# **Report # 138**

# **Business and Politics in Muslim World**

# **South East Asia**

# **Tatheer Zahra Sherazi**

# From 18 September to 24 September

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#### **Summary**

### At political Front

#### Indonesia

US President Barack Obama announced on Thursday that he will be traveling to Indonesia "soon", making good on a promise he has made and reneged on twice this year. The announcement took the Indonesian delegation to the United Nations General Assembly by surprise, not so much by the content as by the timing and because Obama had decided to make the announcement himself rather than his staff at the White House. Presidential spokesman Teuku Faizasyah said in Jakarta that Obama had not yet mentioned an exact date for the visit in his speech at but Indonesia appreciated his intention. "We appreciate that President Obama is still committed to his intention to visit Indonesia. With regard to the schedule we can arrange it later," he said, as quoted by Antara news agency.

He said until now there had not been further communications with the US regarding the planned visit. "We regard the statement positively. We grasped the committment. So far there have been a lot of developments that have indeed made President Obama to stay in his country," Faizasyah said.

#### Thailand

Thai Prime Minister Abhisit Vejjajiva has said that early elections could take place early in 2011 if the Opposition Red Shirts prove they can remain peaceful."We believe that six more months of continued stability... Should be able to set the scene for a possible early election next year," he told a think tank in New York on Friday, where he was attending the UN General Assembly.

"But that very much depends, still, on how the Opposition and the Red Shirts respond," Mr Abhisit added in the talk at the Council on Foreign Relations."If they would prove that they are interested in democratic movement, peaceful assembly and rejection of any illegal activity — and of course violent activity — then think we should be on course to achieve a solution."Early elections are a key demand of the Opposition Red Shirts movement. Mr Abhisit, the British-born, Oxford-educated head of the establishment Democrat Party, does not have to go to the polls until the end of 2011.

Many Thais are worried about a resurgence in political violence and bomb attacks, a public health survey has found. The Mental Health Department surveyed 783 people nationwide between Sept 1 and 7.

The survey was aimed at gauging the mood of the people following the political violence in April and May, so that measures could be implemented to deal with mental and emotional problems brought on by the recent political unrest.Respondents were able to specify areas of concern in their lives and gave many responses - such as work and personal difficulties. But a major block of respondents, 38%, identified the threat of renewed political violence and the threat of bomb attacks as a major concern.

When asked specifically about politics, 29% said they chose to ignore political woes, while 18% said they took up hobbies to occupy their minds. Deputy Public Health Minister Punsiri Kullanartsiri said the ministry has been working to assist people who feel psychologically troubled by political violence.

## At geo-Strategic Front

#### Thailand

Thailand is hoping for an improvement in its ties with Cambodia and a solution to the Preah Vihear temple dispute after their leaders meet today to settle their differences.

Foreign Minister Kasit Piromya said yesterday that relations had improved after ousted prime minister Thaksin Shinawatra stepped down two months ago from his role as adviser to Cambodia's government."It is the responsibility of both countries to move relations forward," the minister said."There might be some misunderstanding that we need to talk over."

Prime Minister Abhisit Vejjajiva is to meet his Cambodian counterpart, Hun Sen, today on the sidelines of the Asean-US summit being held here. Thai-Cambodian relations took a further turn for the worse in July when Bangkok opposed Phnom Penh's management plan for Preah Vihear during a World Heritage Committee meeting in Brazil because the plan covered overlapping territory. The committee required Phnom Penh to submit the plan after the Hindu temple was listed as a world heritage site in 2008.

#### Philippine

THE Philippines and fellow Asean members will oppose any move by China to claim sovereignty over the South China Sea, Philippine President Benigno Aquino said on Thursday. So far, however, Mr Aquino said there doesn't seem to be 'any sense that China is pushing its weight around on the issue,'the Philippine chief executive told members of the Council on Foreign Relations in a question and answer forum.

The subject arose earlier this year when China claimed that the South China Sea is part of its 'core national interest.' The sea is home to valuable fishing grounds and largely unexploited oil and natural gas fields.

#### Cambodia

In a bid to boost its military capabilities, Cambodia will get almost 100 tanks and armored personnel carriers from Eastern Europe next week.

The move comes amid a lingering dispute with Thailand. The neighboring nations have

had several small but deadly skirmishes over conflicting claims to a border dispute.

Military and political officials kept anonymous by the People's Daily said nearly 100 tanks and armored personnel carriers were shipped off Sihanoukville Sea Port Monday and will later be taken to Phnom Penh. A spokesman for Cambodia's Ministry of Defense, Chihum Socheat, confirmed the arrival of the military trucks but refused to give exact number and other details. By some accounts 94 armored vehicles were delivered.

#### At economic Front

#### • Indonesia.

Indonesia, an archipelago made up of approximately 17,508 islands, and is located in South-East Asia. The country has a population of approximately 230 million, making it the fourth most populous country in the world; its capital city is Jakarta, which is located on the island of Java. Since the majority of the population of Indonesia are Muslims, Indonesia can be considered the largest Islamic state in the world in terms of population. Indonesia learned its lesson well, and so was able to withstand the global financial crisis that engulfed the world in 2007. It overcame the economic downturn with minimal damage, and this [financial] storm was one that hardly touched Indonesia. By mid-2009, the Indonesian financial markets have reached amazing heights, surpassing all other Asian markets with the exception of Mumbai and Shanghai. The Indonesian Rupiah had recovered most of its losses against the dollar, and Indonesia's 2009 budget deficit stood at less than 1.6 percent of GDP. In 2010 – just as the Indonesian Central bank predicted – the economy is well on the way to achieving growth rates of 7 percent. The Indonesian government is therefore expected to seek to increase Islamic banking's share of its financial industry by offering increased tax incentives, enacting further legislation, issuing more independent sukuk bonds. Thus, Indonesia will become Islamic banking's tiger economy.

Glossy paper imported from China and Indonesia will face duties in the U.S. after the Commerce Department ruled the products receive unfair subsidies and are dumped into the American market at a discount.

The duties affect \$260 million of paper used for magazines, and the dumping duties will reach as much as 135.83 percent for China and 20.13 percent for Indonesia, the department said yesterday in an e-mailed statement. Countervailing duties for subsidies will be as much as 17.94 percent for Indonesia and 178.03 percent for China.

India will pass Japan to be the biggest buyer of Indonesian coal by 2011, said Bob Kamandanu, chairman of the Indonesian Coal Mining Association.

Coal imports by India may rise to 70 million tonnes, up from 40 million tonnes this year, Kamandanu told reporters on the sidelines of Coaltrans Upgrading Coal Forum in Jakarta today. "In the past, India only bought high-quality coal, but now they started buying a lot of low-rank coal also because of an increase in domestic consumption," Kamandanu said. Japan is still the biggest buyer of Indonesian coal this year with imports of about 60 million tonnes, he said. South Korea ranks third behind India, Kamandanu said.

Indonesia's banking system is strong and well capitalized, as has been proven by impressive improvements in financial stability during the 2008-2009 financial crisis, says a senior official at the International Monetary Fund.

"Indonesia has made great achievements in the last decade to improve macroeconomic and financial stability, with fiscal and monetary policies playing a major part," IMF senior resident representative in Indonesia, Milan Zavadjil, said to The Jakarta Post on Friday.

The intergovernmental institution overseeing the global financial system made the statement in response to recent local media reports on the IMF's latest assessment on Indonesia's economy. The tone of the local media on the report was perceived as negative by the IMF. "Some recent media stories on the report have been misleading and I would like to clarify the results of the assessment," said Milan, claiming that even the stress test result, perceived as negative in some quarters, was actually very positive.

Indonesia's parliament is to propose to its counterparts in other ASEAN member countries to forge closer cooperation to develop small- and medium-scale enterprises (SMEs), a legislator said.

Arif Budimanta, coordinator of the Economic Committee of the House of Representatives, said the proposal would be made at the 31st ASEAN Inter-Parliamentary Assembly (AIPA) that is being held in Hanoi, Vietnam, from Sept. 21 to Sept. 24, 2010. Being a member of the Indonesian parliament's delegation to the meeting, Arif made the remark through an e-mail made available to Antara from the Vietnamese capital on Wednesday.

#### Malaysia

Malaysia's plans to revitalise investment by backing national champions and ending racebased 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 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. 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.

Despite Malaysia's proposed economic reforms, foreign investors are shunning the country's markets, opting for better investment opportunities in the region. Nevertheless, the Malaysia country-related ETF is trading favorably on higher growth in the emerging markets.

A recent Bank of America Merrill Lynch report dubbed Malaysia the "least-favored market" in the Asia Pacific after the country dropped from 10th to last in the latest Fund Mangers Survey, reports Yong Hong Chieh for My Sinchew. The United Nations calculates that overseas investment dropped 81% last year.

The financial experts on international trade have stressed the need to boost the country's bilateral trade volume with Malaysia, Sir Lanka, China and Iran for keeping the trade growth higher and to attain economic prosperity. Addressing the concluding session of a three days seminar here at a local hotel on Wednesday, the experts said that there was a wider scope of trade opportunities to be availed from each other's markets and that would usher in a new era of economic ties between the respective countries.

They said that such seminars for guiding the exporters and multinational companies on Pakistan's free trade agreements with malaysia, Sir Lanka and China should be organized to benefit the country's economy.

Malaysia has set an ambitious target of luring \$444 billion of investments over the next decade to become a developed nation by 2020, but some analysts warned the plans are unrealistic and may be hampered by a long-standing affirmative action policy that favors the ethnic Malay majority. Idris Jala, a minister in the Prime Minister's Department, yesterday said the government wants to blanket Malaysia with broadband, develop nuclear energy and build a high-speed rail link to Singapore under a 10-year blueprint to kick-start the Southeast Asian nation's drive toward high-income status.

## Philippine

A house maid from the Philippines washes dishes at her employers 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, 2010Mabini,

Philippines. 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.

The Philippines, the world's biggest rice buyer, expects to import up to 1.5 million tonnes of the grain for 2011 after record purchases of 2.45 million tonnes for this year led to oversupply, officials said on Tuesday. Manila may start buying rice from the overseas market in small amounts from November, said Angelito Banayo, head of the state-run grain agency National Food Authority (NFA).

"We're looking at 1.2 million to 1.5 million metric tonnes. I think that would be safe," Banayo told legislators during a Congress hearing on the agriculture department's 2011 budget, having earlier said imports would be around 1 million tonnes. "We still have plenty of rice. I can stretch the rice inventory," he had said earlier. "If I have enough rice stocks, I can buy a little in November, December," Banayo said. "I can pace, depending on the price." On on Friday, Banayo told Reuters the country had enough rice stocks to last 85 days.

- Vietnam
- Singapore

Singapore-based agribusiness group Olam International has confirmed that it will consider Indonesia for future expansion. The confirmation comes amid reports yesterday (20 September) that Olam, along with Malaysia's Guan Chong and Singapore's ADM Cocoa are expected to build cocoa factories at a cost of US\$100m each in Indonesia.

#### Cambodia

Cambodian Prime Minister Hun Sen said yesterday he would appeal to US President Barack Obama to cancel a "dirty debt" of more than \$300mn he said helped fuel civil conflict three decades ago.

Hun Sen, who will meet Obama in New York tomorrow, rejected a US plan to reschedule payments of an estimated \$317mn, a debt he said was incurred by a government that came to power in a 1970 coup backed by Washington. "The debt Cambodia owes the US from 1970 to 1975 is judged as dirty debt, so please cancel it," Hun Sen said during the opening of a new bridge in Kandal province.

Thailand

## At Social Front

Indonesia

As a Muslim, the assaults of two Batak Christian Protestant Church (HKBP) leaders on Sept. 12, for me and for many Indonesians, regardless their religion, is shocking.

This occurred in Indonesia, where people take pride in their nation's internationally recognized reputation as a peaceful, tolerant and democratic nation. Religion is the anchor in the everyday life of most Indonesians, either as a part of their character, or as a part of the nation's identity. Indonesians is proud to have the 1945 Constitution as the foundation of our nation, and is equally proud of the state ideology Pancasila and its first principle, Belief in One God. Dozens of Christians have defied police and threats of attack from Muslim groups to hold prayers inside their boarded-up church near the Indonesian capital.

The group held their Sunday service surrounded by hundreds of police and security guards, saying they had as much right as any Indonesian to worship in the Muslimmajority country.

More than 300 people have been killed on Indonesian roads during a mass exodus to celebrate the Muslim holiday of Eid al-Fitr, police said Saturday.'Our latest data showed that 311 people died in 1,397 road accidents,' national police spokesman I Ketut Untung Yoga Ana told AFP, using data collected since September 3. 'About 70 percent of those killed were riding motorcycles,' he said. Indonesians traditionally celebrate the holiday with their parents and relatives in their home towns

- Malaysia
- Philippine

Filipinos are used to having their country soaked by rain six months of the year, but these days worry is on many faces whenever raindrops start falling.

This is even though many of them have managed to rebuild their lives a year after twin typhoons destroyed thousands of homes across the main island of Luzon, and killed nearly 1,000 people in this South-east Asian country of 94 million people.

On Sep. 26, 2009, Typhoon Ketsana hit the Philippines, and it later unleashed its fury in neighbouring South-east Asian countries. In a matter of hours, portions of Metro Manila and towns the south and north of it inundated in floodwaters so deep they swallowed even two-storey dwellings.

A leader of the Abu Sayyaf extremists linked to the kidnapping of two American missionaries and 17 others, including Filipinos, in 2001 was killed in an encounter with government forces on the violence-wracked province of Basilan in Mindanao, a top military commander reported on Sunday.

Whether President Aquino takes action against government officials for their part in the Philippines bus hostage crisis will shape the country's international image. Besieged by critics at home and abroad he's under severe pressure to show his ability to deal decisively with bitter recriminations over his response to the hostage tragedy in August in which a former police colonel killed eight Hong Kong tourists on a tour bus after an 11-hour standoff.

China, extremely critical of the way authorities in the Philippines responded to the episode, is demanding action against government, police, and military officials for failing to resolve the crisis before it ended in the massacre of Chinese citizens.

The Moro Islamic Liberation Front (MILF) has altered its demand for the establishment of a separate Muslim state to bring lasting peace to strife-torn Mindanao, according to a ranking MILF leader.Instead, Mohagher Iqbal told Philippine defence reporters the MILF would agree to the establishment of a "sub-state" which recognises the powers of the "central government." Leonen also vowed that when the peace talks resume, the government would exhaust all possible means to bring about an agreement that would be agreeable and satisfactory to all parties concerned. The government noted the Iqbal announcement represented a drastic departure from MILF's demand for the establishment of a Bangsamoro Juridical Entity (BJE) under the concept of ancestral domain. The BJE was to be created with the signing of a draft agreement in Kuala Lumpur, Malaysia in 2008, which, however, was declared unconstitutional by the Philippine Supreme Court (SC).

#### Thailand

New York-based Human Rights Watch (HRW) this week scolded the Thai government over its handling of the ongoing insurgency in the three southernmost provinces, and condemned the militants there for carrying out target killings of public school teachers.

According to HRW's recently released report, "Targets of Both Sides: Violence Against Students, Teachers and Schools in Thailand's Southern Border Provinces", at least 108 teachers and 27 education personnel have been killed, presumably in insurgency related violence, since January 2004. This makes southern Thailand one of the world's most dangerous places for teachers.

#### Vietnam

Vietnam has once again been selected as the number one investment destination, outside of Brazil, Russia, India and China (BRIC), according to a report published by the UK Trade & Investment and Economist Intelligence Unit.

This is the third consecutive year that Vietnam has enjoyed the designation from the British agency. The 'Great Expectations: Doing business in emerging markets' report offers new insights from international investors about which markets they see as being the global growth engines of the future.

#### Cambodia

Germany has provided assistance to Cambodia for flood control system project that will

benefit about 700 households with approximately 3,500 farmers and their livestock, according to a statement released by German Embassy on Friday. The statement said the project was just completed and the hand- over ceremony of the flood control system built in the three districts in Kandal and Prey Veng Provinces, located about 65 kilometers southeast of Phnom Penh, was organized on Friday.

# **South East Asia (ASEAN)**

• At political Front

#### **Detailed News papers**

#### Indonesia

- Political front
- Foreign Relations
- Obama says he is coming to Indonesia

US President Barack Obama announced on Thursday that he will be traveling to Indonesia "soon", making good on a promise he has made and reneged on twice this year. The announcement took the Indonesian delegation to the United Nations General Assembly by surprise, not so much by the content as by the timing and because Obama had decided to make the announcement himself rather than his staff at the White House.

"Obama in his speech at the opening of the General Assembly said he plans to visit Indonesia shortly," Indonesian Foreign Minister Marty Natalegawa told Indonesian journalists who are in town for Friday's summit between Obama and leaders of ASEAN.

The trip to Indonesia will be part of an Asian tour he had planned on making in November that originally had included only India, South Korea and Japan. As he talked about the rise of the democracies around the world that were unique for each nation, Obama said, "Later this fall, I will travel to Asia. And I will visit India, which peacefully threw off colonialism and established a thriving democracy of over a billion people.

"I'll continue to Indonesia, the world's largest Muslim-majority country, which binds together thousands of islands through the glue of representative government and civil society.

"I'll join the G20 meeting on the Korean Peninsula, which provides the world's clearest contrast between a society that is dynamic and open and free, and one that is imprisoned and closed."And I will conclude my trip in Japan, an ancient culture that found peace and extraordinary development through democracy.

"Each of these countries gives life to democratic principles in their own way."Vice President Boediono will have a chance of finding out more about the Indonesian trip when he meets with Obama at the summit on Friday, and whether he will be coming with his daughters, as he had promised on the two canceled visits.

Obama, who spent four years of his childhood in Indonesia, canceled the first time in March because of an important vote over his healthcare bill and again in June to attend to the major oil spill in the Gulf of Mexico.

Presidential spokesman Teuku Faizasyah said in Jakarta that Obama had not yet

mentioned an exact date for the visit in his speech at but Indonesia appreciated his intention. "We appreciate that President Obama is still committed to his intention to visit Indonesia. With regard to the schedule we can arrange it later," he said, as quoted by Antara news agency.

He said until now there had not been further communications with the US regarding the planned visit. "We regard the statement positively. We grasped the committment. So far there have been a lot of developments that have indeed made President Obama to stay in his country," Faizasyah said.

http://www.thejakartapost.com/news/2010/09/25/obama-says-he-coming-indonesia.html

# • India throws weight behind West Asia peace

As Israeli and Palestinian leaders engage in direct talks after almost two years, India along with Brazil, South Africa and Indonesia has decided to support the peace process and find a solution to the decades-old conflict.

Foreign minister Mr SM Krishna and his counterparts from three other countries were briefed by Palestinian Authority foreign minister Mr Riyad al-Malki on the ongoing peace talks as well as concerns about illegal Israeli settlements. "All the parties felt that these discussions at an informal level should continue," said India's envoy to the UN Mr Hardeep Singh Puri, who was also present at the meeting along with Mr Krishna, held on the sidelines of the General Assembly.

Indonesia's foreign minister Mr Marty Natalegawa stressed that the discussions between these four countries were to "complement" existing efforts for resolving the conflict being carried out by the USA and the Quartet (UN, European Union, Russia and the USA). "What we are saying is that we can add value to what is already existing efforts. Therefore we recognise our limitations but at the same time we have a certain niche and we can fulfill certain gaps," Mr Natalegawa said.

"We are not in the business of trying to complicate matters. We are simply trying to speak up in favour of peaceful negotiations at this critical juncture," he added.

Meanwhile, Mr al-Malki underlined that Israel needed to extend the moratorium on settlements, which expired on 26 September, and a failure to do so would cause "a deadlock and a deterioration of the situation on the ground." At the end of the settlement moratorium, 13,000 housing units can be built without further government approval - of which 2,000 for immediate construction, according to Peace Now, an advocacy group that opposes Israel's settlement activity.

http://www.thestatesman.net/index.php?option=com\_content&view=article&id=342512 &catid=36

#### • Geo-Strategic Front

#### Economic Front

## Indonesia: The Tiger Economy of Islamic Banking

Indonesia, an archipelago made up of approximately 17,508 islands, and is located in South-East Asia. The country has a population of approximately 230 million, making it the fourth most populous country in the world; its capital city is Jakarta, which is located on the island of Java. Since the majority of the population of Indonesia are Muslims, Indonesia can be considered the largest Islamic state in the world in terms of population. The Indonesian economy is classified as a developing economy, and is known as a "Tiger Cub Economy" which is a group that also includes Malaysia, the Philippines, and Thailand. This is a reference to the more economically advanced "Asian Tiger Economies" that include Hong Kong, Singapore, South Korea, and Taiwan. The Asian Tigers gained this name after attracting foreign investment and achieving impressive growth in their economy, manufacturing industries, and capital development. However the East-Asian economies suffered a financial crisis in 1997 as a result of so-called "hot money" [speculative funds], affecting both the Tiger and Tiger Cub economies, and causing the value of their currencies to collapse. By 1998, the Indonesian Rupiah – which was the currency most affected by this crisis – had lost around 74 percent of its value. This led to a decline in the Asian Tigers financial markets, as a result of the large sales that had been made by speculators. The Asian Tigers stock market decreased by around 65 percent, which translated into overall losses that reached around 700 billion dollars in less than a year. Indonesia was also politically and economically affected by this, but it has since recovered and begun to experience growth once more. Indonesia has great economic potential, and this is due in no small party to the great international support that it enjoyed during the 1997 financial crisis, particularly from the US. The US had invested around 300 billion dollars into Indonesia, and it was not prepared to lose this.

Indonesia learned its lesson well, and so was able to withstand the global financial crisis that engulfed the world in 2007. It overcame the economic downturn with minimal damage, and this [financial] storm was one that hardly touched Indonesia. By mid-2009, the Indonesian financial markets have reached amazing heights, surpassing all other Asian markets with the exception of Mumbai and Shanghai. The Indonesian Rupiah had recovered most of its losses against the dollar, and Indonesia's 2009 budget deficit stood at less than 1.6 percent of GDP. In 2010 – just as the Indonesian Central bank predicted – the economy is well on the way to achieving growth rates of 7 percent.

Despite all of these positive figures and statistics with regards to the Indonesian economy, national decision-makers do not have a long-term strategic vision in place to exploit the country's favourable geographic location, and nurture its social environment

in order to transform Jakarta into the capital of Islamic Finance in East Asia, which is a position that Jakarta is well-qualified to hold. The importance of this issue is further underlined by Indonesia's neighbour, Malaysia, which through development over a number of years has been able to become the gateway and capital of the Islamic banking industry in East Asia.

Indonesia has known of the potential of the Islamic banking industry since 1992, when it founded its first Islamic bank, Bank Muamalat Indonesia (BMI). Yet the industry's growth rates [today] do not exceed the growth witnessed by the industry between 2000 and 2009, which stood at between 2.5 percent and 5 percent growth. By the end of 2009, there were a total of 6 Islamic banks and 25 Islamic windows in conventional banks in Indonesia, in addition to 138-state owned provincial Islamic banks. However, Indonesian decision-makers have not paid attention to the financial strength of this promising industry until recently. They are now seeking to keep up with their neighbours by stimulating this industry and granting it the attention that it deserves. They have enacted relevant legislation, and the government has issued several independent Islamic Sukuk funds.

The government's measures to stimulate the industry have led to an unprecedented growth in its [Islamic banking] assets, with the growth rate at the end of 2009 seeing an increase of around 37 percent compared to 2008. The growth rate in 2010 is expected to stand at around 81 percent, according to a report published by the Indonesian newspaper, The Jakarta Post.

But even with the high growth rates recently achieved in Indonesia thanks to Islamic banking assets, these assets still only make up less than 2.5 percent of Indonesia's total financial industry. This is not proportionate with the incentives put in place by the Indonesia state to achieve growth in this industry.

The Indonesian government is therefore expected to seek to increase Islamic banking's share of its financial industry by offering increased tax incentives, enacting further legislation, issuing more independent sukuk bonds. Thus, Indonesia will become Islamic banking's tiger economy.

http://www.aawsat.com/english/news.asp?section=6&id=22423

## • Chinese and Indonesian Glossy Paper Facing U.S. Import Duties

Glossy paper imported from China and Indonesia will face duties in the U.S. after the Commerce Department ruled the products receive unfair subsidies and are dumped into the American market at a discount.

The duties affect \$260 million of paper used for magazines, and the dumping duties will reach as much as 135.83 percent for China and 20.13 percent for Indonesia, the

department said yesterday in an e-mailed statement. Countervailing duties for subsidies will be as much as 17.94 percent for Indonesia and 178.03 percent for China.

The Commerce Department imposed preliminary duties in April and May. Paper importers have been depositing those duties since then, and the tariffs will become final after the U.S. International Trade Commission makes a separate ruling scheduled for Nov. 4.Gold East Paper Jiangsu Co. must pay combined duties of 25.24 percent, the department said. Chinese companies not listed in the case face a 153.47 percent duty, according to the statement. Asia Pulp & Paper, a unit of Indonesia's Sinar Mas Group, must pay a 38 percent duty on its exports, according to a company statement.

"We are disappointed," said Terry Hunley, acting president for Asia Pulp & Paper Americas. "We remain confident that the entire trade case will be thrown out at the conclusion of the International Trade Commission's injury investigation

http://www.businessweek.com/news/2010-09-21/chinese-and-indonesian-glossy-paper-facing-u-s-import-duties.html

## • India to be biggest buyer of Indonesian coal by 2011

India will pass Japan to be the biggest buyer of Indonesian coal by 2011, said Bob Kamandanu, chairman of the Indonesian Coal Mining Association.

Coal imports by India may rise to 70 million tonnes, up from 40 million tonnes this year, Kamandanu told reporters on the sidelines of Coaltrans Upgrading Coal Forum in Jakarta today. "In the past, India only bought high-quality coal, but now they started buying a lot of low-rank coal also because of an increase in domestic consumption," Kamandanu said. Japan is still the biggest buyer of Indonesian coal this year with imports of about 60 million tonnes, he said. South Korea ranks third behind India, Kamandanu said.

Coal prices may rise to \$100 a tonne by the end of this year because of bad weather, which has disrupted mining in Indonesia, and port bottlenecks in Australia, Kamandanu said. "Demand is there and it's normally high at the end of the year due to cold temperature and it will support prices," he said. Indonesia may produce about 305 million tonnes of coal this year of which 240 million will be exported, Kamandanu said.

http://www.business-standard.com/india/storypage.php?autono=408735

# • INDONESIA: Olam eyes Indonesia for growth

Singapore-based agribusiness group Olam International has confirmed that it will consider Indonesia for future expansion. The confirmation comes amid reports yesterday (20 September) that Olam, along with Malaysia's Guan Chong and Singapore's ADM Cocoa are expected to build cocoa factories at a cost of US\$100m each in Indonesia.

According to the Indonesian Cacao Association, Olam and ADM Cocoa plan to build their factories with a processing capacity of 50,000 tons of cacao beans a year in

Sulawesi.However, while Olam said the firm had made no announcement on the construction of a factory in the country, a spokesperson told just-food: "As for cocoa processing in Indonesia, since our intention is to invest in cocoa processing selectively in locations that provide a competitive advantage, it remains one of the various options for our consideration for future expansion."

ADM Cocoa also said that while it has not made any announcements regarding a cocoa factory in Indonesia it had recently opened a third cocoa bean warehouse in the country and would continue to seek opportunities to grow its cocoa operations there.Guan Chong could not be reached for immediate comment.

Olam last month announced plans to build a cocoa processing facility in Cote d'Ivoire.

The firm plans to build a greenfield cocoa processing in Abidjan, the country's capital. The \$43.5m investment includes a primary processing and warehousing facility in San Pedro.

http://www.just-food.com/news/olam-eyes-indonesia-for-growth\_id112516.aspx

## • IMF: RI banking system strong, well capitalized

Indonesia's banking system is strong and well capitalized, as has been proven by impressive improvements in financial stability during the 2008-2009 financial crisis, says a senior official at the International Monetary Fund.

"Indonesia has made great achievements in the last decade to improve macroeconomic and financial stability, with fiscal and monetary policies playing a major part," IMF senior resident representative in Indonesia, Milan Zavadjil, said to The Jakarta Post on Friday.

The intergovernmental institution overseeing the global financial system made the statement in response to recent local media reports on the IMF's latest assessment on Indonesia's economy. The tone of the local media on the report was perceived as negative by the IMF. "Some recent media stories on the report have been misleading and I would like to clarify the results of the assessment," said Milan, claiming that even the stress test result, perceived as negative in some quarters, was actually very positive.

The IMF, which viewed the banking system as vital to Indonesia's economic wellbeing, said the local banks achievements have been significant and showed improving supervisory systems.

On Sept. 16, the IMF released data on a theoretical stress test reportedly to help measure the strength of Indonesian banks in the face of a severe hypothetical crisis with -5 percent economic growth. In the simulation, the level of non-performing loans (NPL) in Indonesian banks was projected to rise to 31.5 percent.

Bankers and analysts responded to the IMF stress test unanimously indicating that the

projection was totally unrealistic, portraying almost inconceivable circumstances, especially given the current excellent state of Indonesian banks.

Bank Indonesia (BI) data showed that in the first half of this year, average banks loan growth reached 18.88 percent, while gross non-performing loans (NPLs) remained manageable at 3.5 percent. The capital adequacy ratio (CAR) stood at 18.06 percent in the period ending June 30, higher than the central bank's currently required level of 8 percent. Given the current figures, the central bank called the stress test scenario "unrealistic". The government saw 2011 economic growth at 6.4 percent and is targeting 7.7 percent growth by the end of President Susilo Bambang Yudhoyono's term in 2014.

"BI expressed objections on the IMF scenario, which was based extremely negative economic circumstances. Even in times of extreme crisis, the central bank would do everything it could to rescue the economy to avoid such a downturn," BI spokesman Difi Johansyah said in a statement, adding that the stress test should therefore in no way be considered as a forecast.

http://www.thejakartapost.com/news/2010/09/25/imf-ri-banking-system-strong-well-capitalized.html

### • Govt upbeat on 2011 poverty outlook

The Indonesian government is committed to continuing its social protection programs, and upbeat about reducing poverty in 2011 to between 11.5 and 12.5 percent from 13.3 percent this year.

The social protection programs are divided into three clusters that include the provision of rice for poor households (Raskin) and public health insurance (Jamkesmas), community empowerment programs and the National Community Empowerment Program (PNPM), and the KUR microcredit funding scheme, National Development Planning Agency (Bappenas) deputy chairman Lukita Dinarsyah Tuwo said Friday. "These clusters are especially designed to protect our poor and low-income earners so that they won't fall headlong into worsening poverty," Lukita told journalists at his office.

The PNPM and KUR programs, for example, are designed to alleviate poverty by providing financial support needed by poor and low-income earners to set up small businesses, he said.

The government is targeting to channel Rp 13.1 trillion (US\$1.46 billion) in microcredit finance in 2010, Lukita said, adding that the government had already reduced the poverty rate. "We want to reduce it further," Lukita said, adding that the government was targeting poverty levels of between 8 and 10 percent for the 2010-2014 period.

Earlier on Wednesday, Finance Minister Agus Martowardojo said the government would

place more focus on businesses involving poor and low-income earners leading to stronger pro-poor economic growth. "We will empower business programs involving poor people and those who have special economic difficulties," he said during a hearing with House of Representatives Commission XI overseeing finance and banking. This program could generate not only businesses but also job opportunities for poor and low-income earners, Agus said. Aside from the development of business empowerment, pro-poor economic growth would be achieved by improving the quality of poverty alleviation programs and maximizing the effectiveness of those programs, he said.

Infrastructure development would also be given special attention as one of the most efficient means to reduce poverty. With Rp 50 trillion from the state budget, infrastructure development could provide 1.4 million people with jobs for a year, he said."We have calculated that every one percent of economic growth can provide jobs for 400,000 people."The government has revised its growth estimate for 2011 from 6.3 to 6.4 percent, which would provide more than 2.5 million people with jobs. (ebf)

http://www.thejakartapost.com/news/2010/09/25/govt-upbeat-2011-poverty-outlook.html

# • RI parliament proposes ASEAN cooperation to develop SMEs

Indonesia's parliament is to propose to its counterparts in other ASEAN member countries to forge closer cooperation to develop small- and medium-scale enterprises (SMEs), a legislator said.

Arif Budimanta, coordinator of the Economic Committee of the House of Representatives, said the proposal would be made at the 31st ASEAN Inter-Parliamentary Assembly (AIPA) that is being held in Hanoi, Vietnam, from Sept. 21 to Sept. 24, 2010. Being a member of the Indonesian parliament's delegation to the meeting, Arif made the remark through an e-mail made available to Antara from the Vietnamese capital on Wednesday.

He said the proposal would be made because SMEs are the basis of ASEAN's economic power. In the present era of the ASEAN Free Trade Area (AFTA), it is important for ASEAN member countries to cooperate more closely through the SMEs development. The 31th AIPA General Assembly was opened on Tuesday by the Vietnamese prime minister. Apart from parliamentary delegations from all ASEAN member countries, the assembly is also being attended by observers from various countries, including China, Russia, Canada, Japan, South Korea, India and Australia.

http://www.thejakartapost.com/news/2010/09/23/ri-parliament-proposes-a sean-cooperation-develop-smes.html

- At social Front
- Has Indonesia failed to protect its citizens?

As a Muslim, the assaults of two Batak Christian Protestant Church (HKBP) leaders on Sept. 12, for me and for many Indonesians, regardless their religion, is shocking.

This occurred in Indonesia, where people take pride in their nation's internationally recognized reputation as a peaceful, tolerant and democratic nation. Religion is the anchor in the everyday life of most Indonesians, either as a part of their character, or as a part of the nation's identity. Indonesians is proud to have the 1945 Constitution as the foundation of our nation, and is equally proud of the state ideology Pancasila and its first principle, Belief in One God.

The constitution guarantees the protection of freedom of religion, including every person's freedom to worship according to his or her religion and beliefs. After Indonesia transformed into a full democracy in 1998, the nation also ratified international human rights conventions that guarantee freedom of religion and belief without discrimination.

However, in reality, as reported by the local and international media and many human rights reports, many Indonesians continue to face religious hardship. The situation is worse for persons who do not have a religion or faith, or if their beliefs are not recognized by the state. Every Indonesian must have an official religion, a policy which is contrary to international human rights laws that acknowledge agnostic and even atheist views.

Another sad example is demonstrated by the present poor condition of the Ahmadis in Indonesia. They are not only facing religious discrimination and violence that has led to economic hardship, the Indonesian government even issued a Joint Decree (SKB) which ruled that Ahmadiyah followers have only two options: They can continue their present religious activities but they will not be acknowledged by the state as Muslims, or change their teachings and practices in accordance with mainstream Islam. This decision very unfair for the Ahmadis, because aside from the obvious human rights implications, expecting them to acknowledge they are not equal Muslims is asking them to commit an apostasy against themselves as Ahmadis.

The freedom of religion or faith should never be compromised under any circumstance, even under a public state of emergency. Following the violent attacks on the two HKBP church leaders, authorities in Bekasi said on Monday that they had warned the congregation not to hold services in Ciketing, where the crime took place. The incident could have been seen as a direct result of a lack of protection by the State, its failure to uphold religious freedom, and especially to secure the rights for followers to assemble for worship — and this was not the first attack on the church.

Still, the government regards the problem as no more than an "administrative issue" or a "purely criminal act". Jakarta Police chief Insp. Gen. Timur Pradopo said the police's

preliminary investigation concluded the assaults were "purely criminal", adding that police had found no link to recent interfaith conflicts (The Jakarta Post, Sept. 13).

The state has a constitutional obligation to ensure that all citizens have full freedom of religion and the guaranteed right to practice their faith. Violating one's right to worship according to one's religion is a serious violation of human rights.

http://www.thejakartapost.com/news/2010/09/19/has-indonesia-failed-protect-its-citizens.html

#### • Indonesia church defies authorities

Dozens of Christians have defied police and threats of attack from Muslim groups to hold prayers inside their boarded-up church near the Indonesian capital.

The group held their Sunday service surrounded by hundreds of police and security guards, saying they had as much right as any Indonesian to worship in the Muslimmajority country.

Local officials used bullhorns to remind members of the Batak Christian Protestant Church that they were banned from the site following an attack last week by suspected Muslim activists on two church leaders."We just want to carry out our obligations as Christians, but authorities are treating us like terrorists," Advent Tambunan, a member of the congregation in the industrial city of Bekasi, said.

"There's no justice for us in this country."Police have arrested 10 people following the attack, which left one churchgoer hospitalised with a stab wound.

A local leader of the Islamic Defender's Front, which has led calls for the Christians to leave, was among those detained. In recent months, the hardliners have thrown shoes and water bottles at the church members, interrupted sermons with chants of "infidels!" and dumped piles of faeces on the land.

Local officials had seven empty buses on standby outside the Batak Christian's shuttered church on Sunday, ready to transport them to an alternate site of worship provided by the government.But members of the congregation, numbering about 100, refused to move.

After lengthy negotiations, they were allowed to carry out Sunday service, with the agreement that they would talk later this week about ways to help defuse religious tensions in the neighbourhood.Indonesia, a secular country of 237 million people, is the world's most populous Muslim nation.Though it has a long history of religious tolerance, a small extremist fringe has become more vocal, and violent, in recent years.

http://english.aljazeera.net//news/asia-pacific/2010/09/201091944922621312.html

## • 300 road deaths in Indonesia Eid exodus: police

More than 300 people have been killed on Indonesian roads during a mass exodus to celebrate the Muslim holiday of Eid al-Fitr, police said Saturday.'Our latest data showed

that 311 people died in 1,397 road accidents,' national police spokesman I Ketut Untung Yoga Ana told AFP, using data collected since September 3. 'About 70 percent of those killed were riding motorcycles,' he said. Indonesians traditionally celebrate the holiday with their parents and relatives in their home towns.

Motorcycles, readily available through cheap credit schemes, have become one of the most popular means of travel during the annual exodus. At least 418 others were seriously injured, he added. Indonesians celebrated the Eid holiday on September 10 to mark the end of the fasting month of Ramadan.

A mass of people crammed planes, trains, ferries, buses and overloaded motorcycles and cars as major cities and towns emptied during the exodus. Eighty percent of Indonesia's 240 million people are Muslim, making it the world's largest Muslim-majority country. At least 500 people were killed during last year's exodus. afp

http://www.dailytimes.com.pk/default.asp?page=2010\09\19\story\_19-9-2010\_pg4\_3 **Malaysia** 

#### • Economic Front

#### • Malaysia's reforms face formidable challenges

Malaysia's plans to revitalise investment by backing national champions and ending racebased 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 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," said Southeast Asia political risk analyst David Kiu.

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 results 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 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

#### Malaysia unveils bold plan to transform economy

Malaysia on Tuesday unveiled a bold initiative to transform the economy over the next decade, creating 3.3 million jobs and propelling the country towards developed-nation status.

The ambitious agenda, aimed at ensuring Malaysia does not fall into the "middle-income trap", would see gross national income grow six percent annually to hit 523 billion US dollars by 2020, up from 188 billion US dollars last year.

The programme is to be powered by a targeted total investment of 444 billion US dollars embracing 133 projects, with 92 percent of the funding coming from the private sector."Malaysia has no time to lose. We need a complete, radical economic transformation. The days of depending on traditional growth engines are over," said Cabinet minister Idris Jala, who is spearheading the plan.

"If we continue on the current economic model, we risk getting caught in the middle-income trap and continue to lose out on talent necessary to support a high-income economy." Idris, a former Malaysian Airlines boss who pulled the national carrier back from the brink of bankruptcy, has been co-opted by the government in the hopes he can work his magic on the economy.

Under his Economic Transformation Programme (ETP), created in consultation with the private sector, 12 key sectors have been identified including oil, gas and energy; financial services; and a plan to revitalise Kuala Lumpur. Idris said the programme to create 3.3 million jobs would be focused on higher-income categories in a bid to boost wages which have stagnated.

Malaysia has a long track record of ambitious plans that crumble in the implementation stage, but Idris insisted that the government and private sector were now on board.

Critics also say would-be investors are deterred by preferential treatment for government-linked companies (GLCs), as well as a positive-discrimination policy for Muslim Malays which is seen as hampering competition."Affirmative action will continue but we will redefine affirmative action so that it becomes more transparent and much more fair," Idris said.

"It is very clear that discussions on affirmative action will continue to focus on need and merit," he said, referring to reformists' arguments that benefits in the multi-ethnic country should be based on need, not race.

Tony Fernandes, the founder of budget carrier AirAsia and one of Malaysia's top entrepreneurs, said at the public launch of the scheme that it was critical the government establish a level playing field."They (the government) feel they have to protect GLCs and so hold back private companies -- they must be enablers to help the private sector," he said."The government should get out of business, that would make us all happier."

http://www.channelnewsasia.com/stories/afp\_asiapacific\_business/view/1082499/1/.html

# Malaysia Takes a Back Seat to Asia

Despite Malaysia's proposed economic reforms, foreign investors are shunning the country's markets, opting for better investment opportunities in the region. Nevertheless, the Malaysia country-related ETF is trading favorably on higher growth in the emerging markets.

A recent Bank of America Merrill Lynch report dubbed Malaysia the "least-favored market" in the Asia Pacific after the country dropped from 10th to last in the latest Fund Mangers Survey, reports Yong Hong Chieh for My Sinchew. The United Nations calculates that overseas investment dropped 81% last year.

Malaysia isn't taking this lying down, though:

- \* The government stated that the country's private sector projects, worth \$444 billion, can fill in for the lack of investment and bring the country to developed-nation status by 2020, writes Barry Porter for BusinessWeek.
- \* Through the New Economic Model (NEM), the government hopes to increase per capita income to \$15,000, which meets the World Bank's definition of high-income nation. To meet this goal, the country will have to grow by an average 6% annually in the next five years.
- \* Malaysia will add an additional 3.3 million jobs, with 60% in the medium- or high-income categories, to help the country reach high-income nation status by 2020, according to My Sinchew.

http://seekingalpha.com/article/226493-malaysia-takes-a-back-seat-to-asia

# • Experts for boosting trade with Malaysia, Chine, Sri Lanka

The financial experts on international trade have stressed the need to boost the country's bilateral trade volume with Malaysia, Sir Lanka, China and Iran for keeping the trade growth higher and to attain economic prosperity. Addressing the concluding session of a three days seminar here at a local hotel on Wednesday, the experts said that there was a wider scope of trade opportunities to be availed from each other's markets and that would usher in a new era of economic ties between the respective countries.

They said that such seminars for guiding the exporters and multinational companies on Pakistan's free trade agreements with malaysia, Sir Lanka and China should be organized to benefit the country's economy.

Director General Pakistan Institute of Trade and Development (PITAD) Islamabad Asif Ghafoor highlighted the trends of trade between Pakistan and Malaysia and Marketing opportunities for Pakistan in malaysia.

Tahir Abbas of FBR, Islamabad discussed the rules of origin in Pak-Malaysia FTA while Mujib Khan, Consultant WTO cell of TDAP talked about Pakistan's taking advantages from Pak-Malaysia FTA and Nauman Aslam, Director, TDAP, Lahore highlighted the GSP specific benefits for Pakistan. The certificates also were distributed among the participants of the seminar.

http://ftpapp.app.com.pk/en\_/index.php?option=com\_content&task=view&id=116799&It emid=49

# • Malaysia sets \$444bn investment target

Malaysian Prime Minister Najib Razak, center, looks at a model of the future development of Kuala Lumpur city during the public open day for the Economic Transformation Program in Kuala Lumpur on Tuesday. Malaysia has set an ambitious target of luring \$444 billion of investments over the next decade, unveiling plans to blanket the country with broadband, develop nuclear energy and build a high-speed rail link to Singapore as it seeks to become a developed nation by 2020.

Idris Jala, a minister in the Prime Minister's Department, said Tuesday that 131 projects have been identified under a 10-year blueprint, known as the Economic Transformation Program, to kick-start the Southeast Asian country's drive toward high-income nation status.

The projects are spread over 12 areas ranging from oil and gas, palm oil and agriculture to tourism, financial services, education and urban infrastructure.

The blueprint seeks to nearly triple the country's gross national income from \$188 billion in 2009 to close to \$523 billion by 2020, and raise per capita income from \$6,700 to at least \$15,000 - meeting the World Bank's benchmark for a high-income nation.

"Malaysia has no time to lose. We need a complete, radical economic transformation. The days of depending on traditional growth engines are over," Jala said at a road show to gauge public response to the plan. Analysts, however, said that meeting the investment target would be a tall order.

Foreign direct investment in Malaysia has slumped in recent years, plunging 81 percent to \$1.4 billion in 2009 as it lost out to more competitive rivals such as Singapore, Indonesia and Thailand. Malaysia's decades-old system of preferences and quotas for the Malay majority and lack of human capital are often cited as stumbling blocks for investors."The expectations appear to be overambitious at this stage. There is nothing in the blueprint which indicates any transformation in policy and practices," said Ramon Navaratnam, chairman for the independent Center for Public Policy Studies, a think tank. Jala said 60 percent of the total investment required would come from the private sector, 32 percent from government-linked companies and 8 percent from the government. Some 3.3 million new jobs would be created, of which 60 percent would be in occupations with medium to high-income level salaries. Jala said affirmative action that includes business, education and other privileges for Malays would continue but the government has pledged to make it more transparent and fair. "We do not pick winners. We will make clear the rules ... so that competition is done on an even keel," he said.

Seven projects worth \$37 billion would be inked in the next few months, he said, but declined to give details. Under the economic blueprint, a massive regional oil storage

facility will be built in southern Johor state by 2015 to make Malaysia an oil services center in Asia.Malaysia will have a nuclear plant to boost power generation and become the world's second largest solar panel maker by 2020.Urban transportation will be upgraded with plans for a mass rail transit network for Malaysia's largest city Kuala Lumpur that includes 141 kilometers (87 miles) of tunnels.

It also suggests a high-speed rail link from Kuala Lumpur to Singapore, a plan proposed a few years ago by conglomerate YTL that failed to take off. Officials said a feasibility study for the high-speed train will be submitted to Cabinet by January.

Tourism will be beefed up, with plans to build covered walkways to link Kuala Lumpur's shopping malls, make Malaysia a duty-free center for goods and building a cultural center based on the "Malaysia Truly Asia" tourism campaign. Prime Minister Najib Razak is due to launch the blueprint on Oct. 26. Najib, who took office in April 2009, has pledged to reform the economy including rehauling energy subsidies that had bled the government, introducing a new goods and services tax and roll back the affirmative action program for Malays.

But he faces enormous political challenges from power brokers within and outside his party, which fears a voter backlash ahead of general elections due in 2013.

http://arabnews.com/economy/article144019.ece

## Malaysia eyes developed status, seeks \$444 billion

Malaysia has set an ambitious target of luring \$444 billion of investments over the next decade to become a developed nation by 2020, but some analysts warned the plans are unrealistic and may be hampered by a long-standing affirmative action policy that favors the ethnic Malay majority. Idris Jala, a minister in the Prime Minister's Department, yesterday said the government wants to blanket Malaysia with broadband, develop nuclear energy and build a high-speed rail link to Singapore under a

10-year blueprint to kick-start the Southeast Asian nation's drive toward high-income status.

The projects, which number 131 in total and are dubbed the Economic Transformation Program, are spread over 12 areas ranging from oil and gas, palm oil and agriculture to tourism, financial services, education and urban infrastructure. The blueprint seeks to nearly triple the country's gross national income from \$188 billion in 2009 to close to \$523 billion by 2020, and raise per capita income from \$6,700 to at least \$15,000 -- meeting the World Bank's benchmark for a high-income nation.

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http://www.kuwaittimes.net/read\_news.php?newsid=NTk2Njk1OTgx

#### • Social Front

## **Philippine**

- Political Front
- Geo-Strategic Front
- Asean to oppose sea claim

THE Philippines and fellow Asean members will oppose any move by China to claim sovereignty over the South China Sea, Philippine President Benigno Aquino said on Thursday. So far, however, Mr Aquino said there doesn't seem to be 'any sense that China is pushing its weight around on the issue,'the Philippine chief executive told members of the Council on Foreign Relations in a question and answer forum.

The subject arose earlier this year when China claimed that the South China Sea is part of its 'core national interest.' The sea is home to valuable fishing grounds and largely unexploited oil and natural gas fields.

Reports said that last month, China's navy planted a flag at the bottom of this vital shipping lane, where Taiwan and several Asean members including Vietnam, Malaysia, and the Philippines have also asserted claims. Asean refers to the 10-member Association of Southeast Asian Nations.

If China does push its weight around (on the South China Sea dispute), we as Asean will stand as a bloc and oppose that,' Mr Aquino said. 'Hopefully, we won't have to call it the South China Sea because it is not just their sea.' Asean has called for multilateral talks to settle South China Sea boundaries but China has rejected the idea, reports said. In July, US Secretary State Hillary Clinton told Asean foreign ministers Washington has an interest in keeping the waters open to all. http://www.straitstimes.com/BreakingNews/Asia/Story/STIStory\_582521.html

- Foreign Relations
- 'MCC signing historic day in US-RP relations'

US Ambassador to the Philippine Harry Thomas Jr., described the signing of the P20-billion Millennium Challenge Corporation (MCC) compact as a "historic day in US-Philippine relations".

"The MCC grant will support President Aquino's efforts to reduce poverty, stimulate economic growth, combat corruption, and ensure a better future for all Filipinos. Through this grant, we will make our strong partnership even stronger," said Thomas.

Thomas Jr. congratulated the Philippines following the signing of a US\$434 million (P20 billion) poverty reduction grant, known as a compact, between the Philippine Government and the MCC.

US Secretary of State Hillary Rodham Clinton and President Benigno Aquino III

presided over the signing on Thursday, September 23 in New York City.

The compact provides funding for 3 major projects:

\$54.3 million for a redesign and computerization of key business processes within the Department of Finance's Bureau of Internal Revenue to increase the efficiency, sustainability, and integrity of revenue collection; \$120 million for the expansion of KALAHI-CIDSS, a community-based rural development program focusing on small-scale infrastructure and related services that stimulate economic growth and reduce poverty; and, \$214.4 million for construction and rehabilitation of the 220-kilometer Samar Road that passes through 15 municipalities.

To ensure efficient and transparent implementation, the compact provides approximately \$37 million for administration, financial management, procurement oversight, and audit as well as \$8.3 million for monitoring and impact evaluation.

http://www.abs-cbnnews.com/nation/09/24/10/mcc-signing-historic-day-us-rp-relations

## • Clinton tells PNoy: Give your people chance for better life

State Secretary Hillary Clinton urged the administration of President Benigno Aquino III to work harder to create better living opportunities so Filipinos don't have to go abroad to have a better life.

"I know how smart the Filipino are. I know how hard they work," Secretary Clinton said at the signing ceremonies for the \$434 million Compact agreement with the Millennium Challenge Corporation (MCC) at the Waldorf Astoria Hotel in New York last night.But she noted "Too many of them feel that they can not progress in their own country. Too many of them feel that the elite in business and politics basically call the shots."

"There's not much room for someone who's hardworking but not connected. Too many of them believe that even if they get the best education they can, that there won't be an opportunity for them and so they take that education and help build someone else's economy, very often here in the United States," Secretary Clinton observed.

President Aquino said the MCC Compact grant – intended to fight poverty and corruption in the Philippines – was "no ordinary aid agreement."He described it as "a solemn agreement covenanted by its two entities in a common objective."

The \$434 million will be spent for three projects to build a modern highway that would cut through the poorest villages of Eastern Visayas; boost a barangay-based self-help program to provide livelihood in depressed communities across the archipelago; and enhance the capabilities of the Bureau of Internal Revenue to identify and prosecute tax cheats. "All the aid, all the assistance in the world would be meaningless if it ended up stolen or misspent," President Aquino admitted.

Aguino: We are committed to a square deal for all

The Compact agreement with the Philippines has been ready since late last year but the MCC decided to wait for the outcome of last May's elections. They made it clear they wanted the new administration to commit first to MCC goals, especially after the administration of President Gloria Macapagal Arroyo flunked the all-important corruption test year after year. "If the American people through their government can commit resources to their friends; their friend, owe it to those pledging assistance and to themselves to be worthy stewards of what they will receive," President Aquino declared. Secretary Clinton said the Compact grant "has the potential for assisting in the transformation that President Aquino has spoken of". "My visit to the United States has a key objective – to inform investors that the Philippines is indeed open for business – not the under-the-table kind, but the legitimate kind; not the kind of business that thrives in corrupt deal-making, but which thrives because of sensible and enforceable and fair contracts," President Aquino averred. He stressed his administration is "committed to not just a fair, but a square deal for all".

http://www.abs-cbnnews.com/nation/09/25/10/clinton-tells-pnoy-give-your-people-chance-better-life

- Economic front
- Filipinos Paying a Price for Remittance Economy

A house maid from the Philippines washes dishes at her employers 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, 2010Mabini,

Philippines. 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

#### Manila to import more rice

The Philippines, the world's biggest rice buyer, expects to import up to 1.5 million tonnes of the grain for 2011 after record purchases of 2.45 million tonnes for this year led to oversupply, officials said on Tuesday. Manila may start buying rice from the overseas market in small amounts from November, said Angelito Banayo, head of the state-run grain agency National Food Authority (NFA).

"We're looking at 1.2 million to 1.5 million metric tonnes. I think that would be safe,"

Banayo told legislators during a Congress hearing on the agriculture department's 2011 budget, having earlier said imports would be around 1 million tonnes. "We still have plenty of rice. I can stretch the rice inventory," he had said earlier. "If I have enough rice stocks, I can buy a little in November, December," Banayo said. "I can pace, depending on the price." On on Friday, Banayo told Reuters the country had enough rice stocks to last 85 days.

Manila usually starts buying rice, the national staple, in the fourth quarter to meet its requirements the following year. The previous government of President Gloria Macapagal Arroyo had aggressively bought rice from late last year after strong typhoons damaged crops. Extra private sector imports were allowed after a drought early this year, which pushed purchases above the previous record of around 2.3 million tonnes in 2008 during a global food crisis.

http://gulftoday.ae/portal/ca03ac76-4790-4297-bdc2-5d8641bd7989.aspx

#### • At Social Front

### • A Year On, Typhoon Ketsana's Lessons Far from Forgotten

Filipinos are used to having their country soaked by rain six months of the year, but these days worry is on many faces whenever raindrops start falling.

This is even though many of them have managed to rebuild their lives a year after twin typhoons destroyed thousands of homes across the main island of Luzon, and killed nearly 1,000 people in this South-east Asian country of 94 million people.

On Sep. 26, 2009, Typhoon Ketsana hit the Philippines, and it later unleashed its fury in neighbouring South-east Asian countries. In a matter of hours, portions of Metro Manila and towns the south and north of it inundated in floodwaters so deep they swallowed even two-storey dwellings.

Known locally as Ondoy, the typhoon dumped the heaviest rainfall in history experienced in Metro Manila, transforming streets into raging rivers. In some rural areas, the floodwaters reached a record level of more than six metres high.

Nora Abella recalls that her husband Raymond and their five children had to flee their home in the middle of the night. Massive floods caused by the typhoon's heavy rains had put them in danger of drowning as they slept in their house in Santa Cruz, the capital town of Laguna province, some 87 kilometres from Manila.

"I woke up to see my five children putting on their jackets and getting ready to move out of the house," she recalls. "While my husband and I were fast asleep, the children were restless and awake, checking the water just outside our house."Ketsana would continue on its path of destruction in Vietnam, Cambodia, Laos, and Thailand, killing hundreds more and leaving hundreds of thousands homeless.

Back in the Philippines, the Abellas had to stay in an evacuation centre with hundreds of other people for three months. On the heels of Ketsana had been Typhoon Pama (known as Pepeng in the Philippines), which while less destructive added more havoc to already devastated communities. The day after Christmas, the Abellas returned home, only to find their house still littered with debris. Since the water pump was damaged, they did not have a source of clean water. But communities across Luzon that had been devastated by the floods had picked themselves up almost as soon as the waters receded, thanks to many volunteers who extended help, from donations of food, clothing, and cash, to group clean-ups of streets and even households. Humanitarian groups like Oxfam and World Vision stepped in for long-term initiatives aimed not only at helping communities recover, but to also make them more prepared for disaster. "There's wisdom in stocking supplies ahead of time so we are not caught off-guard when disasters like Ketsana hit again," Boris Joaquin, head of donor engagement of World Vision, a global relief organisation, says.

Locally, World Vision sets aside a portion of the donations it gets towards a calamity fund and actively raises funds to provide humanitarian assistance for disaster preparedness, instead of giving just one-time donations.

Oxfam, meanwhile, supported household-water treatment, and built emergency communal latrines and washing areas, plus elevated walkways over the floodwaters, according to one post-disaster assessment report."We began working with the residents when they were in the evacuation centre and transitional sites, and continued to support them after they returned home or in the relocation sites," says Oxfam Country Programme Manager Snehal Soneji.

Oxfam also made it a point to address the problem of having constant clean water, which it considers vital to a community's recovery." Often, very little attention is given to the areas of water, sanitation, and hygiene despite the challenges they pose to the people's lifeline," Soneji says, noting the rising number of dengue cases in the Philippines. Nora Abella thus is now a member of the local water, sanitation, and hygiene (WASH) committee, which coordinates with the local community to help organise the maintenance of the communal and household toilets, monitor the use of water pumps, and assist in distribution of basic items. These committees ensure that the work continues long after the disaster strikes.

The National Disaster Risk Reduction Council (NDRRC), for its part, says it is now more prepared to deal with disasters, holding massive information drives in the aftermath of typhoons Ketsana and Pama.

NDRRC Executive Director retired Army Gen. Benito Ramos says that new equipment to

provide advance warnings, food and non-food items including medicine and relief goods, have been pre-positioned in key areas in the country.

"We should brace for the worst, especially during the month of October when strong typhoons usually hit the country," Ramos said in a press conference here recently. "If there is a typhoon, let's hope it's not it's as strong as Ondoy."Oxfam's Soneji, though, believes stronger measures need to be in place to ensure that vulnerable communities are prepared."Extreme weather events such as stronger typhoons, increased amounts of rainfall and severe droughts will be the norm unless runaway growth of global carbon emissions is stopped," he says. "The fury that Typhoon Ondoy unleashed last year is (just) a sign of things to come."He calls for a national defense against climate change. "More than roads and bridges with the names of her congressman posted on it, Nora and her family need government leaders who have the vision for resilient communities, beyond the next electoral exercise," Soneji added.

http://www.ipsnews.net/news.asp?idnews=52955

### • Abu Sayyaf leader slain in Basilan clash

A leader of the Abu Sayyaf extremists linked to the kidnapping of two American missionaries and 17 others, including Filipinos, in 2001 was killed in an encounter with government forces on the violence-wracked province of Basilan in Mindanao, a top military commander reported on Sunday.

Lieutenant General Benjamin Dolorfino, the head of the military's Western Mindanao Command, identified the militant as Abdulkarim Sali who carried a cash reward of \$7,700 on his head. Dolorfino said Sali resisted arrest when a team of soldiers and policemen chanced upon him in a remote village in the town of Lantawan, Basilan at about 3am on Sunday.

Instead of surrendering, Dolorfino said Sali decided to fight it out with the government forces, resulting in a 10-minute gunbattle.Recovered from Sali, he said, were an M16 assault rifle, a grenade launcher, mobile phones and personal belongings.Records showed that Sali has long been wanted for the kidnapping of American missionaries Martin Burnham and wife Gracia as well as several foreign and Filipino tourists staying at the posh Dos Palmas resort in Palawan province in May 2001.

From Palawan, the Abu Sayyaf brought their hostages to Basilan where they forcibly took over a government hospital in the town of Lamitan when government forces caught up with them. While on the run, the Abu Sayyaf beheaded Guillermo Sobero, an American national, which brought denunciations and protests against the group whose links to the Al Qaeda global terrorist network of Osama bin Landen through the Indonesia-based Jemaah Islamiyah extremists have been confirmed by Philippine and

regional security experts.Martin Burnham was killed in a rescue attempt by the military in Zamboanga del Norte in 2002 but, fortunately, his wife survived.

http://gulftoday.ae/portal/282605c0-bc2f-4416-a9c4-f0fedef3f2d7.aspx

## • Why the Philippines bus hostage crisis isn't over for President Aquino

Whether President Aquino takes action against government officials for their part in the Philippines bus hostage crisis will shape the country's international image. Besieged by critics at home and abroad he's under severe pressure to show his ability to deal decisively with bitter recriminations over his response to the hostage tragedy in August in which a former police colonel killed eight Hong Kong tourists on a tour bus after an 11-hour standoff.

China, extremely critical of the way authorities in the Philippines responded to the episode, is demanding action against government, police, and military officials for failing to resolve the crisis before it ended in the massacre of Chinese citizens.

Now, however, influential Filipinos accuse Mr. Aquino of putting relations with China above the interests of his own country. They complain that Aquino turned over a full governmental report on the incident to the Chinese government before releasing it to his own citizens in hopes of getting Chinese officials to tone down complaints that have clearly soured relations between the two countries – and discouraged Chinese tourists from coming.

Nationalist sentiments have distracted from the investigation, but now Aquino must decide what to do about 13 people, including the powerful mayor of Manila, Alfredo Lim, whom a fact-finding commission recommends for disciplinary action. As questions about Aquino's competence mount, the severity of his response against those found responsible could have serious implications for his ability to lead.

"There's a consensus that the people entrusted by President Aquino to handle the situation failed in their duties," says Satur Ocampo, president of the minority leftist People First Party. "Now they are playing a blame game. It's a simple question of incompetence of management." Aquino was totally unprepared when he became president," says Ocampo. "These problems increase pressure on him to meet the high expectations of the people"

## Who's responsible?

The commission to look into the hostage tragedy, formally called the Investigative and Review Committee, is recommending more than bureaucratic wrist slaps. It wants criminal charges ranging from dereliction of duty to failure to obey orders. Manila's police chief was the first to feel the heat when he was dismissed in the middle of the hostage episode for deploying a police SWAT team rather than a better trained

commando unit as ordered by Aquino.

Angry outbursts over the hostage standoff have managed to merge into an investigation of illegal gambling in which top government officials and politicians are suspected of having made huge profits. At the center of the scandal involving what is know as "jueteng," a numbers game in which thousands of poor people buy slips of paper in hopes of winnings that rarely materialize, is a senior official whom Aquino named to coordinate all the forces marshalled to deal with the hostage standoff. The day after the commission placed primary responsibility on Rico Puno, undersecretary of interior and local government, for the hostage fiasco, his name appeared at the top of a list of a dozen people named by a retired archbishop in a senate hearing as having profited immensely from "jueteng," pronounced, "hwe-teng,"literally "flower bet." Denying all, Mr. Puno said he would extend a "courtesy resignation" to Aquino, whom he served as a consultant when Aquino was in the senate.

But the problem of corruption and lack of accountability goes beyond individuals, say analysts here. "It's all part of the culture of impunity," says Vilnor Papa, coordinator for Amnesty International here. "It's the system. It's not just one government agency."

'Tiptoeing to China'

By giving the report on the standoff to the Chinese embassy here, however, Aquino did succeed in answering some of China's demands. "We hope that the Philippine side continues to handle the aftermath in an appropriate manner," said a Chinese statement, "so as to console the souls of the victims and render comfort to the bereft families and injured Hong KJong compatriots."

Joker Arroyo, a member of the Philippine senate who battled Marcos on behalf of Benigno Aquino Jr. and served as Corzaon Aquino's executive secretary when she was president, has annoyed President Aquino by saying he's running the government "like a student council" and accusing him of "tiptoeing" to China. The government, said Mr. Arroyo, was "very sensitive to Hong Kong" but "not sensitive to the sentiment of the Filipino society."Aquino, elected president by a sizeable majority in May in a spirit of revulsion over dirty politics and misrule, put off a decision on what to do about the commission's report on the hostage standoff until his return, saying he wanted to be "fair." The suspicion is that he will compromise and continue to postpone defintiive action.

http://www.csmonitor.com/World/Asia-Pacific/2010/0923/Why-the-Philippines-bus-hostage-crisis-isn-t-over-for-President-

Aquino?utm\_source=feedburner&utm\_medium=feed&utm\_campaign=Feed%3A+feeds%2Fworld+%28Christian+Science+Monitor+|+World%29

## • MILF alters separate Muslim state demand

The Moro Islamic Liberation Front (MILF) has altered its demand for the establishment of a separate Muslim state to bring lasting peace to strife-torn Mindanao, according to a ranking MILF leader. Instead, Mohagher Iqbal told Philippine defence reporters the MILF would agree to the establishment of a "sub-state" which recognises the powers of the "central government."

Iqbal has been retained as the chief MILF negotiator ready to resume peace talks with the government tentatively set in October, with Malaysia as the broker or facilitator.

On Thursday, lawyer Marvic Leonen, the chairman of the government panel, welcomed Iqbal's announcement, saying this would go a long way in the efforts to end the decadeslong bloodshed and violence in Mindanao. "This will possibly pave the way toward finding an understanding for a politically possible arrangement that maintains the territorial integrity and the fundamental premise of people's sovereignty in one Republic," Leonen emphasised.

Leonen also vowed that when the peace talks resume, the government would exhaust all possible means to bring about an agreement that would be agreeable and satisfactory to all parties concerned. The government noted the Iqbal announcement represented a drastic departure from MILF's demand for the establishment of a Bangsamoro Juridical Entity (BJE) under the concept of ancestral domain. The BJE was to be created with the signing of a draft agreement in Kuala Lumpur, Malaysia in 2008, which, however, was declared unconstitutional by the Philippine Supreme Court (SC).

http://gulftoday.ae/portal/03ed160d-accd-478b-80a2-e1f02b0b9a71.aspx

### • Philippines floods

A year since Typhoon Ketsana hit the Philippines, Christian Aid partners continue to work with those most affected helping them rebuild their lives. On 26 September, Ketsana brought an unusually high volume of rain causing widespread flooding which swept through the country's capital Manila and neighbouring provinces wreaking havoc and affecting more than four million people.

#### Our immediate response

Christian Aid's partners, even though many were personally affected, responded immediately. Partners, the Social Pastoral Institute and COPE, work in Manila's poorest districts - the areas that were worst affected by the flooding - and helped to deliver food, water and clothing relief packages to displaced families.

#### Cash-for-work schemes

Poor people in urban areas were most affected, many losing everything to the flood water. Dina Laudencio and her family were unable to salvage anything from the high

waters.Dina says, 'Everything was gone, including our house. We had nowhere to go. We relied on relief goods.'

Through your support for the Philippines appeal, Christian Aid partners worked with Dina and her family to rebuild their lives by taking part in the cash-for-work scheme in Banaba, San Mateo, one of the worst affect areas.'I was able to rebuild our house which was washed away during Typhoon Ketsana. I also used the income from cash-for-work to get electricity in our home. My children were able to go back to school.'Cash-for-work schemes included reinforcing of river banks to prevent further soil erosion during floods. Local communities really valued this programme as it gave them the flexibility to purchase different goods according to their needs, especially after the initial distribution of relief.

One quarter of the incredible £1.5 million raised through the Christian Aid Appeal, DEC appeal, ACT, and others was used for cash-for-work programmes and individual and family cash grants, benefitting thousands of people like Dina.

Further programmes include the distribution of food and non-food items such as blankets, mats, water and stoves reaching 8,697 families, and 1,140 families were provided with shelter materials.

## Long term support

Due to your generous donations Christian Aid Partners SPI and COPE continue to work with those still affected by the disaster. We would like to thank you for your support as your actions continue to make a real difference to peoples' lives in the Philippines http://www.reliefweb.int/rw/rwb.nsf/db900SID/VVOS-89LRKF?OpenDocument

### • US grants Philippines \$434M to fight poverty

The money was awarded under the US-run Millennium Challenge Corporation (MCC) that helps developing countries reduce their levels of poverty as long as they meet performance criteria on the rule of law and democratic principles.

"This compact we are signing today was created by and for the people of the Philippines," said MCC Chief Executive Officer Daniel Yohannes, speaking on the sidelines of the UN General Assembly in New York. Present for the signing was US Secretary of State Hillary Clinton and Philippines President Benigno Aquino. (AFP) http://www.ynetnews.com/articles/0,7340,L-3959431,00.html

#### Thailand

- Political Front
- Coup's legacy 'near anarchy'

The 2006 military coup was the catalyst that led to events culminating in a near state of anarchy, especially during the red shirt protest fiasco, a forum has been told.

The coup brought about the "biggest wound ever" in the country's legal sphere resulting in prolonged red shirt protests that ended in violent dispersals, the forum was told yesterday. The forum, held at Thammasat University, marked the 4th anniversary of the coup, and four months since security forces dispersed the red shirts.

Five legal lecturers from the campus led by Worachet Pakheerat said legal experts helped coup makers complete their missions."Since the coup, law has become a tool for seizing, destroying and justifying power. This has created the biggest wound in our legal sphere," said Mr Worachet. The 2006 coup was different from earlier military seizures of political power because it gained the most dominant support from high-profile legal experts and bodies.

These circles of law makers and enforcers threw their support behind the coup makers and their agendas because they do not respect democratic values, said the lecturers. Decrees issued by the Council for National Security, led by then army chief Gen Sonthi Boonyaratkalin, provide immunity for the CNS members and their appointed bodies.

The 2007 constitution introduces legal channels that enable legal cases to be brought against former prime minister Thaksin Shinawatra, who was ousted by the coup, and parties he supported.Legal lecturer Teera Sutheewarangkul said discrimination in the justice process had worsened the conflict."Under this condition, I wonder whether the government's reconciliation efforts can succeed," he said.

In another forum marking the coup anniversary, held by the Thai Journalists Association, Suchart Bamrungsuk, a political scientist at Chulalongkorn University, said the Sept 19, 2006 coup that toppled the Thaksin regime showed Thais' perception and attitudes towards coups. Far from viewing coups as damaging to the country, Thais called for military intervention to break political deadlocks, he said.

After the 2006 coup, social divisions widened, which led to political instability, he said.

Ekkachai Sriwilas, director of the Peace and Governance Institute at the King Prajadhipok Research Institute, said authorities should give military reform their first priority. Kevin Hewison, Asian Studies professor at North Carolina University, said the coup has allowed authoritarian politics to dominate Thailand.

Phasuk Pongpaichit, an economics lecturer from Chulalongkorn University, said people must be given space to air their views so they do not end up staging protests. She said society must move as a collective force to help "de-politicise" the military's role. The coup damaged the country, the opposition Puea Thai Party said yesterday at a seminar to mark the fourth anniversary of the 2006 coup.

http://www.bangkokpost.com/news/local/197136/coup-legacy-near-anarchy

### • Thailand might hold early 2011 elections: PM

Thai Prime Minister Abhisit Vejjajiva has said that early elections could take place early in 2011 if the Opposition Red Shirts prove they can remain peaceful."We believe that six more months of continued stability... Should be able to set the scene for a possible early election next year," he told a think tank in New York on Friday, where he was attending the UN General Assembly.

"But that very much depends, still, on how the Opposition and the Red Shirts respond," Mr Abhisit added in the talk at the Council on Foreign Relations."If they would prove that they are interested in democratic movement, peaceful assembly and rejection of any illegal activity — and of course violent activity — then think we should be on course to achieve a solution."Early elections are a key demand of the Opposition Red Shirts movement. Mr Abhisit, the British-born, Oxford-educated head of the establishment Democrat Party, does not have to go to the polls until the end of 2011.

#### Related Articles

He had proposed holding polls this November but shelved the plan when Opposition protests in April and May ended in a bloody government crackdown and riots in Bangkok. Ninety people died and nearly 1,900 were injured in the Army assault to clear away the protesters on May 19. The protesters were campaigning for elections they hoped would oust the government, which they view as undemocratic because it came to power with the backing of the army after a court ruling threw out the previous administration.

Most of the Red Shirt leaders are now in jail or wanted on terrorism charges for their roles in the two-month-long mass rally. Abhisit insisted that elections could take place, but only once stability had returned. "I don't believe in elections where there can be intimidation, threats or use of force," he said. He acknowledged that "we cannot claim to have returned the situation to complete normalcy," but said that "ordinary people are not affected" by the continuing emergency rule.

http://www.asianage.com/international/thailand-might-hold-early-2011-elections-pm-496

### • Fear of new political violence haunts Thais

Many Thais are worried about a resurgence in political violence and bomb attacks, a public health survey has found. The Mental Health Department surveyed 783 people nationwide between Sept 1 and 7.

The survey was aimed at gauging the mood of the people following the political violence in April and May, so that measures could be implemented to deal with mental and emotional problems brought on by the recent political unrest.Respondents were able to specify areas of concern in their lives and gave many responses - such as work and personal difficulties. But a major block of respondents, 38%, identified the threat of

renewed political violence and the threat of bomb attacks as a major concern.

When asked specifically about politics, 29% said they chose to ignore political woes, while 18% said they took up hobbies to occupy their minds. Deputy Public Health Minister Punsiri Kullanartsiri said the ministry has been working to assist people who feel psychologically troubled by political violence.

Wachira Pengchan, deputy director-general of the Mental Health Department, said mobile medical units were dispatched to provide services in 4,804 districts in 42 provinces. The units also visited relatives of victims who were injured or killed during the political violence in April and May.

http://www.bangkokpost.com/news/local/197135/fear-of-new-political-violence-haunts-thais.The government-appointed National Reform Committee will not get involved in political and military reform, its chairman Anand Panyarachun says.

The former prime minister updated the media yesterday on his committee's work, saying politics and the military would be left to change by themselves since this would mainly require changes in the attitudes of those involved.

"We are not handling political or constitutional reform and we are not dealing with corruption issues," he said. "We are trying to provide an environment for fair play in society. "Mr Anand said it was the government's responsibility to drive forward reform in the military, although this would depend on the commanders' willingness to embrace change. His panel would not focus its work on decentralisation either because it would not benefit the civil sector, just local administrative organisations. "What the panel will do is provide political space for people to have their voices heard, to be able to bargain and stand up without being sidelined or belittled by local and national politicians."

Mr Anand conceded that his committee's work had dragged over the past few months. This was because it had to fine-tune the scope of the 21 panel members' responsibilities.

The committee would hold its first public hearing on Oct 17 at Thammasat University to obtain fresh views from the public about how problems of inequality and injustice in society could be resolved. The committee will gather views on socio-economic issues, land rights and resource distribution, opportunities, people's rights and bargaining power, he said. "We have been talking about reform in various dimensions, the process of which is owned by the people in society and is timeless. So it might take longer than three years," Mr Anand said. South African ambassador to Thailand Douglas Gibson yesterday shared his country's experience of reconciliation at a seminar, saying his government had held secret negotiations with the parties in conflict to bring about peace in the country before formal talks were held. Negotiations must allow the participation of all sides to achieve national reconciliation. Issues generating conflict must be settled at the

negotiating table, not on the streets, he said.

http://www.bangkokpost.com/news/politics/197539/politics-military-not-on-agenda

## • PM to explain Thai situation at UN

Prime Minister Abhisit Vejjajiva said on Wednesday he will explain Thailand's economic, political and social situation to world leaders during the 65th United Nations General Assembly in New York from Sept 22 to 26. The prime minister will leave for New York this evening and will return to Thailand in the morning of Sept 26.

Mr Abhisit said he will outline the country's progress in economic recovery and investment direction." After I discussed the economic situation in Thailand last year, Ford Motors decided to invest in the country and I believe there are many investors in the US that plan to invest or expand their businesses here," he said.

On the delayed projects in Map Ta Phut industrial estate, he said the government had a clear policy on the issue and had been expediting work process after the Central Administrative Court ruled that 74 of 76 projects can resume operations despite environmental and health concerns. The premier said he also hoped the long-delayed 3G licence auction dispute will be resolved soon.

On the plan to meet Cambodia's Prime Minister Hun Sen, Mr Abhisit said he and his Cambodian counterpart would likely meet many times at international meetings before the end of this year."I'm not sure it there will be enough time for talks on the border row around Preah Vihear temple and it is not easy to get down to the details."But I can assure you that both countries want to solve the problems between them peacefully, since they are good neighbours. The border row is a bilateral issue and it will not be necessary to seek assistance from other Asean member countries," Mr Abhisit said.

He said he had assigned Deputy Prime Minister in charge of security affairs Suthep Thaugsuban to oversee domestic issues during his trip to New York.

http://www.bangkokpost.com/breakingnews/197628/pm-to-explain-thai-situation-at-unga

### • Thailand: Bangkok rally highlights continuing political tensions

Anti-government protesters held a large rally in Bangkok last Sunday to mark the fourth anniversary of the 2006 military coup that ousted Prime Minister Thaksin Shinawatra. The demonstration was the first held in the Thai capital since the army's suppression of protracted protests on May 19 that left more than 90 dead and hundreds injured.

The opposition United Front for Democracy against Dictatorship (UDD) held last Sunday's protest despite a continuing state of emergency in the capital and six north eastern provinces that prohibits gatherings of more than five people. According to press reports, the rally attracted 10,000 protesters at its height in the Ratchaprasong commercial district, the site of the UDD's fortified protest camp in May and the scene of the military

crackdown. Smaller demonstrations were held in other parts of the country, including one in the northern city of Chiang Mai.

The government of Prime Minister Abhisit Vejjajiva had announced that a peaceful rally would be tolerated. However, the military-run Centre for the Resolution of the Emergency Situation (CRES) were on alert for what Defence Minister Prawit Wongsuwan called suspicious movements—that is, from UDD strongholds in the country's north and north east. As a result, the protesters were mainly from Bangkok.

Protest banners included calls for an end to the Abhisit government and new elections. Others were worded "People died here" referring to the victims of military repression in April and May. Shrines were erected to commemorate those killed. Sangwan Suktisen, whose husband was killed on April 10 in the first major clash, told the Nation that she and her son had come to demand justice.

A section of the Bangkok protest

Retiree Pakawan Maleyvech commented in the Financial Times: "I want to show people that we don't want this government. We want them to dissolve parliament and hold new elections." Pukkie Mathika held up a banner declaring that the Thai government "kills people". Interviewed by Inter Press Service (IPS), the insurance broker said: "I do not fear this government. We will not give up." IPS noted that the mood at the rally was in sharp contrast to government billboards that read, "Reconcile, as we are one country, one family and one people". The anger was also at variance with Thaksin, the pro-Thaksin Puea Thai party and most of the UDD leaders, who are looking for a compromise with the Abhisit government.

UDD leader Sombat Boonngamanong, one of the few UDD leaders not under arrest or in hiding, spent most of his time at the rally appealing for calm. He apologised for the burning of buildings in Bangkok following the May 19 crackdown. Following the gunning down of protesters, some vented their anger by attacking buildings associated with Bangkok's wealthy elites.

Sombat clearly had trouble controlling the protest. At one point, police supplied him with loud speakers to urge the crowd not to block the major Ratchaprasong intersection. "If you shut the road we won't win," Sombat told angry protesters. "Please think it through... our fight must go on. We must end today's activity. We fight politically and we must win it politically."

Lighting candles for those killed in previous protests

The tensions at the rally did not go unnoticed. On Monday, national police chief General Wichean Potephosree warned of the dangers of large gatherings that had no leadership to control them and said that the police would have to beef up their intelligence work. The

fear in ruling circles is that a movement is emerging of the urban and rural poor whose demands go well beyond Thaksin and the UDD leadership.

Thaksin, who is living in exile, did not address Sunday's rally directly but used his Twitter account to appeal for reconciliation. "I want to see Thai people look ahead together," he declared. "I don't want to see any more unrest, the bringing down of the high institution (the monarchy of King Bhumibol Adulyadej) into politics."

Thaksin's push for reconciliation took a rather strange twist earlier this month with a move to replace Puea Thai leader Yongyuth Wichaidit with Kowit Wattana, a former national police chief. Kowit was part of the junta that replaced Thaksin after the 2006 coup, but fell out of favour and became interior minister in the pro-Thaksin government of Samak Sundaravey in 2008. Kowit was obviously put forward as a compromise figure to appease the Abhisit government, the military chiefs and the monarchy. However, news of his impending appointment provoked opposition in the Puea Thai and Thaksin was compelled to back away. Yongyuth Wichaidit stood down as leader but then was rapidly reappointed.

According to an Asia Times report on September 21, Thaksin has been involved in internationally-sponsored mediation talks with the Abhisit government over the past few months in Cyprus and Russia. On September 1, Thaksin's spokesman Pongthep Thepkanchana met with Abhisit aides in Bangkok's Conrad Hotel. Progress in the talks has reportedly been limited as Abhisit has rejected Thaksin's key demands, including direct access to the royalist elite and the return of \$US1.4 billion in assets seized via a court ruling on February 20.

Thaksin was first elected to office in 2001 by capitalising on widespread opposition—including in ruling circles—to the pro-market restructuring agenda being implemented by the Democrat Party on behalf of the IMF. However, he came into conflict with the traditional ruling elites around the monarchy, the state bureaucracy and the military when he began to upset longstanding patronage networks and continued to open up Thailand to foreign investors.

Thaksin further threatened the Bangkok establishment by building up an electoral support base among the rural population in the north and north east. As part of his economic stimulus measures, he provided cheap health care and village development loans to layers of people long neglected by Bangkok. The rural poor from the rural north and north east formed the backbone of the protests in April and May this year in Bangkok.

Following the 2006 coup, the military junta called fresh elections based on a new constitution in late 2007, but the pro-Thaksin party won a plurality due to its support among the rural poor and formed a coalition government in 2008. Months of political

turmoil followed as anti-Thaksin protesters took to the streets with the tacit support of the military and the monarchy. Court decisions removed two pro-Thaksin prime ministers for alleged corruption. Abhisit was finally installed in December 2008, with the assistance of top generals who persuaded elements of the pro-Thaksin government to switch sides.

The government has tried to paint last Sunday's UDD rally as a sign that democracy and normalcy have returned to Thailand. In New York for the UN General Assembly, Abhisit has foreshadowed the lifting of the state of emergency in six provinces, but not the capital. However, the government's anti-democratic measures continue, including the detention of top UDD leaders who face trial for treason, media censorship and a heavy presence of security forces in Bangkok and many provinces.

http://www.wsws.org/articles/2010/sep2010/thai-s25.shtml

## • Geo-Strategic Front

### • Thailand, Cambodia seek end to quarrels

Thailand is hoping for an improvement in its ties with Cambodia and a solution to the Preah Vihear temple dispute after their leaders meet today to settle their differences.

Foreign Minister Kasit Piromya said yesterday that relations had improved after ousted prime minister Thaksin Shinawatra stepped down two months ago from his role as adviser to Cambodia's government."It is the responsibility of both countries to move relations forward," the minister said."There might be some misunderstanding that we need to talk over."

Prime Minister Abhisit Vejjajiva is to meet his Cambodian counterpart, Hun Sen, today on the sidelines of the Asean-US summit being held here. Thai-Cambodian relations took a further turn for the worse in July when Bangkok opposed Phnom Penh's management plan for Preah Vihear during a World Heritage Committee meeting in Brazil because the plan covered overlapping territory. The committee required Phnom Penh to submit the plan after the Hindu temple was listed as a world heritage site in 2008.

Cambodia has called on the international community, including the United Nations and Asean, to mediate the dispute with Thailand. Bangkok insists on settling the dispute bilaterally.

"The two sides will try to find ways to compromise because the management plan has been postponed to next year's WHC meeting in Bahrain," Mr Kasit said.

Washington expressed concern over diplomatic tensions between Thailand and Cambodia during a meeting between Mr Kasit and US Assistant Secretary of State Kurt Campbell on Wednesday."He [Mr Campbell] wants Bangkok and Phnom Penh to seek a compromise and asked Thailand to exercise restraint," the minister said.

Mr Abhisit arrived in New York yesterday, where he will attend the UN General

Assembly, the Asean-US summit and hold talks with US investors.

http://www.bangkokpost.com/news/local/197925/thailand-cambodia-seek-end-to-quarrels

#### Economic front

# • Southeast Asia Mining Provides Update

Southeast Asia Mining Corp. ("SEA" or the "Company") wishes to provide an update to its shareholders on its activities, operations and ongoing legal matters. In the Company's press release of February 22, 2010 the Company disclosed certain legal actions involving John Steele ("Steele"), the former President, CEO and a former director of the Company, as a result of measures that were undertaken by the Company to protect its assets in Thailand.

The Company's assets in Thailand are held through its subsidiary, Geotai Exploration and Mining Co., Ltd. ("Geotai"). SEA holds a majority of the voting rights of Geotai and a 99.99% beneficial interest and has a majority of directors on the Geotai Board.

Because of concerns over Steele's conduct, the Company commenced steps to remove Steele and his associates as directors of Geotai, including the convening of an extraordinary general meeting of Geotai in January 2010. Anticipating his removal as a director, Steele, purporting to act on behalf of Geotai but without the authority of its board of directors, filed a number of legal actions against SEA and its directors which are described below. None of the legal actions brought by Steele and his associates have any merit and counsel to the Company has prepared defences and is vigorously defending each of the actions. Following these events, SEA retained forensic consultants in Thailand and, as a result of their investigations, a number of civil and criminal actions which are also described below have been recently filed against Steele and his associates in Thailand.

On January 22, 2010, an extraordinary general meeting of Geotai was held at which it was resolved that Steele, Kanok Steele ("Kanok") and Kanchat Thongsombat ("Kanchat") be removed as directors of Geotai. Under Thai law, to be effective, changes to directorships must be registered at the Thai Ministry of Commerce. Steele and Kanchat, purporting to act on behalf of Geotai but without approval of its board of directors, filed an ex parte court injunction at the Ministry of Commerce, preventing the registration of the resolutions passed at the meeting, alleging that the shareholders' meeting had been improperly called.

For greater certainty, a second extraordinary general meeting of Geotai was held on August 6, 2010 and once again a resolution was passed to terminate the directorships of Steele, Kanok and Kanchat. Yet again Steele and Kanchat, purporting to act on behalf of Geotai but without approval of its board of directors filed a threatening letter at the

Ministry of Commerce referencing the previous injunction.

On September 20, 2010, the Court heard an application to lift Steele's injunction, however the hearing was not concluded and will continue on November 15, 2010.

Additional Steele Claims

Steele and Kanchat, purporting to act on behalf of Geotai but without the consent of its board of directors, have brought several other legal actions in Thailand against SEA and/or its directors which are summarized as follows:

A civil action by Geotai against the four SEA nominee directors of Geotai, alleging that the directors meeting held on December 21, 2009 and the shareholder's meeting held on January 22, 2010 were invalid and any resolutions passed at the meetings were invalid. These resolutions, among other things: (i) revoked the signing authority of Steele, Kanchat and Kanok, (ii) terminated Steele as managing director of Geotai; (iii) directed Steele, Kanchat and Kanok to turn over all records of Geotai to the solicitors of Geotai; and (iv) removed Steele, Kanchat and Kanok as directors of Geotai. At both meetings, all resolutions had been drafted by SEA's Thai counsel at the time (Baker & McKenzie). This action is being heard in conjunction with the application to lift the injunction prohibiting the registration of the new directors of Geotai which will continue on November 15, 2010.

A civil action by Geotai, claiming repayment of debt allegedly owing by SEA to Geotai. SEA's position is that the claim is completely without merit, as there is no debt owing from SEA to Geotai; on the contrary, SEA has outstanding advances to Geotai. As a consequence of incomplete service on the Company and its directors, the Court ordered a postponement until December 13, 2010.

A petition for bankruptcy in Thailand brought by Geotai against SEA for debt allegedly owing by SEA to Geotai. SEA's position is that the petition is completely without merit as there is no debt owing from SEA to Geotai, and, in any event, is filed in the wrong jurisdiction. As a consequence of incomplete service of the Company, the Court ordered a postponement until September 28, 2010.

A private criminal action (which is permitted under Thai law) launched by Steele and Kanchatt, purportedly acting on behalf of Geotai, against SEA and the four SEA nominee directors of Geotai claiming that proposed inter-company transactions and the passing of certain resolutions at the Geotai directors meeting of December 21, 2009 authorizing those transactions constituted "Cheating and Fraud". The court hearing is set for July 19, 2011. As noted above, all resolutions had been drafted by SEA's Thai counsel at the time (Baker & McKenzie). SEA and its nominee directors of Geotai have filed a private criminal action alleging that Steele committed perjury in filing this complaint.

In addition, Steele attempted to place SEA in bankruptcy in Ontario, filing a petition personally on January 18, 2010 for alleged debts owed by the Company. In March 2010, Steele was cross-examined by counsel for the Company with Steele failing to answer many questions about his claim. The cross-examination resulted in numerous undertakings by Mr. Steele's counsel, none of which have been fulfilled to date.

None of the above actions was authorized by the board of directors of Geotai. The Company believes these claims are frivolous and without merit and continues to actively defend each claim.

Claims Against Steele and Associates

As noted above, as a result of the findings of the forensic accountants retained by SEA in Thailand, SEA filed the following claims against Steele and/or Kanchat within the last six weeks: A bankruptcy petition was filed against Steele for non-payment of a promissory note in favour of Geotai dated December 31, 2007 wherein Steele promised to repay the amount of THB 69,260,015 (CAD \$2.3 Million) to Geotai on demand together with interest of 4.073% per annum. The first hearing is set for October 22, 2010. Neither SEA nor its Geotai nominee directors authorized this Promissory Note. A demand for payment was made on behalf of Geotai; however, since the issuance of the promissory note Geotai has not received any repayment of the outstanding amount.

A criminal action alleging Perjury has been filed by the Company against Steele and Kanchat for providing false information to the Court in relation to criminal action brought against the Company and certain directors for Cheating and Fraud. The first hearing is set for September 30, 2010.

A criminal action relating to a Labour Court Settlement Action has been filed by the Company against Steele and Kanchat for their dishonest conduct and theft of THB 5 million (CAD \$170,000). The first hearing is set for September 30, 2010. In addition, an appeal has been filed with the Supreme Court.

A criminal action has been filed by the Company against Steele for the misappropriation of THB 2.5 Million (CAD \$85,000) in January 2010. The first hearing is set for October 8, 2010.

Counsel is currently finalizing a number of additional actions, both criminal and civil, against Steele, Kanchat and Kanok. Once filed with the Courts, SEA will provide further detailed information to regulatory authorities and to shareholders by way of additional press releases.

#### **Thailand Operations**

Geotai is in compliance with all terms of its agreement with Kanchanaburi Exploration and Mining Co. (Kemco) Ltd. ("Kemco") and Boh Yai Mining Company Limited ("Boh

Yai") and fully expects to acquire the 80% interest in the Kemco/Boh Yai lead-zinc mine and mill, as described in its prospectus dated November 28, 2008 (available on SEDAR), and the Company will continue to ensure that Geotai's interests are protected.

Geotai also holds 30 exploration licences in its own name. There are nine licenses which are contiguous to the Kemco/Boh Yai properties in Kanchanaburi, nine licenses for molybdenum in Chantaburi, and another 12 licenses in northern Thailand. The Company is also currently in negotiations to acquire gold claims in Vietnam, and plans to continue its mineral exploration and development operations if it acquires these claims.

As a result of the actions of Steele, the business and operations of Geotai are effectively suspended while the Thai lawsuits proceed. The Company's current activities are focussed on defending the Geotai actions, asserting control of Geotai, protecting the assets of Geotai and completing the Company's outstanding audits.

With respect to the Company's outstanding audits, Steele has prevented access by SEA and its auditors to the books, records and various physical assets of Geotai, resulting in SEA's inability to file audited financial statements for the fiscal years ending December 31, 2008 and 2009. The failure to file the audited statements has resulted in the issuance by regulatory authorities of the present Cease Trade Order against SEA and has seriously jeopardized SEA's assets in Thailand. SEA has accordingly written down its Geotai assets to \$1, even though Geotai has over \$1 million in cash in its bank accounts in Thailand and valuable mineral properties in Thailand.Mr. Kerry Smith, Chairman and CEO of SEA, said, "The Company's focus is two-fold -- on aggressively protecting the encumbered assets of SEA and Geotai by all available means and on continuing its mineral exploration and development operations in the neighbouring countries of Laos, Cambodia and Vietnam."

http://www.marketwire.com/press-release/Southeast-Asia-Mining-Provides-Update-1324982.htm

#### • Govt urged to promote overseas investments

The government must accelerate promotion of investments overseas, improve infrastructure and logistics, and promote new innovation and technology development to restore some stability in the foreign exchange rate as more capital inflows are expected into Thailand and Asia, economists and leading businessmen said yesterday.

Speaking at the "Asia Rising: Thai Entrepreneurs' Roadmap to New Investment Opportunities and Growth in the New Landscape" hosted by the Trade Negotiations Department, former finance and commerce minister Somkid Jatusripitak said the baht's appreciation was mainly a result of the excessively high foreign exchange reserves. The government must promote more investment overseas, in particular to other Asean

countries as the region is considered the centre of emerging Asia.

He said the international foreign exchange reserves had increased sharply in the past few years from US\$60 billion (Bt1.8 trillion) to \$150 billion and point to low investment during the period.

"The currency is expected to get stronger. The government must find sustainable measures to stabilise the baht as well as balance benefit for the Kingdom as more investment will come into the country," said Somkid.

Following the strong economic growth in the Asian region, he warned Thailand could be a loser among other emerging countries in Asean and Asia due to the internal conflict.

All involved sectors should cooperate, focusing more on international policy rather than argue with each other. He was concerned that the country could lose its competitive edge in Asean and in the international community. Thailand's competitiveness in many aspects, including education, innovation, morale and confidence have dropped continuously in the past few years, while other neighbouring countries have acquired a competitive edge, he pointed out.

He suggested that Thailand should stay close to freetrade agreements with Asean and emerging economic superpowers, including China, India, Japan, and South Korea as Asia is on the rise.Last year, Thailand's exports to Asia accounted for 60.8 per cent of total exports, while the proportion to the US and the EU has dropped gradually to only 10 per cent each.Charoen Pokphand Group chairman Dhanin Chearavanont said the government should not intervene in the capital market to weaken the baht as it is not sustainable.

"Capital inflow and more investment will flood into Asia and Thailand. The government should spend the currency reserves on promoting new investment, import of new machinery to replace old machines, and develop infrastructure and irrigation in order to stabilise the baht in the long run," said Dhanin. He added the baht was expected to be stronger than Bt30 against the US dollar in the near future.

Moreover, to ensure that Thailand will be able to grow along with other Asian nations, Thailand must emphasise on increasing the efficiency of small and mediumsized enterprises. The government must set aside each development for SMEs in particular, he said. Thiraphong Chansiri, president of Thai Union Frozen Products, said the stronger baht will shrink exports in the fourth quarter this year. He said the promotion of overseas investment will take time and the government should seek other additional measures to help stabilise the baht's value. As a large company, the firm's profits will be affected. Thiraphong called for government help to SMEs in particular.

However, he foresees that currency exchange should not be stronger largely next year. Thanisuan Dejthamrong, economic adviser for strategic planning analysis at Banpu,

urged Thai enterprises to invest more overseas as it will not only help solve the problem of the strengthening baht, but also labour shortage, and open up opportunities for Thai enterprises to expand their markets and source materials.

http://www.nationmultimedia.com/home/2010/09/24/business/Govt-urged-to-promote-overseas-investments-30138618.html

### • Investors Keep Eye on Thailand Asian Economic Tiger

Jon D. Markman writes: 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.

Markman is that guide.

In the face of what's been the toughest market for investors since the Great Depression, it's time to sweep away the uncertainty and eradicate the worry. That's why investors subscribe to Markman's Strategic Advantage newsletter every week: He can see opportunity when other investors are blinded by worry.

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

### • Why does India feature high on Thailand's trade-tourism agenda

Why does India feature high on Thailand's trade-tourism agenda? Apart from the Buddha and Lord Ganesha that it shares with the subcontinent, tourists and tradeshow visitors from India make for large numbers to the South-East Asian kingdom.

According to the Thailand government's statistics, India ranked second and made up eight per cent of the total number of visitors that came for trade exhibitions to the country in 2008-2009. This was more than those who came from Germany, China and Japan.

Indians attended 74 international trade shows in Thailand, and next year, three India-

centric shows are being considered especially in the sugar, rubber, plastic and agriculture-related sectors. For four consecutive years, the "Great Indian Education Fair" has been organised in Thailand which brings in a large number of private institutions looking to admit students in academic and professional courses. India serves as an education hub of sorts for Thai nationals, with several of them coming here to study in international schools and universities. Thai students mostly leverage the English expertise available in India and then move on to study in universities in America or Britain.

The Indian Trade Promotion Organization and the Confederation of Indian Industry have also in previous years organized "Made in India Shows" in Thailand. These international fairs are part of their effort to promote Indian industry and enhance its global competitiveness by showcasing Indian products and services abroad. India also regularly takes part in the Gems and Jewellery Fairs in Thailand. This month, the 46th edition of the Bangkok Gems & Jewellery Fair that took place at the Impact Challenger Exhibition Hall, at Muang Thong Thani, too had an Indian pavilion. According to observers, this year the number of exhibitors increased in the silver section, while the diamond section saw a static participation. There were comparatively fewer participants in the gold jewellery section, with the disinterest being attributed to the volatility of gold prices in the global markets. Indians are known to be big buyers in the gold segment, while Thailand sources a substantial amount of diamonds from India, with a lot of the processing taking place in Surat, Gujarat.

To make the country attractive for visitors to trade exhibitions, the Thailand Convention and Exhibition Bureau has put in place several incentives including a fast track special immigration checkpoint counter that takes you through the visa and luggage process without having to queue up with other passengers. Visitors also receive free BTS skytrain smart passes and can stay a third night free at participating hotels.

Thailand's efforts to woo Indian tourists, after having lost out in the global tourism market due to political unrest earlier this year, is also being helped by the current disturbances in the Kashmir valley and landslides and rains lashing parts of India.

Besides, the Thai government has launched an elaborate publicity campaign to woo Indian tourists and exhibition visitors, both known to be big spenders. It has waived tourist visa fees until March 31, 2011, and several hotels are offering special bargain packages and promotions for Indian visitors.

http://www.thehindubusinessline.com/2010/09/22/stories/2010092250922000.htm

- Social Front
- Playing into the hands of the southern insurgents

New York-based Human Rights Watch (HRW) this week scolded the Thai government

over its handling of the ongoing insurgency in the three southernmost provinces, and condemned the militants there for carrying out target killings of public school teachers.

According to HRW's recently released report, "Targets of Both Sides: Violence Against Students, Teachers and Schools in Thailand's Southern Border Provinces", at least 108 teachers and 27 education personnel have been killed, presumably in insurgency related violence, since January 2004. This makes southern Thailand one of the world's most dangerous places for teachers.

Besides criticising the separatist insurgents, the report also pointed to the fact that the security forces have overlooked the concerns of local people when they set up camp on school grounds, thus unnecessarily putting children and teachers in the line of fire.

The HRW report should be welcomed as it raises awareness about the plight of teachers and students in the restive region, and of the questionable actions of the authorities. Nevertheless, more studies are needed if we are to understand the trends in the violence and come up with answers for a permanent peace.

Indeed, since this wave of violence peaked in early 2004, mapping out the daily attacks and trying to make sense out of them has been extremely difficult for both the authorities and researchers. In 2007, for example, there were over 100 arson attacks against public schools. The number dropped to just ten in 2008. The military has been quick to take credit, but cannot really explain what exactly it has done to deserve this credit.

Just as difficult is coming up with an explanation as to why violence in certain pockets has spiked and elsewhere it has not. Authorities tend to describe areas with a lot of insurgent activity as "red areas". But given the fact that this generation of militants is extremely mobile - as they no longer simply control hilltops, as did previous generations of separatists - designating certain areas "red" or "green" is meaningless. Thai authorities don't seem to understand they are fighting faceless ghosts who, unlike the previous generations of separatists, don't take credit for their attacks, much less make their identity and demands known.

Part of the difficulty in making sense out of the insurgency has to do with the fact that this generation of militants is decentralised. There is no real command structure, much less a "political wing" to serve as an "entry point" where the opposing forces can relay messages to each other. Decisions to attack are made at the local-cell level.

However, there is some degree of uniformity - such as confining the insurgency only to the Malay-speaking area. But this restriction stems from a general consensus among the militants, and is not necessarily the result of a rigid command structure or of institutional discipline.

Efforts have been made to reach the village-based insurgents via the long-standing

separatist groups that surfaced decades ago. As a result, a number of so-called peace processes have emerged, but so far none has been able to gain any real traction, at least to the point of affecting meaningful change on the ground. Some of these initiatives were kick-started by retired Thai generals and major political figures. Foreign NGOs and neighbouring governments have lent a helping hand to facilitate these secret talks, but a desired outcome is still nowhere in sight.

But even if these initiatives are able to establish an "entry point", the challenge would then be to get the village-based cells to come on board and move collectively toward an end game. Part of the reason why none of these peace initiatives have succeeded has to do with the fact that the Thai authorities are not serious about the idea of talking to the enemy. Another factor is the organic nature of this generation of insurgents.

But the feeling on the ground, according to sources familiar with the insurgents, is that these peace initiatives are deemed a ploy to get the militants to surface so they could then be eradicated through target killing. If this is a genuine conviction held by the militants, perhaps we can forget about any meaningful peace process for a long time.

In its report, HRW also accused the authorities of carrying out "extrajudicial killings, enforced disappearances, arbitrary arrests and torture of people alleged to be involved with separatist groups". While we can never justify the killing of innocent civilians, we cannot overlook the tit-for-tat nature of the violence. One thing that no official wants to admit is that questionable security tactics have played into the hands of the insurgents, as more young men take up arms to avenge the deaths of their friends or family members.

Perhaps if the authorities can put an end to the culture of impunity and answer some of the questions over alleged kidnappings, arbitrary arrests and torture, we might see a more positive trend toward peace.

http://www.asianewsnet.net/news.php?id=14523&sec=3

#### Cambodia

- Political Front
- Cambodia's exiled opposition leader in trouble again

Cambodia's main opposition party leader was convicted in absentia on Thursday and sentenced to 10 years in prison for a politically sensitive comment about a border dispute that critics say is another example of the government intimidation of its opponents.

Sam Rainsy, who is living in exile in Paris, was convicted of spreading false information about a border dispute with Vietnam. The lawsuit was filed in February after several comments by Rainsy, who had questioned whether the border was incorrectly marked by the government to Cambodia's advantage.

The conviction is the second this year against Sam Rainsy, who heads the sole opposition

party in parliament and is a fierce, longtime critic of Prime Minister Hun Sen.

In January, a court sentenced Sam Rainsy to two years in prison for a political protest in which border markers were uprooted on the frontier with Vietnam. He led the protest last year to dramatise his claim that Vietnam is encroaching on Cambodian territory, an issue he often raises to garner public support. Hun Sen was installed after a Vietnamese invasion that ousted the genocidal Khmer Rouge regime in 1979. He is sympathetic to Hanoi, while part of Rainsy's appeal comes from pandering to traditional anti-Vietnamese sentiment common among Cambodians who don't trust their much larger neighbour.

The verdict was read out publicly at the Phnom Penh Municipal Court, though the trial itself was closed to the public.

'Politically motivated'

"The acts committed by the offender seriously affected the honour of the government," said Judge Ke Sakhan. The judge also ordered Rainsy to pay 60 million riel (Dh51,380) in compensation for the government's legal fees and another fine of 5 million riel.

Rainsy could not immediately be reached for comment in Paris but his party called the ruling politically motivated."Everybody knows the court is only following the orders of the government," said Son Chhay, chief whip of the Sam Rainsy Party.

http://gulfnews.com/news/world/other-world/cambodia-s-exiled-opposition-leader-introuble-again-1.686569

- Geo-strategic front
- Cambodia gets about 100 tanks and APCs

In a bid to boost its military capabilities, Cambodia will get almost 100 tanks and armored personnel carriers from Eastern Europe next week.

The move comes amid a lingering dispute with Thailand. The neighboring nations have had several small but deadly skirmishes over conflicting claims to a border dispute.

Military and political officials kept anonymous by the People's Daily said nearly 100 tanks and armored personnel carriers were shipped off Sihanoukville Sea Port Monday and will later be taken to Phnom Penh.A spokesman for Cambodia's Ministry of Defense, Chihum Socheat, confirmed the arrival of the military trucks but refused to give exact number and other details. By some accounts 94 armored vehicles were delivered.

Separately, the People's Daily reported that Sihanoukville Sea Port officials spotted "around 50 tanks and 40 armored personnel vehicles and a few other military trucks." They claimed the military equipment had been "shipped on a large vessel."

Sihanoukville Sea Port is in Sihanoukville Province, a coastal area and is about 180 miles southwest of Phnom Penh."We will have many more" than 94, Koy Kuong, the foreign ministry spokesman was quoted saying to local media."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," the spokesman said. He refused to disclose how much Cambodia would be paying for the new hardware and the Eastern European state supplying Phnom Penh. Russia, where Cambodian military have been trained in the past, hasn't been ruled out. London's International Institute of Strategic Studies estimated the strength of Cambodia's armed forces at 123,300 in 2010. That is about 150,000 fewer than its hostile neighbor, Thailand, which also boasts a well-equipped air force. Since relations between the two countries took a turn for the worst as a result of the deadly clashes, Cambodia has mounted efforts to boost and eventually match its defense capabilities with Thailand's.

The border dispute stems from conflicting claims to a region housing the ancient Preah Vihear temple which was granted World Heritage status by UNESCO two years ago.

Under a ruling by the World Court in 1962, the temple was found to belong to Cambodia although its main entrance stands in Thailand's territory. Since the clashes, Thai troops have built 20 large bunkers to strengthen their positions on the border against any Cambodian troop incursions. The border has never been fully demarcated.

http://www.upi.com/Business\_News/Security-Industry/2010/09/21/Cambodia-gets-about-100-tanks-and-APCs/UPI-88511285102567/

#### • Economic Front

## • Cambodian premier to urge Obama to cancel 'dirty' debt

Cambodian Prime Minister Hun Sen said yesterday he would appeal to US President Barack Obama to cancel a "dirty debt" of more than \$300mn he said helped fuel civil conflict three decades ago.

Hun Sen, who will meet Obama in New York tomorrow, rejected a US plan to reschedule payments of an estimated \$317mn, a debt he said was incurred by a government that came to power in a 1970 coup backed by Washington. "The debt Cambodia owes the US from 1970 to 1975 is judged as dirty debt, so please cancel it," Hun Sen said during the opening of a new bridge in Kandal province.

"How can we pay back this dirty debt? Even banks would cancel this," he added.

US agricultural development loans were given to the government of Lon Nol after it came to power in the 1970 putsch. Cambodia and several US congressmen have argued the money was spent on arms, which were ultimately used on its own people.

Lon Nol was toppled in 1975 by the ultra-Maoist Khmer Rouge regime, under which an estimated 1.7mn people died in less than four years, plunging Cambodia into decades of poverty and political instability.

Cambodia has asked the US to convert the debt into aid, pointing to a 2000 debt-swap

arrangement between the US and Vietnam for educational development. But the US maintains Cambodia has sufficient funds to repay the loan.

Analysts, however, believe Washington's refusal to make any concessions is more to do with geopolitics, stemming from Cambodia's close political and economic ties with China, its biggest source of aid and investment. In 2002, China cancelled Cambodia's debts from the 1970s and in April it signed investment deals with its closest Southeast Asian ally worth an estimated \$850mn.

That deal was agreed during a visit to Phnom Penh by Chinese Vice-President Xi Jinping. Days ahead of his arrival, Cambodia deported a group of asylum-seeking Uighur Muslims back to China, despite US concern they would be persecuted upon their return.

Uighurs are a Turkic-speaking people native to China's far western Xinjiang region where many residents chafe under rule from Beijing and restrictions on their language, culture and religion.

The US responded by halting shipments of about 200 of its surplus army trucks and trailers to Cambodia and has since suspended military aid.

http://www.gulf-

times.com/site/topics/article.asp?cu\_no=2&item\_no=387132&version=1&template\_id=4 5&parent\_id=25

### Patil back from Laos, Cambodia aimed to boost Look East Policy

President Pratibha Patil on Saturday completed her two-nation state visit to Laos and Cambodia in a bid to deepen economic and cultural ties with the two key ASEAN countries as part of an effort to boost India's Look East Policy.

During the President's successful ten-day visit, lines of credit were extended to Laos and Cambodia and important business pacts inked.

Talking to reporters on board the special aircraft, Patil underlined that the visit aimed at reinforcing the deep historical and cultural ties along with efforts to build a dynamic economic and developmental relationship with the two nations."My visit to these countries was undertaken to reinforce the deep historical and cultural ties which India has with these countries dating back to more than 2000 years, and to build a dynamic economic and developmental partnership on these foundations," she said.

During her visit to Laos, which began on September 9, India extended a line of credit worth USD 72.55 million to finance two power projects in the country. A Cultural Exchange Agreement for the years 2011-13 was also signed between the two nations.

Patil said Laos underlined its deep appreciation for India's continued assistance and support for its developmental efforts through loans and assistance in the field of human resource development, hydropower and irrigation schemes in particular."I was informed

that the National Assembly of Laos has already approved the India-ASEAN Agreement on Trade in Goods and only some administrative formalities remain prior to its notification," she said.Laos, a landlocked country in Southeast Asia, has also indicated that it looked forward to investments from the Indian private sector. The Aditya Birla Group and Kirloskar already have a big presence in Laos while the Tata group is exploring possibilities of investment in the mining sector. A 45-member business delegation, comprising of members of CII, FICCI and ASSOCHAM, travelled with the President, and signed MoU with the Indian Chamber of Commerce in Laos.

Patil and President Choummaly Sayasone also participated in a virtual inauguration of the 115 KV Paksong-Jiangxi-Bangyo transmission line project in Champasak province of Laos, where the government of India has provided a line of credit for USD 18 million.

The Indian President and her husband Devisingh Shekhawat were accorded a warm welcome at Phnom Penh when they arrived on September 13 in Cambodia for the second leg of the 10-day tour.

http://businesstoday.in/index.php?option=com\_content&task=view&issueid=60 &id=16274&Itemid=1&sectionid=4

- Social Front
- Germany assists in flood control in Cambodia

Germany has provided assistance to Cambodia for flood control system project that will benefit about 700 households with approximately 3,500 farmers and their livestock, according to a statement released by German Embassy on Friday. The statement said the project was just completed and the hand- over ceremony of the flood control system built in the three districts in Kandal and Prey Veng Provinces, located about 65 kilometers southeast of Phnom Penh, was organized on Friday.

It said that the newly constructed Safety Areas, 900 to 2000 square meters in size, consist of sufficiently raised foundations (several meters above the respective highest flooding levels of the severe flooding in the year 2000), equipped with latrines and drinking water supply facilities. The assistance was made available after it has learned that severe flooding, as recently witnessed in Pakistan and China, poses substantial threats for human lives. Flooding also occurs frequently along the Mekong River, and based on requests from the respective district governors, the Mekong River Commission (MRC) - under its Flood Management and Mitigation Program (FMMP) - constructed five Safety Areas in the three districts. The activities have been financially supported by the German Government and implemented by GTZ (German Technical Cooperation Agency).

Following the year 2000 flood in Cambodia, safety area identification and management by the provincial and district authorities became one of the important flood preparedness activities for evacuation and temporary shelter for flood affected people and their livestock.

The statement said the project costs of the five Safety Area constructions were approximately 20,000 U.S. dollar in total, and the beneficiaries are almost 700 households with approx. 3500 farmers and their livestock, who will be able to evacuate with their belongings to those Safety Areas in times of severe flooding.

http://english.people.com.cn/90001/90777/90851/7143865.html

#### • Global brands face rising labour costs in Asia

Global retailers fleeing China's rising labour costs now find themselves facing growing pressure for higher wages in countries from Bangladesh to Cambodia, Vietnam, India and Indonesia.

The latest sign that workers are becoming more militant in their demands for a larger share of the region's economic success came in Cambodia last week, when tens of thousands of workers went on strike. The mass protest rejecting a proposed 20 percent pay increase crippled Cambodia's export-orientated garment industry, which produces items for renowned brands including Gap, Benetton, Adidas and Puma.

The strike followed a deal between the government and industry that set the minimum wage for garment and footwear staff at 61 dollars a month. Unions want a base salary of 93 dollars."Workers are having difficulties surviving on their low wages," Kong Athit, secretary general of the Cambodian Labour Confederation, told AFP.

The Cambodian action came just weeks after Bangladesh's three million garment workers, who make Western clothes for the world's lowest industrial wages, spurned an 80 percent pay hike, attacking factories and burning cars.

Tens of thousands of workers who sew clothes for brands such as H&M and Tesco went on the rampage over the 3,000 taka (43 dollars) monthly minimum wage offer then staged wildcat strikes protesting a four-month delay in implementation.

"It is not a living wage," said Shahidul Islam Sabug of the Garment Workers Unity Forum, which wanted 5,000 taka a month to help workers cope with sharp increases in the cost of living, including near double-digit food inflation.

Earlier this month, Bangladesh said exports leapt more than 25 percent year on year in July, with manufacturers linking the jump to a shift in orders from China to the low-cost South Asian country.In China itself, workers scored major victories this year at companies such as Japanese automakers Honda and Toyota and Taiwanese IT giant Foxconn, which were all forced to hike pay in the so-called "workshop of the world".

In an effort to ease worker concerns, most Chinese provinces, regions and municipalities have raised official minimum wages this year, with Shanghai atop the list, offering

monthly pay of at least 1,120 yuan (166 dollars). "Costs are going up in places like China, so you are getting a move to Vietnam, Cambodia, Bangladesh and this is good for these countries," Robert Broadfoot of the Hong Kong-based Political and Economic Risk Consultancy told AFP.

And even if manufacturers are now facing wage pressures in the new manufacturing centres, they are on a different scale." China is getting more expensive. To be sure, less developed countries are too, but the gap between per capita incomes in places like Bangladesh, Cambodia and Vietnam and those in China will continue to widen going forward," Broadfoot said. "Wages of workers in these countries are unlikely to go up in absolute terms step for step with China's wages,"

In Cambodia, union leaders called off the strike last Thursday after the government stepped in and arranged talks with both manufacturers and unions for later this month.

Cambodia's garment industry is a key source of foreign income for the country and employs about 345,000 workers. Social Affairs Minister It Samheng warned that further stoppages could "affect benefits for the workers, employers, and our nation that is facing the impact of the global financial crisis."

Bangladesh's protests, which raged for days until a massive police crackdown restored calm, were the most violent of a string of recent strikes in Asian countries.In Vietnam, where independent trade unions are banned and inflation is running at some 8.75 percent there have been 139 strikes in the first five months of 2010, according to the Vietnam Confederation of Labour.

The bulk of the protests concern low pay and poor conditions, with many of them hitting foreign-owned factories. Tens of thousands of workers at a Taiwanese-owned shoe factory in southern Vietnam went on strike in April.

In Indonesia, where three powerful trade unions represent the vast majority of the country's 3.4 million unionised workers, there is also mounting pressure to raise the minimum wage. Garment factories in particular, including some that are foreign-owned, have been hit by strikes and disputes over long hours and low wages.

The minimum wage is not set in Jakarta and varies from district to district. In 2008 the highest minimum wage was 123 dollars a month in Papua province and the lowest 60 dollars in East Java, according to the manpower ministry.

Tens of thousands of workers protested for minimum wage levels to be raised during May Day demonstrations in Jakarta this year, until riot police stepped in to quell the unrest.India, which has a highly vocal workers' movement, has also seen recent disputes over pay and conditions at companies such as mobile handset manufacturer Nokia, car maker Hyundai and the technology and services group Bosch.

http://www.channelnewsasia.com/stories/afp\_asiapacific\_business/view/1082120/1/.html

## • opposition leader seeks US case against PM

Cambodia's opposition leader said Friday he had filed a criminal lawsuit in the United States against Prime Minister Hun Sen, accusing him of being behind a deadly 1997 attack on a political rally.

The move by Sam Rainsy, who lives in self-imposed exile abroad, comes a day after a court in the Cambodian capital sentenced him to 10 years in jail in absentia for forging and publishing a false map of the border with Vietnam.

The 60-year-old already had a two-year jail term hanging over his head for uprooting border posts with the neighbouring country. Appearing via video link from France, Sam Rainsy said the premier was "a criminal" for his alleged involvement in the grenade attack on an opposition rally in Phnom Penh 13 years ago which killed at least 16 people and wounded dozens more, including a US citizen.

He said his lawyer had submitted a complaint in New York requesting a criminal investigation into Hun Sen's alleged role in the attack and cover-up attempts afterwards.

The announcement is the latest twist in an ongoing tit-for-tat row between the country's top two politicians. It also coincides with Hun Sen's trip to New York, where he is due to meet US President Barack Obama and other leaders of the Association of Southeast Asian Nations (ASEAN).

A spokesman for Cambodia's Council of Ministers dismissed Sam Rainsy's lawsuit as "an overreaction" to his latest prison sentence. "He (Sam Rainsy) wants revenge," Phy Siphan told AFP, adding that the premier was not worried about the lawsuit because "he is still innocent".

It is not the first time that Sam Rainsy has accused Hun Sen and his elite bodyguard unit of orchestrating the attack. In 2005, the opposition leader, seen as the main rival to Hun Sen, was sentenced in absentia to 18 months in prison for defaming the prime minister with the claims.

But he was granted a royal pardon in early 2006 after he took an uncharacteristically conciliatory stance, recanting the accusations. An FBI investigation into the attack was never completed and Sam Rainsy alleges this is partly because of "cover-up efforts by Hun Sen and his direct subordinates."

http://news.yahoo.com/s/afp/20100924/wl\_asia\_afp/cambodiauspoliticsopposition

#### Vietnam

- Economic Front
- Japan, Vietnam to begin talks on nuke pact

Japan and Vietnam were set to launch their first negotiations in Vienna on Friday toward

signing a bilateral pact on peaceful use of nuclear technology, the Foreign Ministry said. Vietnam is planning to build nuclear reactors, and the government has been trying to help Japanese companies win contracts for the projects. Such a treaty would set a legal framework for peaceful use and transfer of nuclear technologies, materials and equipment.

Japan has concluded nuclear agreements with the United States, China and four other countries, together with the European Atomic Energy Community, and is currently in negotiations with the United Arab Emirates, India and South Africa. The Japanese delegation is led by Tsutomu Arai, director of the ministry's International Nuclear Energy Cooperation Division. Tepco nuke venture BLOOMBERG Tokyo Electric Power Co. and a group of companies plan to form a venture in late October to sell nuclear reactors overseas, Ichiro Takekuro, the venture's future president, said Friday.

Six domestic utilities may join the original group planning the venture, Takekuro said.He said Vietnam should adopt a liability law for the industry, and the Japanese government should extend insurance coverage to the venture's activities in Vietnam.

http://search.japantimes.co.jp/cgi-bin/nb20100925a3.html

## • US-Vietnam nuclear deal has experts divided

The US-Vietnam deal can be interpreted as a move to counter Chinese influence

The United States and Vietnam are close to a nuclear deal that would allow Hanoi the right to enrich uranium and reprocess plutonium. While China and some experts have criticized it, others view it more positively. Roughly six months after signing a memorandum of understanding on civilian nuclear cooperation, Washington and Hanoi, according to various reports, are now in the final stages of reaching a deal on sharing nuclear technology.

The agreement will likely lack a provision that prohibits Vietnam to engage in uranium enrichment and reprocessing plutonium, steps that aside from its civilian use are also essential to produce nuclear weapons. To cope with growing energy needs of its rapidly expanding economy, Hanoi wants to build 13 nuclear power plants by 2030, with the first reactor to produce energy scheduled for 2020. According to Vietnamese media reports, the first power plant will be built with Russian technology.

Neighboring China, which has ongoing border disputes with Vietnam, has carefully calibrated its response to the US-Vietnam deal. A foreign ministry spokesman acknowledged every nation's right to the peaceful use of nuclear energy as long as it doesn't engage in proliferation.

'Double standard'

However, the deputy director of the China Arms Control and Disarmament Association

accused the US of applying a double standard and of destabilizing the international order. "The US is used to employing double standards when dealing with different countries ... as a global power that has promoted denuclearization, it has challenged its own reputation and disturbed the preset international order," Teng Jianqun was quoted in the official China Daily newspaper.

Chinese experts are not alone in criticizing the deal.

Charles K. Ebinger, the director of the Brookings Institution's Energy Security Initiative, also charged that the agreement establishes an "unconcealed double-standard" and urged the Obama administration to adopt a "singular nuclear energy cooperation policy" applicable to all countries. Critics of the deal refer to the nuclear cooperation agreement Washington signed with the United Arab Emirates (UAE) last year. As part of the deal, the UAE accepted to completely forego enrichment and reprocessing activities. Due to those tough conditions - essentially waiving the right for enrichment granted to every country that has signed the Non-Proliferation Treaty (NPT) - the agreement with the UAE was dubbed the 'gold standard' of civilian nuclear cooperation deals. By not pushing Vietnam, which is a signatory of the NPT and has stated that it has no intention to pursue enrichment itself, to accept the same conditions, the Obama administration will make it harder to apply the gold standard in negotiations with other countries, argue critics. What's more, they add, the move is counterproductive to Barack Obama's grand vision of reaching a world without nuclear weapons.

## 'Important step'

However, other experts think this criticism is overblown. Vietnam wants nuclear power plants to fuel its rapidly growing economy Miles Pomper, a senior research associate at the James Martin Center for Nonproliferation Studies in Washington DC, notes that most nuclear deals actually don't restrict countries to enrich and simply don't explicitly mention the issue.

"The only deal that didn't do that was the deal the United States struck with United Arab Emirates which was finalized last year and was negotiated under the Bush administration," he told Deutsche Welle. "And that deal was kind of unusual because the US wanted to set the gold standard for how countries in the Middle East should deal with nuclear energy."

While Sebastian Harnisch, professor of international relations at Ruprecht-Karls-University Heidelberg, understands why some people perceive a double standard in those different nuclear deals, he points out that the US-Vietnam deal is entirely in line with the NPT which foresees the peaceful use of the nuclear energy under the International Atomic Energy Agency's (IAEA) safeguards.

"The signal that peaceful nations in full compliance with the NPT have a right to the full fuel cycle is an important step right now," he told Deutsche Welle, adding that many countries like Brazil and Turkey worry that the US wants to restrict their ability to pursue the full fuel cycle in light of Tehran's nuclear ambitions.

Besides the obvious economic aspects of supplying nuclear technology to Vietnam, Harnisch believes Washington has two additional motives for the deal: "First of all they want to signal to China that they are hedging against Beijing's influence in Southeast Asia and the South China Sea in particular. And secondly of course, it's a signal to the Vietnamese government that the normalization is an ongoing process and that the United States is interested in deepening that relationship."

Not as problematic as US-India deal

The controversial US-India nuclear deal was finalized by the Bush administration"But I think the more dangerous deal in terms of nuclear energy that we did to counter China was the US-India deal which was a clear case - much more than the Vietnam case - of sacrificing our non-proliferation principles for strategic reasons."

After all, the US had agreed to cooperate with India despite the fact that the country had not signed the NPT and had amassed a stockpile of nuclear weapons. For Pomper, the US-Vietnam deal then is more about establishing good relations between the former enemies and business ties. "And I am sure Germany just like the United States will be looking to try to sell nuclear technology to Vietnam."

Aside from some verbal criticism out of Beijing, the experts don't think the issue will negatively impact US-China relations. They also don't expect Hanoi to pursue nuclear weapons in the foreseeable future. Beijing for its part, has also signed a nuclear deal with Hanoi and is planning to sell two nuclear power plants to Pakistan. How long it will take to complete the final negotiations for the US-Vietnam deal is still open. But since the agreement - unlike the US-India deal - is expected to comply with the US nuclear non-proliferation act of 1978 it doesn't require explicit approval by Congress to become law. http://www.dw-world.de/dw/article/0,,6042549,00.html?maca=en-rss-en-world-4025-rdf

### Vietnam ranked prime global destination for third year running

Vietnam has once again been selected as the number one investment destination, outside of Brazil, Russia, India and China (BRIC), according to a report published by the UK Trade & Investment and Economist Intelligence Unit.

This is the third consecutive year that Vietnam has enjoyed the designation from the British agency. The 'Great Expectations: Doing business in emerging markets' report offers new insights from international investors about which markets they see as being the global growth engines of the future.

The report is based on a survey of more than 520 global executives from every sector. All respondents are already doing business in emerging markets or plan to do so in the next two years. The UK Business Secretary Vince Cable said: "The balance of global economic power is shifting toward emerging markets and this is recognized in UK Trade & Investment's report. UK firms are using their expertise to help promote growth and prosperity in these markets."

The report's authors found that the top three markets for investment, in the next two years, are China, Vietnam, and India. Emerging markets are viewed as sources of new consumer demand. Seventy-six percent of investors see emerging markets as a source of new business growth.

By 2030, 93 percent of the world's middle class will live in what we now consider "emerging markets," the report said. Companies are now shifting their priorities toward a range of other developing countries outside their well-established operations in the BRIC countries. For many firms, emerging markets are increasingly familiar places. Nearly half of the respondents reported having operations in one or more emerging markets over the course of the last decade and two thirds said they had been working in the areas for six or more years. Institutional knowledge of these countries is far higher than it was at the turn of the century, the report found.

More executives than ever believe that the potential rewards far outstrip the risks within both the BRIC countries and other emerging markets. Fifty-two percent expect growth prospects in their once-risky emerging market businesses to be "significantly better" over the next two years.

Local companies in emerging markets are sought after for partnerships and alliances. Despite a greater ease with the risks of new places, the need to tap into local knowledge and contacts quickly remains strong, the report found. Emerging markets are not just for big business. One in three small- and medium-sized enterprises polled by the authors planned to expand into a new emerging market in the next two years through joint ventures or partnerships with local companies.

http://www.thanhniennews.com/2010/Pages/20100924171116.aspx

#### Social Front

### Dengue epidemic grips Vietnam, claims 42 lives

The Vietnamese government is urging its public health agencies to strengthen measures to contain the spread of dengue fever.

So far, the mosquito-borne disease has sickened 55,430 people across the country, 42 of whom have died, since the beginning of this year, according to a government dispatch released last week. The number of confirmed cases has spiked in the middle of the

country, the dispatch said.

Health officials from the central region have reported a two-fold increase in cases compared to the first eight months of last year. Meanwhile, the Central Highlands region has reported nearly eleven times as many cases as they did by September of 2009.

Nguyen Van Binh, deputy chief of the health ministry's Department of Preventive Health, said the disease is on the rise in the southern region as well. However, local agencies failed to conduct a proper preventative campaign, he said. Locals still aren't fully aware of the preventative measures they can take (e.g. spraying, disrupting or draining standing water) to decrease their chance of infection.

In fact, dengue is peaking in Ho Chi Minh City, which is seeing 300 hospitalized cases every week, Tran Ngoc Huu, head of the Pasteur Institute in HCMC, said.Dengue isn't restricted to suburban districts anymore, but has spread to central ones like districts 1, 10 and 4, according to experts.

One of the city's major pediatric hospitals, Children's Hospital No. 2, reported over 600 kids with the disease within the first two weeks of September. Nearly half of them were hospitalized for treatment – a 30 percent increase over last month.

The hospital further advised that 10 percent of its new patients are in critical condition where they may suffer circulatory failure, neurological problems, and hemorrhaging. The Hospital for Tropical Diseases, meanwhile, said it has recorded over 4,000 dengue cases since the beginning of this year - 50 percent of which were in critical condition.

A representative from the hospital said dengue among adults is often accompanied by unexpected complications. Without strong preventive measures, the epidemic will spread even more, Huu warned. The same situation was reported in Hanoi, where dengue cases have spread to all of the city's 29 districts.

Trinh Thi Ngoc, chief of the Bach Mai Hospital's infectious diseases department, said many of the hospitalized victims suffer from internal bleeding which manifests itself in vomiting blood. According to experts from the Ministry of Health, the epidemic will last till November. They expect to see more infected cases, more critical cases and more deaths with unexpected happenings.

http://www.thanhniennews.com/2010/Pages/20100924180447.aspx

# • Thailand denies visas to Vietnam rights activists

Thailand, under pressure from neighbouring Vietnam, denied visas to two political activists seeking to speak at a Bangkok media event on Monday about human rights issues in Vietnam, a Paris-based group said.

Have your say: Human Rights

The Vietnam Committee on Human Rights (VCHR) said the Thai embassy in Paris had

informed its representatives that their visas had been invalidated.

The Paris-based International Federation for Human Rights (FIDH) said it was dismayed the Thai government had blocked efforts to publicise a report that listed recommendations to Vietnam on how it could improve its rights record.

"This is frightening. It illustrates that it is impossible to speak about Vietnam's human rights record not only in Vietnam, but also in neighbouring countries," Souhayr Belhassen, president of FIDH, said in a statement.

Vietnam currently holds the chair of the 10-member Association of South East Asian Nations, a grouping that has its own human rights body but follows a policy of non-interference in the domestic issues of other members.

Thailand's Foreign Ministry had on Friday urged the Foreign Correspondents' Club of Thailand (FCCT), which was to be used as a venue for the event, to cancel it.

In an email to the club, published in an FCCT statement, the ministry said the government had a "long-standing position of not allowing organisations and/or persons to use Thailand as a place to conduct activities detrimental to other countries." The FCCT said it was unfortunate the government had tried to pressure the club, adding that it did not sponsor the event so was unwilling to convey to the VCHR the government's intention to deny its representatives visas.

The ban comes amid a wave of censorship in Thailand, where anti-government television and radio channels, magazines, newspapers and thousands of web sites deemed threats to national security have been blocked by a military-run agency overseeing a state of emergency in and around Bangkok.

http://uk.news.yahoo.com/22/20100913/tpl-uk-thailand-vietnam-rights-43a8d4f.html

### Vietnam's soft conservation policies hard on tigers

A failure to treat poaching, wildlife trade as serious crimes is pushing tigers to extinction, experts warn Skeletons of tiger and other wildlife species seized by Hanoi Environmental Police last week

Indochinese tiger once prowled Vietnam's forests in large numbers. Today, they are being pushed to the edge of extinction in a country that is now considered a transit hub for Big Cat products. Conservation experts say that the root cause of the problem is that the Vietnamese government has not imposed stiff punishments for poaching and wildlife trade crimes. "Illegal hunting of wild tigers and tiger prey species in Vietnam has been occurring at highly unsustainable levels for some time and is the main cause alongside habitat destruction, for the decimation of wild tiger populations in Vietnam," said Scott Roberton, Wildlife Conservation Society's (WCS) Country Representative in Vietnam.

"Although Vietnam has increased its protected area coverage to 6.7 percent (2.2 million

ha) the management of these areas is poor and is more focused on protecting the trees than the animals that live amongst them. "There is inadequate investment for wildlife conservation, low capacity of the management authorities, poor collaboration with local stakeholders, and low incentives to protect wildlife," he said.

According to the conservation NGO, World Wildlife Fund for Nature (WWF), the largest combined wild tiger habitat on earth is to be found in the forests of the Greater Mekong region covering 540,000 km2 in Cambodia, Laos, Myanmar, Thailand and Vietnam. However, as few as 350 endangered Indochinese Tigers inhabit the region's forests, down from around 1,200 in 1998.

As few as 30 wild tigers are estimated to survive in Vietnam.

Despite this low number, an illegal wildlife trade, including tiger parts and products, has thrived in the country, despite myriad efforts to stop it.

Last week, police seized eight tiger skeletons, three panther heads, 560 gall bladders and more than 700 kilograms of wildlife parts in a raid on two houses in Hanoi. Six people involved were detained for violating laws on wildlife protection.

Jake Brunner, International Union for Conservation of Nature's (IUCN) program coordinator for Vietnam, urged stricter punishment against wildlife violators, saying that current measures are not sufficient deterrents. "The Vietnamese government needs to impose serious penalties, meaning large fines and lengthy prison sentences, for on those who hunt, traffic, or consume tiger parts. At the moment these activities are not treated as serious crimes," he said. "As a result, the demand continues to grow as more people can afford to buy exotic wildlife products."

#### Declining numbers

A WCS study released last week identified 42 "source sites" scattered across Asia that should be prioritized in the fight to save tigers from extinction. These sites in Russia, Nepal, Bangladesh, India, Indonesia, Malaysia, Thailand, and Laos give the world's remaining tiger populations a chance to recover, it said.Meanwhile, the study found no evidence of breeding populations in Vietnam, Cambodia, China, or North Korea.

A WCS statement last week said fewer than 3,500 wild tigers inhabit a tiny fraction of their former habitat, clustered in small pockets of Asian forests.

"In the past, overly ambitious and complicated conservation efforts have failed to do the basics: prevent the hunting of tigers and their prey. With 70 percent of the world's wild tigers in just six percent of their current range, efforts need to focus on securing these sites as the number one priority for the species," said Dr. Joe Walston, director of WCS-Asia.

#### Farming concerns

While the number of wild tigers in Vietnam has dropped to critical lows, tiger farming remains a concern for possible connections with illegal trading rings. "The [Vietnamese] government must first monitor these farms closely to ensure no leakage of tigers either in or out. It may then be possible to reintroduce captive tigers into the wild on an experimental basis. This would require international oversight and strict protection of the reintroduction sites," said Brunner of IUCN.

Onkuri Majumdar, Senior Program Officer of conservation and human rights advocacy FREELAND Foundation, expressed a less optimistic view of the current crisis. "Strictly enforced and constantly checked individual identification of tigers in these 'farms' will ensure that unscrupulous owners are not able to launder many tigers by using the same identification tag for several animals. "Simultaneously, there must be a continuous process of alerting and informing policy makers, senior government officials and civil society that these 'farms' have zero conservation value," he said. "Farmed tigers can never be released back into the wild because they have no wilderness survival skills. Instead of securing a future of wild tigers, farms only secure future profits for their owners."

http://www.thanhniennews.com/2010/Pages/20100924182023.aspx

- Cyber World
- Vietnam to establish Internet providers' association

An association of Vietnamese Internet providers will be officially established on October 9 and combine 66 members, local news website VnExpress reported Friday. That same day, member companies will cast votes for the association's leaders and development strategies, the news source said.

It quoted VDC Director Vu Hoang Lien, chief of a commission to lobby the association's establishment, as saying one of its main activities is to expand the Internet to the fields of health and education as well as more population, especially those in disadvantaged areas. Representatives say they are banding as more local Internet and associated service providers are cropping up. Despite their numbers, the founders feel that the Vientamese providers lack a professional edge against highly competitive foreign companies, Lien said.

In the meantime, Nguyen Van Loc, Deputy Director General of FPT Telecom said in that the association will give weight to member businesses' ideas and proposals to government agencies.

http://www.thanhniennews.com/2010/Pages/20100918101512.aspx

### Singapore

#### • Geostrategic Front

#### • Economic Front

## • Theme parks find new markets across Asia

When Singapore first announced it was building a Universal Studios theme park, sceptics wondered if the complex would draw enough crowds to be commercially viable.

But just six months after opening, Universal Studios Singapore has already welcomed more than one million visitors, and other countries in Asia are building even bigger theme parks. Asia has become the new frontier for large-scale outdoor entertainment complexes thanks to growing affluence in large emerging economies like China, India and Indonesia, and cheaper air travel. "The industry is moving to Asia," said Christian Aaen, Asian regional director of research firm AECOM Economics, which specialises in entertainment and leisure industry analysis. "With key fundamentals in place such as the growing middle class and incomes in Asia as well as demand for entertainment and leisure time, this is the perfect product for tourism and economic development," he told AFP. Tokyo Disneyland and Disney Sea, the Universal Studios park in Osaka and South Korea's homegrown Everland ranked among the world's top 10 theme parks in terms of visitors last year, according to industry consultancy Themed Entertainment Association (TEA).

Encouraged by Asia's promise, Universal Studios signed a deal in January to build its largest theme park in the world in South Korea at a cost of around \$2.67 billion (Dh9.5bn). When completed in 2014, the resort will be bigger than Universal Studios' four other parks in Hollywood, Florida, Osaka and Singapore combined.

Disneyland has not fared well in Hong Kong -- with a \$9m loss last year, according to the South China Morning Post -- but it is going ahead with a new franchise in Shanghai, with construction expected to start in November.Denmark's Legoland is setting up its first Asian branch in Malaysia's Johore state close to Singapore, hiring builders to use the famous little plastic bricks to replicate national and state landmarks.A recent Asian Development Bank (ADB) report said the region's middle class was growing at an exponential rate and poised to become the world's single biggest group of consumers.

In 2008, some 1.9 billion people were broadly classified by the ADB as part of the middle class in Asian developing countries, more than triple the group's size of 565 million in 1990. China in particular saw its middle class boom, with statistics showing the share of the Chinese population with daily incomes of six to ten dollars surging from 4.8 to 25.5 percent between 1995-2007. In India, people in that income bracket increased from about 29 percent in 1993-94 to 38 percent in 2004-05, the ADB report showed.

Wealthy Singapore, which has only five million people, is a major beneficiary of Asia's increasingly mobile middle class families. Nearly 1.1 million tourists entered Singapore in

July -- a record high, thanks in part to Universal Studios -- with Indonesia, China, Malaysia and India in the top five countries of origin along with Australia."As developing Asia's people secure their middle-class status, its emerging consumers are very much expected to become the next global consumers and assume the traditional role of the US and European middle classes," the ADB said.AECOM's Aaen said the opening of Universal Studios in Singapore "marked the beginning of the new decade where Asia will dominate and remain the primary region for future growth of the industry".

http://www.emirates247.com/entertainment/theme-parks-find-new-markets-across-asia-2010-09-19-1.292590

## • Facebook says Asia is fastest-growing market

A Singaporean browses Facebook. Asia is the fastest-growing region for new subscribers to the social networking site, a senior company executive has said. Blake Chandlee claimed Singapore has three million Facebook users out of a population of five million.

Asia is the fastest-growing region for new subscribers to social networking site Facebook despite restrictions on access in China, a senior company executive said on Tuesday.

Speaking at the opening of Facebook's first Asian sales office in Singapore, vice-president Blake Chandlee said its growth in the region was outpacing the rest of the world. Facebook currently claims more than 500 million registered users worldwide, with 54 percent said to be logging on to the site daily.

Chandlee, the commercial director for regions outside North America and western Europe, declined to give regional or country user breakdowns except for Singapore, which has nearly three million users out of a population of five million.

"At the regional level, if you look at the big four, what we call, theatres, you've got North America, you've got EMEA (Europe, the Middle East and Africa) you've got Asia, you've got Latin America," Chandlee said. "Asia is definitely the fastest-growing amongst those big theatres... Asia's got some of the fastest-growing countries in it, certainly," said Chandlee, who described Facebook's growth in India as "tremendous".

China restricted access to the site in July 2009 amid deadly ethnic unrest in the restive far-western region of Xinjiang, but users have found ways of breaching the censorship wall. Facebook set up an Asian sales office in Singapore to help regional brands in executing their marketing campaigns on the platform, Chandlee said. "The Asian market's a very, very big market for us."

"Singapore has been a great market. We nearly have three million people in Singapore alone, which means having a huge percentage of the total population on Facebook," he stated. "We see that across the region really, we're pretty excited about it," he said. Founded in 2004 and based in Palo Alto, California, Facebook does not publish

financial results but research firm eMarketer said last month it should rake in more than one billion dollars in advertising revenue this year.

http://www.physorg.com/news204286596.html

## • India presses Singapore to open up services sector

India has asked Singapore to open up more services to allow a greater number of Indian professionals access the island nation's cost accountancy and hospitality sectors. A comprehensive bilateral trade agreement between the two countries is being reviewed. "We want to take advantage of the second review to get more in services and are exploring all possibilities," a commerce department official told ET.

Besides requesting Singapore to take deeper commitments in medical, health-related and education services, India needs to ask for expanding the existing list of 127 occupations by which professionals are allowed entry into Singapore, pointed out Amit Mitra, secretary general, Ficci. "The additional list has to include chefs, physiotherapists, nurses, school teachers, nutritionists, professionals in entertainment and hospitality sectors," he said.

India has stepped up pressure on professional bodies from services sectors such as chartered accountancy and architecture to engage with their counterparts in Singapore to create conditions for implementing liberal rules already provided for in the bilateral pact entered into in 2005. What is weighing on India's mind most is the inability of professional councils from both sides to take advantage of what has already been offered in the CECA. According to estimates made by industry body CII, services exports from India to Singapore has gone up by 143% in 2008 to \$1.5 billion after the implementation of the CECA.

The potential of increasing services exports to Singapore is huge as the country's annual imports of services stands at around \$80 billion. The second review of the Comprehensive Economic Cooperation Agreement or CECA started in May this year and is likely to continue for a year following which changes would be made to the existing agreement. The CECA provides for mutual recognition agreements (MRAs) allowing professionals in nursing, dentistry, medicines, architecture and accountancy to practice in the other country purely on the basis of the qualifications acquired in the home country. Rules for finalising MRAs have not been framed as professionals in the respective sectors have not shown much initiative to take the process ahead.

"During the second review, we are very serious about ensuring that professional councils meet and the rules get framed," the official pointed out. The governments finally made a few of the professional councils meet during the first review meeting last month in Singapore and they will meet again in New Delhi later this month.India's accounting

regulator Institute of Chartered Accountants of India, which participated in the meeting, is upbeat about the future but believes that MRAs could take more time. "While regulators of both the countries have concurred on the need to allow their respective professionals to work in their territories, the Singapore institute has asked us to wait because they are making some revisions to their curriculum," said ICAI president Amarjit Chopra. He added the commerce ministry has called for signing of the bilateral agreement even though the process of revision of curriculum may be continued.

ICAI holds that since both Singapore and India are emerging economies, MRAs will be beneficial for both. The nursing councils also had a good meeting. The dentistry and medical councils, however, have not met, and the chances of MRAs in these sectors are not very bright as they lack integration in the domestic market, the official added.

http://economictimes.indiatimes.com/News/Economy/India-presses-Singapore-to-open-up-services-sector/articleshow/6623486.cms

### • International Water Companies Look to Tap Saudi Arabia

The Middle East and North Africa markets are some of the most attractive for waste water solutions. That was the consensus among panellists at the MENA Business Forum held during the recent Singapore International Water Week on 28 June to 2 July 2010. While panellists agreed that the entire MENA region is experiencing phenomenal demand for waste water reuse and recycling facilities, Saudi Arabia was highlighted as the market showing most potential.

The forum bought together policymakers, industry leaders, experts and practitioners to address the issue of adequate water supply and management across the MENA region. In addition, model cities and innovative water solutions that enhance economic value while addressing environmental challenges were presented during the session.

Among them was Mr Montazar Muhalhal, Executive Director of the Corporate Strategy & Planning Division at the government-owned National Water Company, Saudi Arabia. He discussed plans to improve operational and maintenance services across the Kingdom's water networks in an effort to reduce the volume of water and revenues lost to leakage. In Riyadh about 60 percent of the city's valuable water supply is lost through leakage in the 10,000km of pipes that transport water to the city's 4.5 million population. National Water Company hopes to reduce that to a more sustainable 20 percent.

In September 2009, National Water Company appointed PUB Consultants Pte Ltd (PUBC), a wholly owned subsidiary of PUB, Singapore's national water agency, as the independent auditor for the performance-based management contract for Riyadh City Water and Wastewater Services. Over the next six years, PUBC supported by project consultants CDM will assess the performance of the management contractor of Riyadh

City Water and Wastewater Services who oversees the entire production and distribution of water supply in the capital city as well as the collection, treatment and disposal of waste water. As part of its role PUBC will conduct regular audits, determine performance payment incentives and withholdings and act as a facilitator between National Water Company and the management contractor in cases of disputes.

Paddy Padmanathan, CEO of ACWA Power International explained that the breakneck pace of economic development and population growth in the Middle East and North Africa has exacerbated the region's existing problems of water scarcity and wastewater disposal. In response, many countries are embracing reform. Governments are increasingly turning to the private sector to meet their needs, leading to an abundance of business opportunities, particularly in Saudi Arabia.

Given their location in one of the most water-stressed regions of the world, MENA countries need to look at solutions beyond simply maximizing water supply and productivity. Largely dependent on energy-intensive seawater desalination plants, local governments are increasingly looking to the private sector to build and operate waste water treatment, reuse and recycling facilities and address inefficiencies in existing water operations.

According to Mr Syed Amir Basha, Senior Vice President at water and environmental company Moya Bushnak, Saudi Arabia has the biggest market potential for reuse water facilities because it has the land capacity and the willingness to invest in these projects at a country level. However, he said governments also need to get more involved in encouraging people and industry to use recycled water. "Government policies need to support the use of waste water if it is to reach its full potential as another water source."

With governments acutely aware of the water challenges they face, privatization of water infrastructure is increasing. All cities in the MENA region have embraced public private partnerships and projects are gaining pace. Singapore companies are among the top international players pioneering water projects within the GCC markets. According to Mr Sam Ong, Dy Group CEO, Hyflux Limited, it is Singapore's integrated solutions approach to water management that is proving most successful.

"We are finding that our GCC clients want us to invest in the project, build it, then manage and operate the plant with a guarantee of planned efficiencies. This is the Hyflux business model so we are a good match for what the market needs." Other Singapore companies actively pursuing water projects in the GCC include Sembcorp who announced during SIWW a Memorandum of Understanding (MOU) with the Abu Dhabi Water and Electricity Authority (ADWEA) in the UAE to develop and build a new seawater reverse osmosis facility with potable water production capacity of around 30

million imperial gallons per day (MIGD). The company already has water and power interests in Fujairah and Salalah in Oman.

Salcon, a subsidiary of Boustead, a leading global specialist in water and wastewater engineering also announced last week it has been awarded a AED55 million contract to design, engineer and construct a new water recycling plant for the enhanced treatment of treated sewage effluent in Abu Dhabi. The contract for Al Wathba Enhanced Treated Sewage Effluent Treatment Plant was awarded by Abu Dhabi Sewerage Services Company.

IE Singapore, an agency under the Ministry of Trade and Industry, is the lead agency spearheading the development of Singapore's external economic wing. With the mission of promoting the overseas growth of Singapore-based enterprises and international trade, the group is working closely with PUB and the Economic Development Board to help Singapore water companies grow their businesses in Saudi Arabia.

"Singapore companies have been prequalified for a number of projects and participated in several expressions of interest (EOI) and requests for qualification (RFQ) in Saudi Arabia. It is a market in which Singapore companies are keenly looking at opportunities," said Mr Tan Kok Tian, Deputy Director (Business Development), Industry Development Department, PUB.

http://www1.albawaba.com/business/international-water-companies-look-tap-saudiarabia

### • China in focus as govt urged to review port deal

Pakistan should review a deal with a Singaporean company to run a strategic shipping port, the Navy chief said, amid speculation the contract may go to key ally China.

Pakistan is keen to become a conduit for trade to landlocked Afghanistan and Central Asia and now has three major ports -- Gwadar in Baluchistan province and two at Karachi, 450 km to the east. Admiral Noman Bashir, also government adviser for maritime development, was quoted as calling for a review of the contract to run Gwadar with Singapore's PSA International Ltd because the port was not operating to expectations. "I'm saying this with great concern that the purpose for which the Gwadar port was built is not being achieved," Bashir said.

http://www.gulf-

times.com/site/topics/article.asp?cu\_no=2&item\_no=388002&version=1&template\_id=4 1&parent id=23

## • The 'Singapore way' of helping the poor: Tharman

FINANCE Minister Tharman Shanmugaratnam yesterday gave policymakers and opinion-shapers from all over the world an insight into the 'Singapore way' of helping the

poor.It is underpinned by employment but, without fanfare, substantial subsidies also make their way into the pockets of the less well-off.

Taken over a lifetime, a typical low-income family would receive from the state the equivalent of about half their total life earnings, he said. These subsidies cover areas such as education, housing and Workfare, said the minister as he explained why it was crucial for Singaporeans to maintain a culture of being employed, having regular savings and always looking to improve their lives.

This is not just to keep your tax dollars down, but it makes for a much better and more optimistic society going forward,' he said during a gala dinner at the inaugural Singapore Global Dialogue. The two-day event is organised by the S Rajaratnam School of International Studies, a think-tank housed at Nanyang Technological University. The event brought together speakers from all over the world to discuss global issues from an Asian perspective.

We have a philosophy of viewing employment as the main social safety net in Singapore, and this must be so. This is how you keep families together, and have a society where the people believe that they can keep improving over time,' Mr Tharman said in his 30-minute speech.

You cannot create optimism without a society that people feel they all have a part in. You cannot have a strong economy without an optimistic society,' he told his 300-strong audience at the Shangri-la Hotel that included well-known public figures such as former Australian prime minister John Howard.

This concept of social cohesion is one of two major challenges the world economy faces today post-crisis, along with achieving high levels of growth that can bring unemployment down. 'These are sharper challenges than they have been for the last 50 years. These are not problems caused by the financial crisis; they preceded the crisis by many years,' he said, adding that these two areas had to be a priority if the world was to sustain growth that could include all countries, especially developed societies.

Much of the responsibility inevitably lies on the shoulders of the developed nations, said Mr Tharman. 'The emerging world - China, Brazil, India - can grow well and contribute to global growth, but it's not enough to take up the slack that will come from sub-normal growth in developed countries.'He said it was important to respond to a 'new phase of globalisation', driven by the 'game-changer' that is China and how its economy is picking up pace and will continue to do so for the next 10-15 years.

'(China) is seeing an entry of a larger number of people into jobs which are essentially of a globalised nature, medium- to high-skill and value. This will affect all of us,' he said. 'This is a new phase that we have entered. It's a massive new opportunity for the

developed economies as new demands open up in China, India and the emerging world.' http://www.businesstimes.com.sg/sub/news/story/0,4574,405543,00.html?