security agencies and insurgents, that should be an option leading to the end of violence, if or after we can identify them," he said.

<http://www.nationmultimedia.com/home/2010/09/13/national/PM-southern-teachers-to-talk-on-compensation-30137838.html>

- **Geostrategic Front**
- **Kasit: Lao border 'may turn political'**

The border problems between Thailand and Laos might have to be resolved through political decisions if legal negotiations fail, Foreign Minister Kasit Piromya says.

The issue will be raised at the 16th Thai-Lao Joint Commission (JC) in Bangkok next month, among other matters of mutual cooperation. Mr Kasit yesterday said the two countries will discuss whether they will use political means to seek solutions to the border problems if legal negotiations hit an impasse.

The JC meeting is scheduled to be held from Oct 14-15. The countries may make decisions on political grounds in order to show they trust each other and those decisions will be based on "give-and-take", said the minister who visited Laos on Monday and Tuesday. "We have to be prepared and the Foreign Ministry must be able to explain to the Thai public that this [agreement] will not cause us to lose our territory, but it is a principle aimed at seeking a solution, which many countries do," Mr Kasit said.

Thailand and Laos share 702 kilo metres of border. Except for a few disputed areas, 96% of the border has been demarcated. Among the spots still under dispute is Ban Romklao in Phitsanulok's Chat Trakarn district opposite Sayaboury in Laos.

Thai and Lao soldiers fought a bloody battle there in 1987 to lay claim to the disputed area. Other overlapping areas include three border villages between Uttaradit province and Sayaboury province, the border stretching from an area near Chong Mek in Ubon

Ratchathani, and Phu Chi Fa, Doi Phatang, in Chiang Rai.

In addition, Bangkok and Vientiane plan to hold a second JC meeting to mark the 60th anniversary of the countries establishing diplomatic ties, which falls on Dec 19 this year. Mr Kasit reassured Lao Vice President Bounyoung Vorachit and Deputy Prime Minister and Foreign Minister Thounloun Sisoulit of Thailand's political stability during his visit.

He said the Thai government has adhered to legal and judicial principles in dealing with political problems over the past few years and these will continue to be upheld.

Mr Bounyoung told Mr Kasit that his government wishes to see political stability in Thailand so both countries can continue working together in many different areas. He compared the political conflict in Thailand to that in a family. "People may have different opinions. In the end, they are members of the same family and need to help each other," said Mr Bounyoung. He has also invited Thai investors to cooperate with Lao businessmen.

During Mr Kasit's visit an agreement was reached to set up a Thai-Lao business forum to tackle conflicts between investors of the two countries.

<http://www.bangkokpost.com/news/local/196678/kasit-says-solution-may-turn-political>

- **Social Front**

### **Brunei**

- **Economic Front**
- **Brunei In Trans-Pacific Free Trade Plan**

Everett Eissenstat, Assistant United States Trade Representative, is scheduled to attend the next round of negotiations for the Trans-Pacific Partnership Agreement on October 4, 2010. The Trans-Pacific Partnership Agreement involves eight countries, namely, Brunei, Chile, New Zealand, Singapore, the United States, Australia, Peru and Vietnam.

The new Deputy Chief of Mission of the United State of America to Brunei Darusslaam, Alexander L Barrasso, said during a press lunch the ideals of the Trans-Pacific Partnership Agreement are to link the blocs in a comprehensive free trade agreement.

In addition to trade, other key issues covered in the agreement are labour and environment, addressing potential non-tariff barriers such as customs valuation procedures, sanitary and phytosanitary standards (SPS) and technical barriers to trade (TBT).

The agreement also touches on competition policy, intellectual property rights, government procurement policy, temporary movement of business-persons and provisions governing the settlement of disputes.

According to statistics from the US Trade Commission, in 2009, the United States ran a

merchandise trade deficit with New Zealand, Brunei and Vietnam, however had surpluses with Australia, Chile, Peru and Singapore, yielding an overall trade surplus with the potential TPP bloc of \$7.5 billion.

Brunei Darussalam is ranked 152 for US Good Trade with Trans Pan Pacific Countries with imports valued at \$41.5 million and exports of \$96.8 million.

Barrasso said with the aims of creating mutual benefits for all eight countries, the Trans-Pacific Partnership Agreement will hopefully "be concluded within next year or more".

"The new Trans-Pacific Partnership Agreement would open up several markets for Brunei Darussalam. There are definitely interest and reasons for the negotiations to move forward," he added.-- Courtesy of Borneo Bulletin

<http://www.brudirect.com/index.php/2010091929413/Local-News/brunei-in-trans-pacific-free-trade-plan.html>

### **Asean**

- **Political Front**
- **Obama, ASEAN to call for peaceful end to sea spats**

President Barack Obama and Southeast Asian leaders will call for the peaceful settlement of South China Sea territorial disputes and urge claimants not to resort to force, according to a draft communique.

Washington upped the ante in July, when U.S. Secretary of State Hillary Clinton told a regional security forum in Vietnam that the peaceful resolution of the disputes over the Spratly and Paracel groups of islands was an American national interest.

The United States was concerned the conflicts could hamper access to one of the world's busiest commercial sea lanes. Beijing angrily reacted by saying Washington was interfering in an Asian regional issue.

Obama will meet leaders from the 10-member Association of Southeast Asian Nations on Friday to discuss ways to bolster their alliance and discuss economic cooperation and security issues, including the South China Sea disputes. Obama and the ASEAN leaders will issue a joint statement where Washington has proposed text to reaffirm the importance of freedom of navigation, regional stability, respect for international law and unimpeded commerce in the South China Sea, according to a draft of the statement seen Sunday by The Associated Press.

The statement will oppose the "use or threat of force by any claimant attempting to enforce disputed claims in the South China Sea."

All the leaders will reaffirm their backing of a 2002 ASEAN-China declaration on the conduct of parties in the South China Sea, which calls on claimants not to take steps that could foment violence and spark new tension. They will encourage claimants to agree on

a stronger code of conduct.

China claims all of the South China Sea, where Vietnam, Taiwan, Malaysia, Brunei, and the Philippines have also laid territorial claims. Aside from rich fishing areas, the region is believed to have huge oil and natural gas deposits. The contested islands straddle busy sea lanes that are a crucial conduit for oil and other resources fueling China's fast-expanding economy.

In a recent preparatory meeting in Washington ahead of the summit, Assistant State Secretary Kurt Campbell and National Security Council Senior Director for Asia Jeffrey Bader told ASEAN ambassadors that Clinton's statement in Hanoi was already earning dividends, with China "clearly moved back to a more collaborative approach," according to confidential report obtained by The AP.

The U.S. officials were quoted in the report as saying that in a recent meeting in China, both sides discussed how claimants were expected to behave in the disputed region. They assured Chinese officials that Clinton's remarks in Hanoi did not seek to single out China but was addressed to all claimant countries. Clinton's statement in July came after Beijing told visiting Deputy Secretary of State James Steinberg in March the South China Sea was now considered one of China's "core interests," alongside Taiwan and Tibet  
[http://news.yahoo.com/s/ap/20100919/ap\\_on\\_re\\_as/as\\_asean\\_us](http://news.yahoo.com/s/ap/20100919/ap_on_re_as/as_asean_us)

- **Economic Front**
- **Asean envoys to explore economic opportunities in Northeast India**

Top diplomats from the Association of South-East Asian Nations (Asean) will tour India's north-east region to explore potentials in the underdeveloped but resource-rich area and its future connectivity with the dynamic grouping.

Malaysia's High Commissioner to India, Datuk Tan Seng Sung, said Asean high commissioners and ambassadors here would visit Manipur and Mizoram next week to explore the states' economic possibilities. "It is the initiative of India's central government to expose these states to Asean and explore how Asean and north-east region can fit into India's Look East Policy," he told Bernama.

Tan, who is also current chairman of Asean New Delhi Committee, would lead the delegation from September 19-23. The hilly Northeast region, home to nearly 40 million people and known for its tea, silk, bamboo and handicrafts, is also blessed with crude oil and natural gas. Manipur and Mizoram share the same borders with Myanmar - which could eventually be gateways to the prosperous South-East Asia.

Myanmar Ambassador to India, U Kyi Thein, said Myanmar was the bridge between South Asia and Southeast Asia. "India is keen to work with Asean countries. There are

plenty of trade opportunities. There are proposals to connect India (Northeast region), Myanmar and Thailand through the trilateral highway and this will open up more people-to-people contacts and increase in tourism," he said.

In 2003, under the Mekong Ganga Cooperation, the three countries, India, Myanmar and Thailand, initiated the mega-infrastructure idea to construct the 1,360km trilateral highway but the project had been delayed.

Thailand's Ambassador to India, Krit Kraichitti, said India's north-east region could link up South Asia (with over a billion population) and with Asean (which boost another over 500 million consumers) thus creating a huge market.

<http://www.bruneitimes.com.bn/business-asia/2010/09/19/asean-envoys-explore-economic-opportunities-northeast-india>





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