

Report # 98**Business and Politics in Muslim World**

**South East Asia
Tatheer Zahra Sherazi**

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Summary

At Political Front

- Malaysia

Malaysian Prime Minister Najib Razak is to accelerate economic and political reforms in his Southeast Asian nation in a bid to woo back investment and regain political support, he told Reuters in an interview.

Najib took the top job in April charged with renewing a government that was rocked in polls last year as voters forsook the coalition that has ruled this Southeast Asian country for over half a century, tired of broken pledges to tackle graft.

- Cambodia

Thailand's fugitive former premier Thaksin Shinawatra landed in Cambodia yesterday, setting the stage for another diplomatic fracas between the neighbouring countries.

Thaksin was escorted from a small private jet at Phnom Penh International Airport into the capital by a convoy of cars under tight security. Thaksin's visit to Cambodia last month to take up a government economic advisory role caused a diplomatic row when Cambodian premier Hun Sen refused to extradite the tycoon to Thailand to serve a two-year term for corruption. Thai government spokesman Panitan Wattanayakorn said Bangkok would submit a new extradition request.

PRIME Minister Hun Sen said Wednesday that frayed relations with Thailand cannot be normalised while the current Thai government is in power, accusing the neighbouring country of continuing to breach Cambodia's border in disputed territory near Preah Vihear temple.

Geo-Strategic Front

- Thailand

Five foreigners were detained and their foreign-registered aircraft impounded after it landed in the Thai capital Saturday with tons of war weaponry on board that originated in North Korea, Thai officials said.

Weapons seized in Thailand from an impounded plane travelling from North Korea were likely destined for Iran, said a high-ranking Thai government security official on a team investigating the arms.

At Economic Front

- Indonesia

It could soon become a model to emulate for companies wanting to export minerals from India. Singapore-based, India-oriented Middle EastCoal, which owns coal mines in Indonesia, will invest \$1.4 bn (about Rs 5,600 crore) in the SouthEast Asian country, as part of its deal, to mine coal and ship it to Indian power producers.

- Thailand

Thailand has cancelled an eight-year-old Memorandum of Understanding (MoU) with Cambodia on the oil and gas-rich overlapping area in the Gulf of Thailand as it continues its feud with its neighbour. Foreign Minister Kasit Piromya said the MoU was signed in June, 2001, when Thaksin Shinawatra was the Prime Minister.

- Philippine

The Philippine central bank kept its benchmark interest rate at a record low to boost economic growth from near a decade low, helping cap borrowing costs as the government prepares to sell more debt to fund public spending.

- Malaysia

There are huge investment opportunities in the agriculture sector of Pakistan and we commit to work in collaboration with our Malaysian brothers to benefit from each other's strengths, said Federal Minister for Food and Agriculture Nazar Muhammad Gondal.

Gondal said during a press conference on Wednesday that there was a great potential for both Malaysia and Pakistan to enhance bilateral trade and benefit from each other's expertise and natural strengths. The minister said that Pakistan had a list of items that could be traded into Malaysia. He particularly mentioned rice, meat and kinnow that have a greater potential market in Malaysia.

Malaysia is willing to send financial and banking experts to help Thailand set up an Islamic bank in the three provinces in the south for the benefit of Muslim residents

- Brunei

The Asian Development Bank (ADB) has forecasted a 2.3 per cent growth for Brunei next year after it contracted by 1.2 percent in 2009 .

As a turbulent year draws to a close a bright new decade awaits, observers believe, which will usher in the much-longed-for economic development and prosperity to the sultanate.

And it looks like happy days are here again soon. The main hope for the local businessmen and others is based on the various mega projects expected to start here to give the economy a much-needed boost. In the recent past, the country has been experiencing downtime in business as commerce and trade faced growing difficulties.

In the small and medium business sector, bakeries were getting "baked" and restaurants going hungry, and retail shops felt the pinch as many found it hard to survive.

At Social Front

- Indonesia

In late 2009, the international community and the Indonesian public were shocked by the news that the religious authorities in the North Sumatran Province of Aceh had attempted to pass a law that stipulated that Muslim adulterers would be stoned to death. Almost immediately the Indonesian government and the provincial government of Aceh stated that no such law would be allowed to pass and that the Indonesian republic would not allow any of its citizens to be killed for any offence that was deemed serious enough to merit such a punishment, even if it was a crime according to Shariah law.

- Malaysia

Malaysia's government yesterday unveiled a three-year action plan to combat worsening corruption amid worries of declining investor interest in the country.

From an online public database of convicted offenders to disclosing privatisation contracts, various steps were announced to lift Malaysia's dwindling rankings in global corruption watchdog Transparency International's (TI) corruption perception index.

The index, which polls 180 countries, placed Malaysia at its all-time low of 56th place this year amid declining investment.

The Malaysian Islamic Party (PAS) says it supports the Catholic Church's fight to overturn a government ban on the use of the term 'Allah' to describe God in Christian texts. Malaysia's high court is due to rule on the issue at the end of this month, ending a two year legal battle.

The government says the use of the word could insult and enrage Muslims and lead to public disorder. Zulfikar Ahmad from Islamic Party PAS says the Church has a constitutional right to use the term, and it is not forbidden in the Koran.

Malaysia is willing to send financial and banking experts to help Thailand set up an Islamic bank in the three provinces in the south for the benefit of Muslim residents.

Deputy Finance Minister Senator Datuk Dr Awang Adek Hussein said the experts could be sent at any time if the Thai authorities requested their assistance.

"We will do anything to help the Muslims, especially those in the three provinces bordering Malaysia," he told reporters after meeting the villagers of Kampung Daramain, Perupuk, yesterday.

- Thailand

Malaysia is willing to provide assistance to the Muslim community in southern Thailand in the interest of restoring peace and harmony in the restive region, said Minister in the Prime Minister's Department Maj Gen (Rtd) Datuk Jamil Khir Baharom.

Nine communist rebels and one soldier were killed after the military raided a guerrilla camp in the southern Philippines on Tuesday, the army said

Tens of thousands of people were being evacuated Tuesday from areas near the Philippines' Mayon Volcano, local reports indicated.

At least 68 journalists were killed in 2009, with the largest death toll in the Philippines, the Committee to Protect Journalists (CPJ) said Thursday, dpa reported.

More than 30 media persons were slaughtered in the Philippine province of Maguindanao during November's electoral campaign, CPJ said. Twenty nine journalists and two supporting staff were among the 57 people murdered in an ambush mounted by rival political clans.

- Cambodia

Unrest in northwest China's Xinjiang region, a foreign ministry spokesman told AFP on Saturday.

We have decided that they are illegal immigrants because they entered Cambodia without any visa papers,' said ministry spokesman Koy Kuong. 'They are illegal immigrants and according to Cambodian immigration law they should be expelled from the country. So we must expel them,' he said, refusing to say when the group would be deported or what their destination would be. The group arrived at the UN High Commissioner for Refugees (UNHCR) office after clashes between Xinjiang's Uighurs and China's majority Han ethnic group left 197 people dead and more than 1,600 injured, officials said.

At Environmental Front

Indonesia Forestry Minister Zulkifli Hasan said on Monday that the country was committed to reducing its gas emissions by 26 percent in several phases until 2020.

"The forestry sector is expected to help reduce gas emissions to 14 percent in the first phase," the minister said when declaring the formation of a National Forest Management Unit (KPH) at Taman Hutan Raya Ngurah Rai of Bali island. Also present at the function were Bali Governor Made Mangku Pastika, seven other provincial governors, and representatives of 23 districts where KPH branches would be set up

Indonesia

- **Political front:**
- **Geo-Strategic**
- **Indonesia to fulfill weapon needs from domestic defense industry**

The Indonesian government is committed to fulfill demand of weapon for military and police by ordering it to the domestic defense industry, Kompas daily quoted a minister as saying on Saturday.

The Defense Minister Purnomo Yusgiantoro on Friday said that the commitment will still be fulfilled even though he admitted that domestic producers still have many limitations related to price, quality and product technical specification as well as after-sales service. "We are fully aware of superiority and limitation of our domestic producers. However, we are still committed to order because it could trigger economy activities to move as well as to provide added value for the domestic defense industry," said Purnomo Purnomo also revealed funding model that he believed to be able to revitalize the domestic defense. The minister also recommended the weapon procurement by direct selection.

- **Economic Front**
- **Middle East Coal to invest \$1.4 bn in Indonesia**

It could soon become a model to emulate for companies wanting to export minerals from India. Singapore-based, India-oriented Middle EastCoal, which owns coal mines in Indonesia, will invest \$1.4 bn (about Rs 5,600 crore) in the SouthEast Asian country, as part of its deal, to mine coal and ship it to Indian power producers.

Middle East Coal has assured the Indonesian government to spend a fifth of the coal it mines in Indonesia itself, besides building infrastructure, in return for shipping coal from its mines in the Kalimantan province that are estimated to hold reserves of more than 2 billion tonnes.

This development may be closely watched by India for adopting to its iron ore policy — India has abundant reserves of the ore, while Indonesia is rich in coal — as the Indian government is currently in a bind on the issue of ore exports.

While homegrown steel companies such as Tata Steel, SAIL, JSW Steel have been vociferous in limiting iron ore shipments from India - the ore is a key raw material for steelmaking - the sharp rise in demand from China and the resultant benefits to state-owned ore exporters such as NMDC has prompted the government to pursue a lenient mining policy.

"It's a business deal for us and would ensure early closure of our deals with Indian power producers," says Middle East Coal vice chairman Madhu Koneru. "The environment in

Indonesia is similar to that in India and the government there, is also worried about exporting precious natural resources. We understand that and we're taking care to assure them," he added.

The infrastructure that Middle East would build, would include a railway line that can be used to transport coal from the mine to the port from where it would be shipped to India. The railway line would be financed by IL&FS on a build-operate-transfer basis and Canada's Canac would be the operator in handling the commodity at both railhead and the port. "The offtake agreements that Middle East would have with the Indian power producers, would be the contractual safeguard," IL&FS CEO Hari Sankaran told ET.

The final contract is still being worked out," he added. Build-operate-transfer projects are typically considered complex from financial and legal points of view as they need an extended period of time to develop and negotiate. The BOT approach is considered to be an option if a company is not able to finance all of its needed infrastructure.

In the case of Middle East, the company has also assured 4 million tonnes of coal for consumption in Indonesia through a power project that the company is partnering with Nalco. The Indian government-owned Nalco has signed an agreement with Middle East to build a \$2.5 billion aluminium smelter in Indonesia and a \$1.4 billion, 1400 megawatt power plant that would use coal from Middle East Coal's mines. "With this, we will be using 4 million tonnes in Indonesia and ship about 17 million tonnes annually to India," said Mr Koneru

- **Indonesia to spend \$ 13 bn on new refinery capacity**

Indonesia plans to spend nearly \$ 13 bn to add refining capacity of 750,000 bpd by 2014 to bridge the widening gap between local supply and demand, a senior government official said.

This will include building two 300,000-bpd refineries in East and West Java, and raising the capacity of the existing refinery in East Java by 150,000 bpd within two years, said Meirios Moechtar, energy affairs member at the Investment Coordinating Board of Indonesia.

"The basic designs for the refineries are ready. The problem now is securing crude supply. We're negotiating with suppliers to join Pertamina in the projects," he said on the sidelines of an industry conference.

- **Social front**

- **Malaysia and Indonesia: Political Normativities at Work**

In late 2009, the international community and the Indonesian public were shocked by the news that the religious authorities in the North Sumatran Province of Aceh had attempted

to pass a law that stipulated that Muslim adulterers would be stoned to death.

Almost immediately the Indonesian government and the provincial government of Aceh stated that no such law would be allowed to pass and that the Indonesian republic would not allow any of its citizens to be killed for any offence that was deemed serious enough to merit such a punishment, even if it was a crime according to Shariah law.

In the following month, the former Mufti of the Malaysian state of Perlis, Dr Asri Muhamad, was arrested by the religious authorities of the Malaysian state of Selangor on the grounds that he did not have the license to do so in the state. A few months earlier, a Muslim woman by the name of Kartika Seri Dewi Shukarno was arrested for the offence of drinking beer in public and sentenced to be whipped by the Shariah court of the state of Pahang, also in Malaysia. The Malaysian government tried to intervene and the Prime Minister himself stated that the woman ought to appeal against the sentence to save herself. In all these cases we see parallel developments at work: Both Malaysia and Indonesia happen to be Muslim majority countries where Islam has been part and parcel of social and political life for centuries and where the forces of political Islam are increasingly visible and vocal in their demands. Yet these demands have, at times, gone against the spirit and form of the respective constitutions of the countries and the historical development of these societies as well.

Furthermore they point to the fact that both countries cannot control or determine the shape and form of Islamic political normativity that is developing in their midst, and that there is increasingly the fear — among Muslims and non-Muslims alike — that expressions of Muslim piety are taking on an increasingly political face, sometimes at odds and competition against the very governments that have promoted Islam for so long. How did this come about, and why? In looking at both countries we need to understand the role that Islam has played in the past and how Islam has become a factor that cannot be bracketed out of the political equation any longer.

Coming in the wake of the 'war on terror' and the global paranoia against Islam and all things Islamic, the rise of such sectarian and often exclusive forms of political Islam has led many to ask the question of where Islam is heading in both countries.

Yet at the root of the problem is the simple historical fact that in both Indonesia and Malaysia the rise of a conservative brand of politicised Islam has been the result of the state's manipulation of Islam as a political symbol as well as a discourse of state legitimation. For too long many Muslim majority states have fallen back on the discursive repertoire of Islam as a means to rationalise, justify and even foreground exclusive communitarian concerns that serve the ends of the divisive mode of communitarian politics that they have been characterised by. Yet this mode of statist

promotion of political and politicised Islam depends in part on the state's ability to play the role of promoter and patron of political Islam as long as the economy is booming and there is ample surplus state revenues to spend. In the wake of the economic crisis of 1997-98, both Malaysia and Indonesia find themselves in a situation where the same economic leverage they once enjoyed have been curtailed and/or compromised in no uncertain terms.

The state's ability to play the role of patron-promoter of political Islam has been consequently limited and with that so has its power to control and regulate the religio-political forces that were once under their control.

The rising independence and single-mindedness of Islamist parties, movements, lobby groups, NGOs and the parallel religious bureaucracy in both countries therefore points to what can only be described as a crisis of governance in both Malaysia and Indonesia today. What was once the best and most readily available tool for state legitimation and the justification for the centralisation of power and authority (both secular and religious) has now been unleashed and is showing signs of autonomy and agency as never before.

No longer solely a discourse of legitimation, Islamic political normativity has become also the source of a politics of delegitimation and counter-hegemonic resistance; and in the face of increasing opposition couched in the religious language of absolutes, the state stands paralysed and impotent, not knowing what to do.

- **Ahmadis terrorized by FPI, detained**

Tebet Police officers in South Jakarta held six Ahmadis at their station Friday after area residents, some of whom claimed to be members of the Islamic Defenders Front (FPI), raided a house used by Ahmadis for religious activities.

South Jakarta Police chief Sr. Comr. Gatot Edy Pramono said the incident occurred after Ahmadiyah members held Friday prayers in a small house in Bukit Duri Tanjakan subdistrict.

As they were leaving, dozens of thugs who had been waiting outside started an argument. "Only when the situation got out of hand, did several Tebet Police officers arrive and take the Ahmadis to their station to protect them from possible violence," Gatot told The Jakarta Post Friday. None of the FPI thugs were warned, let alone arrested for inciting violence.

Salim Alatas, a deputy head of the FPI's Jakarta branch, said his gang were looking to start a fight. He said the FPI demanded the police detain the Ahmadis for violating a ministerial decree and "insulting" Islam.

"They claimed they were Muslims, but later admitted they were Ahmadis after we questioned them," he said, adding that several Ahmadiyah followers managed to escape

during the cruel, illegal raid.

The decree, signed by then religious affairs minister Maftuh Basyuni, home minister Mardiyanto and Attorney General Hendarman Supandji in June 2008, did not explicitly ban or dissolve the religious sect. The document ordered Ahmadiyah followers to turn to the beliefs of "mainstream Islam" and prohibits the sect from "spreading inter-pretations and activities that deviate from the principal teachings of Islam."

There are about 200,000 practicing Ahmadis in Indonesia.

For years, Ahmadis have suffered attacks from various hard-line groups. Some of these attacks resulted in the fire-bombing of Ahmadiyah mosques and houses.

The group was deemed heretic by so-called religious "leaders" for recognizing sect founder Mirza Ghulam Ahmad as the last prophet. Islam maintains the Prophet Muhammad is the last prophet. The Indonesian Ulema Council (MUI) declared Ahmadiyah heretical in 2005. This is the same group that, aping its Malaysian counterpart, issued an idiotic ban on yoga

Head thugs from the FPI, the Islamic Ulema Forum (FUI) and the Indonesian Mujahidin Council (MMI) have criticized the government for allowing the sect to continue its activities.

Responding to the incident, an Ahmadiyah spokesman Syamsir Ali said such incidents were common." We will continue to practice our faith and let others practice theirs."

- **Environmental Front**
- **France, Indonesia call for ambitious agreement at Copenhagen Conference**

French President Nicolas Sarkozy and his Indonesian counterpart Susilo Bambang Yudhoyono called on Monday for an ambitious agreement from the ongoing Copenhagen Climate Conference, according to a joint statement issued by the Elysee Palace. Sarkozy and visiting Susilo urged a compulsory worldwide reduction of 50 percent carbon dioxide emission by 2050 compared to the level of 1990, and decided to devote their efforts to help realize the agreement at the conference, the statement said. Both sides agreed that the developed countries should "play driving roles" with ambitious reduction objectives, while the developing countries could make their contributions by voluntary and appropriate alleviation of carbon emission, the statement added. Moreover, they underlined that "fast start funding for emerging countries by 2012 was important to aid their adaptation and alleviation actions," such as the fight against deforestation and a mechanism enabling their access to "adequate, foreseeable and durable" resources. Mainly affected by destruction of rainforest, Indonesia currently is the world's third largest greenhouse gas emitter, accounting for 8 percent of global carbon dioxide

emissions, according to an official report released by the Indonesian government in September.

The UN Climate Change Conference began on Dec. 7 and will last through Dec. 18. It is expected to lay down comprehensive mechanisms for combating climate change after the current binding treaty the Kyoto Protocol expires in 2012.

- **Indonesia to reduce gas emissions by 26% until 2020**

Indonesia Forestry Minister Zulkifli Hasan said on Monday that the country was committed to reducing its gas emissions by 26 percent in several phases until 2020.

"The forestry sector is expected to help reduce gas emissions to 14 percent in the first phase," the minister said when declaring the formation of a National Forest Management Unit (KPH) at Taman Hutan Raya Ngurah Rai of Bali island. Also present at the function were Bali Governor Made Mangku Pastika, seven other provincial governors, and representatives of 23 districts where KPH branches would be set up. The minister said the remaining 12 percent of gas emissions was expected to be tackled by other development sectors concerned about environmental preservation. Zulkifli said Indonesia had a high sense of awareness and responsibility about reducing gas emissions, and this attitude was hopefully to be imitated by the developed countries. "High awareness of all countries to reduce gas emission is necessary to save the earth from climate change problems," he was quoted by the Antara news wire as saying.

The minister said the Forestry Ministry's work program for the next five years would be focused on forest preservation for the people's welfare. "It is in line with President Susilo Bambang Yudhoyono's policy that development in the forestry sector should lead to stabilization of micro economics to support economic development

Malaysia

- **Political Front**
- **Booth explains 1Malaysia concept**

THE public were given a comprehensive and concise explanation about the 1Malaysia concept at its booth at the two-day Government Transformation Programme open day.

The booth showcased explanations of the concept and summaries of Prime Minister Datuk Seri Najib Tun Razak's 1Malaysia initiative since he took office in April. Also explained are the terms of the Government's performance assessment and explanation of the Government Transformation journey.

It also has on display photographs of local and international events during Najib's 100 days in office and excerpts of his speeches.

- **Grassroots Must Understand Govt Policies To Ensure Successful**

The people must understand decisions and policies made by the government with regard

to the agriculture sector, so that it can be implemented successfully, said Minister of Agriculture and Agro-based Industry Datuk Seri Noh Omar.

They must understand because the success of the programmes implemented would depend on their efforts, he said.

"The government's policy and decisions only reached the director and his deputy while those responsible for the implementation are the people on the ground," he told reporters after attending a dinner with chairmen and board of directors in agencies under the ministry, here Saturday night. As such, he urged all chairmen and board of directors in agencies under the ministry to be more efficient in providing information on the government's decision and policies to avoid the people blaming the government in the future. Everyone must work as a team so that in the end everyone can reap the benefits, he said.

- **Foreign Relations**
- **Malaysia Willing To Help Muslim Community In Southern Thailand- Jamil Khir**

Malaysia is willing to provide assistance to the Muslim community in southern Thailand in the interest of restoring peace and harmony in the restive region, said Minister in the Prime Minister's Department Maj Gen (Rtd) Datuk Jamil Khir Baharom.

He said Prime Minister Datuk Seri Najib Tun Razak's visit to Thailand to meet Thai Prime Minister Abhisit Vejjajiva recently was very significant towards this end besides enhancing the existing neighbourly ties between the two countries. "The existence of a business network on the Malaysia/Thailand border proves the communities in both countries need each other, as such, political and economic stability and security is important in the region so as not to affect Malaysia and other Asean countries," he told reporters after opening the Asian Haj Route Symposium at the Tengku Abdul Rahman Memorial here Tuesday.

The two-day symposium is organised by the National Archives and the Islamic Education, Scientific and Cultural Organisation (ISESCO). On the symposium, which is being attended by some 300 participants from ISESCO member countries, Jamil Khir said it served as an important platform for the exchange of ideas among the members particularly in relation to haj matters.

- **Malaysia Partially Satisfied With Outcome Of Copenhagen Talks - Najib**

Like many leaders of developing countries, Datuk Seri Najib Tun Razak left the Danish capital, partially satisfied with the outcome of the United Nations Climate Change Conference (COP15) which ended Friday.

The prime minister said although there was greater political commitments shown by

leaders of developed nations, including United States president Barack Obama, it had not reached a level to fully address the main issues.

"Up to now we are only partially satisfied. The whole climate change issues should be fully addressed, particularly the issue of funding and the transfer of technology," he told Malaysian reporters after attending an Informal High Level Meeting and listening to the much-awaited speech by Obama.

Najib believed the Copenhagen conference was not a legally-binding agreement but hoped it can be used as a stepping stone for the need to hold another conference next year.

However, Najib said the presence of leaders from so many countries in Copenhagen showed their seriousness in addressing global warming which posed a serious threat to the world population.

According to Najib, the amount must be more than US\$800 billion a year ...even that was to achieve just a two degrees centigrade global warming and not 1.5 degrees centigrade.

Najib said he expected a more heated debate between the United States and China when Obama sets the conditions for monitoring and validation. Earlier in his speech, President Obama said that the US was concerned with issues of mitigation, transparency and financing. As the US President spoke, the Bella Centre where the conference was being held was almost silent as delegates, media and representatives from NGOs paid full attention to him.

- **Strengthening ties with Malaysia: Pak agri sector has huge investment opportunities: Gondal**

There are huge investment opportunities in the agriculture sector of Pakistan and we commit to work in collaboration with our Malaysian brothers to benefit from each other's strengths, said Federal Minister for Food and Agriculture Nazar Muhammad Gondal.

Gondal said during a press conference on Wednesday that there was a great potential for both Malaysia and Pakistan to enhance bilateral trade and benefit from each other's expertise and natural strengths. The minister said that Pakistan had a list of items that could be traded into Malaysia. He particularly mentioned rice, meat and kinnow that have a greater potential market in Malaysia.

There were countless investment opportunities in farm mechanisation, seed sector, palm oil production and post harvest handling, infrastructure development and horticulture for the Malaysian investors. He also mentioned tunnel farming for growing off-season vegetables production and hydroponics for growing fruits and vegetables.

Gondal and the Malaysian Minister for Agriculture and Agro-Based Industry, Datuk Seri Bin Haji Omar talked to journalists after attending detailed presentations given by the technical teams of both the countries.

The presentation given to the Malaysian delegation also stressed on Pakistan's future thrust on farm mechanisation that included Tractor manufacturing, farm machinery and equipment, high efficiency irrigation systems (drip and sprinkles) and solar pumping system for irrigation.

Gondal said that Pakistan keenly desires to upgrade and modernise the farming practices in the country so that food security was ensured for the future also. "The population explosion, rapid urbanisation, climate change, globalisation and the expanding technology are the trends that must be considered well before forming any future strategy for our agriculture sector," the minister added.

The Malaysian food minister assured his Pakistani counterpart that Malaysia would focus on Pakistan for importing Halal meat, rice and kinnow in the future. He said that his interaction was most fruitful and both the brotherly countries would benefit from each other's expertise and natural strengths. staff report

- **Malaysia, Kuwait to enhance bilateral ties**

Deputy Foreign Minister Datuk Lee Chee Leong has proposed that Malaysia and Kuwait encourage more exchanges of high level visits and expand bilateral economic ties.

He made the proposal at a meeting with Mohammed AlAhmed AlMejren AlRoumi, special envoy of Kuwait's Prime Minister and Minister of Foreign Affairs, who called on him here on Tuesday. Lee said the government was pleased with Malaysia's excellent relations with Kuwait and looked forward to enhancing cooperation in all fields for mutual benefit, according to a statement issued by the Foreign Ministry on Wednesday.

The statement said both countries had agreed to look into areas such as trade and investment, education, tourism, finance and banking, and the "halal" industry for long-term cooperation. Bilateral trade between Malaysia and Kuwait amounted to RM2.954 billion in 2008.

- **Economic Front**
- **EXCLUSIVE - Malaysia PM charts big economic, political reforms**

Malaysian Prime Minister Najib Razak is to accelerate economic and political reforms in his Southeast Asian nation in a bid to woo back investment and regain political support, he told Reuters in an interview.

Najib took the top job in April charged with renewing a government that was rocked in polls last year as voters forsook the coalition that has ruled this Southeast Asian country for over half a century, tired of broken pledges to tackle graft.

While opinion polls suggest that Najib has rebuilt support for his own party which dominates the 13-strong National Front coalition, smaller parties who represent

substantial numbers of ethnic Chinese and Indian voters remain weak.

One option being considered could be to open the Front to direct membership, a radical move that would fundamentally alter Malaysia's decades old race-based political party system. Najib has stabilised a government that was so wobbly in September 2008 that it had to ship 40 MPs to Taiwan to put them out of reach of opposition leader Anwar Ibrahim's bid to lure them to join him and topple the National Front coalition.

Anwar's three-party alliance has won seven of nine by-elections held since the 2008 general election but has been hit by frequent infighting. "Of course he (Anwar) is not without skills as a politician ... but there is a huge difference between running for office and managing the country," Najib said.

- **Palm oil industry must come clean**

It is either unable or unwilling to mend its bad practices. Further evidence of this is the fact that Unilever studied the evidence from Greenpeace and decided there was at least a case to answer, but seemingly so compelling was the evidence that Sinar Mas had been cheating that Unilever decided to end its contractual obligations with it.

If anyone thinks Unilever took such a major decision without first studying the evidence and consulting their lawyers, then they don't understand the commercial world.

No one internationally would for a moment take seriously a "Malaysian Palm" brand. How could they when Malaysian palm oil companies either own or invest in plantations across the border in Kalimantan and Sumatra?

I say again to the palm oil industry: get out of denial about the true cost of your palm oil to the poor, the rainforests, wildlife and the climate. You know you are responsible for the catastrophic damage caused to all by your overzealous expansion drive. Save your money by not hiring consultants to try and spin you out of trouble – it will never work.

It just makes the industry look foolish and is fast becoming a public relations disaster in the making for the palm oil industry. The truth will always win out in the end. It will be much cheaper if the industry were to simply change its operating methods, and engage with commitment and sincerity those who simply want to save the environment for future generations to benefit from and enjoy. Now, that's not a lot to ask is it?

- **Malaysia to help set up Islamic bank in Thailand**

Malaysia is willing to send financial and banking experts to help Thailand set up an Islamic bank in the three provinces in the south for the benefit of Muslim residents.

Deputy Finance Minister Senator Datuk Dr Awang Adek Hussein said the experts could be sent at any time if the Thai authorities requested their assistance.

"We will do anything to help the Muslims, especially those in the three provinces bordering Malaysia," he told reporters after meeting the villagers of Kampung Daramain,

Perupuk, yesterday.

He said the proposal was part of Prime Minister Datuk Seri Najib Tun Razak's promise to his Thai counterpart, Abhisit Vejjajiva, when he visited the region on Thursday.

Dr Awang Adek said the bank could be set up in a month or two. He added that establishing peace in the three provinces of Patani, Narathiwat and Yala must be speeded up for the benefit of the Muslims who formed the majority of the residents there.

If that could be done, it would provide more economic and investment opportunities to benefit the residents on both sides of the border. He said the government was also considering extending aid in the form of Malay language and Islamic religious teachers for lower secondary schools and centres of higher learning there.

- **Social Front**
- **Malaysia unveils plans to reduce corruption(pol,social)**

Malaysia's government yesterday unveiled a three-year action plan to combat worsening corruption amid worries of declining investor interest in the country.

From an online public database of convicted offenders to disclosing privatisation contracts, various steps were announced to lift Malaysia's dwindling rankings in global corruption watchdog Transparency International's (TI) corruption perception index.

The index, which polls 180 countries, placed Malaysia at its all-time low of 56th place this year amid declining investment.

"The downward trend needs to be addressed as corruption is affecting Malaysia's attractiveness to conduct business. We have to do something," said Hisham Noordin, a government official during a public presentation on the measures.

Malaysia's ranking is still better than its emerging Asian neighbours, such as 84th-placed Thailand and 111th-placed Indonesia. But Malaysia has fallen from 29th place in 2004 while Indonesia has risen from 133rd place over the same time period.

Malaysia's voters, fed up by broken promises to curb graft among other issues, last year handed the ruling coalition its worst defeat in national and state polls.

- **Malaysian Islamic party supports Catholic fight to use 'Allah'**

The Malaysian Islamic Party (PAS) says it supports the Catholic Church's fight to overturn a government ban on the use of the term 'Allah' to describe God in Christian texts. Malaysia's high court is due to rule on the issue at the end of this month, ending a two year legal battle.

The government says the use of the word could insult and enrage Muslims and lead to public disorder. Zulfikar Ahmad from Islamic Party PAS says the Church has a constitutional right to use the term, and it is not forbidden in the Koran.

"I personally believe and PAS as well believe the way forward for a mutually respecting religious relationship, especially in a plural, multi-racial and multicultural society like Malaysia is not to deny outrightly the right of others to use the name of Allah." In 2007, the Church launched the legal challenge on behalf of the Catholic Herald, a weekly publication distributed amongst Malaysia's 850,000 Catholics.

The government has been arguing that the word should be used exclusively by Muslims.

Constitutional right

He says he has a constitutional right to keep using it in the Malay-language edition of the paper. "There is a new movement in the last 20 years where they have begun to stress that Allah belongs to Muslims," he said. "It is a slow gradual claim of the word, so therefore we are being pushed backwards, pushed aside, we are being marginalised."

The Herald is not the only publication directly affected by the ban. This year the Malaysian government blocked the import of thousands of Malay-language Bibles because they used the word 'Allah' to refer to God.

The government says allowing Catholics to refer to Allah could confuse, insult, or enrage Muslims, leading to public disorder.

"The public order implication for Malaysia is this - if someone were to say 'Allah was born of Mary, Allah was crucified' ...all the attributes of Christian God were attributed to Allah some Muslims may feel offended." Some of the groups supporting the ban also believe the Church is using the term in an effort to proselytise amongst Muslims, which can be deemed illegal.

While the Catholic Church may have a constitutional right to use the word, Dr Farqui says in a diverse country like Malaysia the Church could use discretion and use a different word. The judge presiding over the case is due to hand down his finding on December 30.

Philippine

- **Political Front**
- **Martial law lifted: State of emergency stays**

President Gloria Arroyo has lifted martial law in Maguindanao after the government met its primary objectives, a Palace official said on Saturday.

These objectives are the following: disarm and stop the rebellion of Ampatuan supporters, speed up the arrest and filing of criminal charges against suspects involved in the November 23 Maguindanao massacre, secure all witnesses to the massacre and restore the primacy of the civilian government in Maguindanao. Executive Secretary Eduardo Ermita announced on during a press briefing in Malacañang that the martial law imposed in Maguindanao since December 4 will be lifted at 9 p.m., Saturday.

“In view of the accomplishments of martial law and the suspension of the privilege of the habeas corpus under Proclamation 1959, the Cabinet has recommended the lifting of martial law which the President has approved,” Ermita said. Ermita said President Arroyo came up with the decision to remove martial rule in the province after meeting her top security advisers earlier Saturday.

Security officials concluded that the government had achieved its main objectives in Maguindanao province, which was placed under martial rule on December 4 following an election-related violence that left 57 people dead. Despite the lifting of the martial law, Ermita said the province will remain under a state of emergency where security forces are pursuing more than 2,000 armed followers of a powerful political clan linked to the massacre of 57 people last month. According to Ermita, the imposition of martial rule crushed rebellion in Maguindanao, three weeks after members of the Ampatuan clan allegedly massacred 57 people, including 30 journalists in Ampatuan town.

Prosecutors were able to file three multiple murder charges before the courts while 247 other charges were referred to the Department of Justice against the Ampatuans and their cohorts.

He added that 24 people were slapped with rebellion charges, while 638 other rebellion cases had been referred to the Justice department.

Sixty two people had been arrested for rebellion, 128 members of the Civilian Volunteer Organizations had surrendered, while 339 others had been placed under the custody of authorities.

The declaration of martial law also restored the criminal justice system in the province as well as the operations of the local government, particularly the Autonomous Region in Muslim Mindanao after the appointment of Ansaruddin Alonto-Adiong as the new governor.

The military said the armed followers of the Ampatuan clan are still a serious threat in the peace and order in Maguindanao. “Unless these people surrender peacefully and lay down their arms, they still pose a great threat to the security of the public in Maguindanao,” Ponce said.

Eleven members of the PNP Press Corps in Region 12 were among the 57 victims murdered in the Maguindanao massacre allegedly committed by the private armed group of the Ampatuan clan.

The mediemen said “PP [Presidential Proclamation] 1959 is necessary in restoring peace and order in the province of Maguindanao to ensure the safety of the citizenry and bring normalcy to the lives of the people in the area.”

“The public and the families of the Maguindanao massacre victims have been clamoring

for an unhampered investigation and swift resolution of the cases filed against known suspects in the killings who belong to a powerful political clan with a phalanx of private armed groups in the province,” the mediemen said.

- **Economic Front**
- **Philippines Leaves Interest Rate at Record-Low 4%**

The Philippine central bank kept its benchmark interest rate at a record low to boost economic growth from near a decade low, helping cap borrowing costs as the government prepares to sell more debt to fund public spending.

Bangko Sentral ng Pilipinas left the rate it pays lenders for overnight deposits unchanged at 4 percent for a fourth straight meeting, it said in a statement in Manila today. That’s the lowest level since central bank data started in 1990. The decision was predicted by all 16 economists surveyed by Bloomberg News.

Philippine growth failed to accelerate last quarter even as the global recovery helped at least 10 other Asia-Pacific economies expand faster or post smaller contractions. The central bank has avoided following Vietnam and Australia in raising interest rates even as inflation accelerated to 2.8 percent in November from a 22-year low of 0.1 percent in August.

“Recent inflation figures have not indicated any problems,” said John P. de los Santos, an analyst at Metropolitan Bank & Trust Co. in Manila. “With growth still dependent on government spending and monetary policy, we expect current policy rates to hold until about the second quarter.”

Philippine seven-year bonds gained and the peso declined to 46.612 a dollar after the rate decision. The yield on the 7 percent note due January 2016 dropped six basis points to 6.995 percent as of 4:38 p.m. in Manila, according to Tradition Financial Services.

Significant Weakness

The country’s inflation is likely to stay within the central bank’s target range for 2010 as demand and supply pressures are “muted” while a “firm peso” could temper prices, Bangko Sentral Governor Amando Tetangco said today.

“The favorable inflation outlook reflects the moderate growth of the domestic economy,” he said in a statement. “The recovery of the global economy may also take longer than expected as significant weaknesses linger.”

Philippine growth was 0.8 percent in the second and third quarters, near a decade-low of 0.6 percent in the first three months of the year. Tropical storms that destroyed about \$4.4 billion of crops, roads and bridges in September and October may delay the economy’s recovery, forcing the government to sustain its fiscal stimulus.

Philippine Long Distance Telephone Co., the nation’s largest company by market value,

cut its 2009 revenue target last month, saying customers may limit purchases of mobile-phone credits and internet use to pay for typhoon repairs.

Record Spending

President Gloria Arroyo, whose term expires next June, increased spending to a record this year to fight the worldwide slump and her government expects to post the biggest annual budget deficit since Bloomberg data began in 1985. The government will likely widen its 2010 budget deficit target and boost debt sales, Finance Undersecretary Rosalia de Leon said this week.

The central bank slashed its benchmark interest rate by 2 percentage points from December to July.

“The Philippine economy is not recovering on track with other nations and the momentum from here will be very much moderated,” said Vishnu Varathan, a regional economist at Forecast Singapore Pte. “Policy management has to roll with the punches and the idea of independent monetary and fiscal policy will be severely tested.”

Possible Risks

The Asian Development Bank said this week Philippine economic growth may miss the lender’s forecast as the global slowdown appears to be affecting the Southeast Asian nation “with a lag.” Asia should keep interest rates low to sustain the region’s emergence from the world recession, Jong-Wha Lee, the ADB’s chief economist, said Dec. 15.

The Philippines has the flexibility to keep interest rates low and “remain accommodative to the requirements of growth,” central bank Deputy Governor Diwa Guinigundo said. Still, “we have to be conscious of possible risks from having a prolonged, very liquid situation and historically-low interest rates.”

The central bank plans to remove some of its “liquidity- enhancing measures” by next year, Guinigundo said in a Bloomberg Television interview today. The timing of such a move hasn’t been decided, he said. Interest rates will be the last thing to change, he said.

The U.S. Federal Reserve yesterday repeated its pledge to keep interest rates “exceptionally low” for “an extended period”. Officials kept their benchmark overnight lending rate between banks in a range of zero to 0.25 percent, where it has been for a year.

Remain Alert

Policy makers in Australia and Vietnam have begun increasing interest rates to contain rising prices, the first in the region to do so after central banks slashed borrowing costs to bolster growth as exports collapsed.

The Philippine central bank should remain “alert” on its exit strategy from monetary stimulus as inflation is “inching up,” Economic Planning Secretary Augusto Santos said

in Manila today. Keeping interest rates low for too long may create asset bubbles, he said.

- **President Arroyo: Philippine economy in better shape than I found it**

In a recent interview with the Philippines' "economist-in-chief," New York-based think tank, GlobalSource Partners, asked President Gloria Macapagal-Arroyo about her economic legacy, where she thinks the Philippine economy is headed, and what she believes is needed for the country to achieve East Asian growth.

Excerpts of the brief exchange below:

GlobalSource (GS): How would you grade yourself as president, say in a scale of 1 to 5 as in the state university's grading system (1 being the highest)?

President Gloria Macapagal-Arroyo (PGMA): The issue is performance and results. I leave the grading for others to judge. I set out to get our economy moving again, regain control over the fiscal insanity that had preceded my administration, and invest in the people for the first time in a generation. By any measure, our economy has performed better than at any period in the Philippines in over 30 years – peaking at almost 8% growth in 2007 before the global recession.

The game changer that I still hope will happen is comprehensive peace in Mindanao. If left undone, this will keep our nation back.

GS: Some critics have given you a failing mark based on the promises you made in past State of the Nation Addresses, especially in terms of job creation, education for all, and healing the political wounds of EDSA 2. Do you think this is a fair assessment?

PGMA: The critics are wrong. The results of our economic reform program speak for themselves. According to the National Statistics Office, as of 2008, we had created more than 8 million jobs since the start of this administration, putting our target of creating 10 million jobs by 2010 well within reach. That is a substantial result and that's not all. We have also achieved 35 consecutive quarters of economic growth since 2001, stabilized inflation, strengthened our currency, and increased access to education through investments in schools, classrooms and textbooks. We are also resuming peace talks with the Moro Islamic Liberation Front (MILF) in Malaysia and are moving closer towards peace in Mindanao. These are signs of success. No matter how the opposition chooses to characterize them.

GS: What do you think are your key legacies in terms of steering the Philippine economy forward in the new millennium?

PGMA: One, the sheer momentum of economic growth on my watch: 35 straight quarters of growth, unprecedented, capped by continued positive growth even through the depths of the worst global recession in decades. Two, the fiscal reforms I instituted early on my watch capped by the expanded VAT (EVAT), which brought down our deficit ratios,

earned us multiple ratings upgrades, and funded economic stimulus and social safety nets against the worst of the global recession.

Three, the infrastructure that we have been able to invest in with the additional resources generated by our fiscal reforms, including physical infrastructures of roads, bridges, seaports and airports, which have brought down our national cost basis especially in food and have led to permanently higher efficiencies in transport and distribution. It also includes virtual infrastructures such as investment in education and the digital infrastructure in the ICT sector, which are contributing to the success of the BPO and O&O industries.

And four, the international advocacy I have pursued on behalf of our millions of overseas Filipino workers as well as our country's leadership in the discussion of such global and regional issues as the rebuilding of the global financial system, regional economic integration, and climate change. Aggressively marketing and looking after our OFWs is an unparalleled investment in our human capital as well as our global market presence.

GS: For financial market players, the most important achievement of your administration would probably be the improvement in the fiscal situation (via the VAT law, primarily) which had threatened to snowball into a crisis in 2004. But there has been amazing growth in the national deficit this year, in large part due to structural factors (e.g. recurring tax losses). Do you think the fiscal legacy is now at risk?

PGMA: The global recession has clearly challenged our fiscal position, but the alternative to deficit spending to keep the economy going would have been to let our people suffer, particularly the poor. I would not let that happen. Times are too tough as it is with a global recession to abandon the poor at a time when they need the most help. Our fiscal reforms, in particular the passage of the EVAT law, are indeed major achievements of this administration and in fact they continue to deliver significant benefits to our country today. The additional resources that we are generating through those reforms are enabling us to make critical investments in infrastructure and social services, and more importantly, they are supporting our economy throughout the global economic crisis and the rehabilitation efforts in Luzon as we rebuild many parts of the region that were affected by the typhoons earlier this year.

Yes, our budget deficit has risen this year as a result of our economic stimulus measures and the devastation from the typhoons, but it remains within reasonable levels given the internal and external challenges our country is facing. What is important is that because of the prudent fiscal management of our government, by next year, we will be able to bring our deficit reduction program back on track to achieve a balanced budget by 2013. I am confident that we are on the right track to continue putting our fiscal house in order.

GS: What do you think is needed to further raise the potential growth rate of the country to a level at par with its East Asian neighbors? Name three short- to medium-term goals.

PGMA: First of all, we must continue to improve rural employment and incomes through initiatives that enhance agricultural productivity, for instance irrigation systems, road infrastructure, and extension training; reforms in the land reform regime that will allow farmers to leverage and liquefy their newly acquired land assets; financing and capacity building for rural small- and medium-scale enterprises that create non-farm livelihood opportunities; and other similar measures that will promote positive terms of trade and trade balances, both domestically and internationally, in agriculture.

Secondly, we must continue to root out corruption especially in the economic and fiscal governance areas – an age-old problem that has also been identified by foreign investors as a disincentive. We have been making slow but steady progress in meeting the Millennium Challenge Corp. (MCC) corruption indicator. This year we would have qualified for “compact” status if we had remained in our former peer group of low-income countries. However, we advanced to the low middle-income category as a result of the economic progress we have been making, which is cause for celebration but that also means we are now being held to higher governance standards, so we must continue to raise the bar for ourselves if we want to move to the next level as well in the MCC corruption indicator. Economic growth in and of itself is in fact the best corruption buster, so I am confident that as long as we move our economy forward, we will make new headway in fighting corruption.

And third, we must institute more effective and sustained population management programs that remain consistent with the core values of our dominant Catholic faith as a nation.

We have come a long way to where our economy stands today. I am confident in the ability of the Philippines to catch up with our neighbors in the region.

- **Taiwan’s investments in Philippines double, says MECO**

Investments infused by Taiwanese investors into the Philippines this year more than doubled compared to last year, according to the Manila Economic and Cultural Office (MECO). Dita Angara-Mathay, MECO’s director of commercial affairs, told reporters on Monday that investments from Taiwan-based firms this year have reached \$113 million, up from \$45.7 million last year. Mathay said that they were targeting investments from Taiwan to double next year, especially as big-ticket power-generation projects would be coming in, as well as potential investment in shoe manufacturing.

- **Geo-strategic Front**
- **Social Front**

- **10 dead in Philippine army-communists clash**

Nine communist rebels and one soldier were killed after the military raided a guerrilla camp in the southern Philippines on Tuesday, the army said.

Soldiers backed by two helicopter gunships clashed with gunmen from the communist New People's Army (NPA) around Valencia town on the violence-wracked southern island of Mindanao, spokesman Major Michelle Anayron told reporters. The military was tipped off about the presence of the NPA camp near Valencia, prompting commanders to send five teams of soldiers to converge on the site where they found about 60 guerrillas hiding, Anayron said.

"We suspect that the camp is really important because the NPA does not want to give it up," he said. The military recovered the bodies of nine rebels, along with their rifles, according to Anayron. Chief military spokesman Colonel Romeo Brawner told AFP in Manila on Tuesday night the fighting had ended with no reports of additional casualties. He had no other details.

The farming town of Valencia is in Bukidnon province and about 80 kilometres south of Cagayan de Oro, a major port city. The Communist Party of the Philippines and its armed wing, the NPA, have waged a campaign to seize power for 40 years. The conflict peaked in the 1980s, when rebel ranks reached 26,000.

- **50,000 To Be Evacuated From Volcano Area by Staff**

Tens of thousands of people were being evacuated Tuesday from areas near the Philippines' Mayon Volcano, local reports indicated.

The Philippine News Agency said that authorities were evacuating 50,000 residents from the area after the Philippine Institute of Volcanology and Seismology predicted Monday night that a "full-blown eruption" was likely within weeks or even days, CNN said.

The Institute's Alex Baloloy reportedly told PNA that the alert level for Mayon was raised to "level 3," meaning an eruption was imminent, after seismic instruments had detected 83 volcanic quakes.

CNN said residents of Albay province had flocked to the area to observe the lava flows from Mayon, a perfectly-shaped volcano rising to a height of 8,077 feet. It has erupted 49 times since the year 1616, volcanologists say. The Albay Public Safety Emergency and Management Office told PNA that 9,946 families, or 47,285 people, would be taken out of harm's way over the next three day

- **Philippine tribal kidnappers 'warned of consequences'**

Tribal gunmen holding dozens of people captive in a Philippine jungle received a firm warning by the government on Saturday as the crisis entered a third day, officials said.

The small group of gunmen raided a school in a small farming village in the Agusan

valley region of the southern island of Mindanao on Thursday and took 75 hostages, including children and relatives of their local rivals. She would not discuss details. Provincial government officials later met the most senior police and military officials of Agusan del Sur province here to consider their options.

The officials gave no comment but security sources told Agence France-Presse on condition of anonymity that the use of force to end the crisis could not be ruled out.

About 400 soldiers and police have deployed in the area amid concern that the kidnappers would harm the hostages, who have been forced to sleep on the ground due to the primitive conditions there, according to government officials who visited the area.

The security sources said there were 19 kidnappers armed with assault rifles who were guarding 47 captives held in and around a hut in a clearing of a thickly forested mountain.

They said that while these people had not received formal combat training, they were convinced that the suspects would not hesitate to kill the hostages, noting that some of them have outstanding arrest warrants for clan war-related murders. Bajade insisted that the government had not set a deadline. The mass kidnapping was part of a wave of violence that has swept the southern Philippines, where Muslim and communist insurgents mix with warring clans, pirates and corrupt officials.

Islamist militants on the southern island of Basilan are holding three hostages after beheading another captive on Wednesday.

- **Gunmen in Philippines free all 47 hostages**

Tribal gunmen in the southern Philippines on Sunday released 47 hostages they had been holding for three days, after authorities agreed not to arrest them and animals were sacrificed.

The ending to the ordeal was a rare piece of good news for the lawless south, following a political massacre last month that left 57 people dead and the beheading of a man last week in an unrelated abduction. The vice governor of Agusan del Sur, where the mass kidnapping took place, told reporters that government negotiators had signed a deal not to arrest the kidnappers, a key factor in ending the stand-off.

“Yes at last! Yahoo!,” vice governor Santiago Cane said in a mobile phone text message to the media after he picked up the hostages from the gunmen’s hideout in a cleared patch of jungle on a mountaintop. The hostages, aged 17 to 62, were driven down the mountain in an army truck to a hospital in Prosperidad, the provincial capital, looking weary. “Thank you very much, thanks you very much,” one of the hostages said in front of reporters before military escorts took him and others away for medical check-ups and a debriefing.

Cane and other government officials had earlier on Sunday met kidnap leader Ondo Perez in a restaurant to broker a deal after the hostages had spent three nights sleeping outside at the gunmen's lair. In a more bizarre effort to placate the kidnappers, negotiators also on Sunday brought in tribal leaders to sacrifice animals as part of a ritual demanded by Perez in overnight talks. One black pig and three chickens were slaughtered, while 10 boiled eggs and 10 bottles of local wine were offered to the gods.

- **Islamist militants escape in Philippines jailbreak**

Scores of suspected Islamist militants stormed a jail and freed at least 31 prisoners in the volatile southern Philippines today.

Seventy heavily armed men cut through padlocks with boltcutters after destroying a concrete wall at the provincial jail in Isabela city. One attacker and a jail guard died in the raid. The escaped prisoners included five militants from the Moro Islamic Liberation Front, a large rebel group engaged in peace talks with the government, and 12 from the smaller, more violent Abu Sayyaf group, which has been linked to al-Qaida, a military official said.

"All these are high-risk prisoners," said Al Rasheed Sakalahul, vice-governor of Basilan island. He said troops, backed by air force helicopters, were closing in on some of the escapees. Military checkpoints were set up in Isabela, the provincial capital, and nearby townships.

The rundown prison has a history of jailbreaks. Three Abu Sayyaf militants escaped in December last year after overpowering their guards. At least 16 people, including four Abu Sayyaf members, escaped in 2007. In the biggest jailbreak, 53 of the prison's more than 130 inmates overpowered their guards using a smuggled pistol and fled in 2004. Nineteen Abu Sayyaf members were among those who escaped, police said.

- **High Court ruling needed despite martial law lifting**

Even if martial law declared in southern Philippines was lifted by President Gloria Arroyo, the Supreme Court still would have to render a decision on the legality or illegality of the declaration.

The High Tribunal has the last say on whether President Arroyo did right by imposing martial rule on Maguindanao province in Mindanao, former Rep. Gilbert Remulla of Cavite told the weekly press forum Balitaan sa Tinapayan on Sunday.

"The Supreme Court is duty-bound to resolve the seven petitions filed before it [asking that the declaration of martial law be nullified]," said Remulla, now spokesman for the Nacionalista Party.

Martial law in Maguindanao, according to Felix Cabrera Cantal, the presidential candidate of the Philippine Green Republican Party in the 2010 elections, was wrong

from the beginning.

Its lifting, Cantal said, could lead to release from jail of members of the powerful Ampatuan clan who are suspected as the brains behind the November 23 massacre of 57 civilians, including 30 journalists.

Supposedly, the family led a rebellion in the province shortly after it was implicated in the massacre, prompting the government to impose military rule there in accordance with provisions of the 1987 Constitution.

Also despite the lifting, House Speaker Prospero Nograles said on Sunday that he and Senate President Juan Ponce Enrile still will convene at 4 p.m. today to adjourn a joint session of Congress that had been called to vote on keeping or rejecting martial law in Maguindanao.

Nograles added that they still would allow those wishing to speak for or against the declaration before ending the joint session. The President, through Proclamation 1959, declared martial law in Maguindanao on December 4 and lifted it on December 12.

What will now happen to the Ampatuans?

Presidential candidate raised the question, warning that the lifting of martial law in Maguindanao could mean, too, the release of the Ampatuans from jail.

Cantal, a former member of the United Nations International Court of Justice, said that removing military rule also could lead to the release of militiamen and other suspects linked to the carnage.

He noted that under martial law, defendants in a murder case can never be given bail. In contrast, without martial law, they can file for bail.

Cantal said that the government, instead of imposing military rule, should have cordoned off Maguindanao to prevent people from entering and leaving the place.

Under martial law, according to him, those charged with rebellion or murder should be charged before a military court, not before civilian courts.

- **At least 68 journalists killed in 2009**

At least 68 journalists were killed in 2009, with the largest death toll in the Philippines, the Committee to Protect Journalists (CPJ) said Thursday, dpa reported.

More than 30 media persons were slaughtered in the Philippine province of Maguindanao during November's electoral campaign, CPJ said. Twenty nine journalists and two supporting staff were among the 57 people murdered in an ambush mounted by rival political clans.

CPJ said it was still investigating the deaths of 20 other journalists in 2009 to confirm whether they were work-related.

In 2007, 67 journalists were killed worldwide.

"This has been a year of unprecedented devastation for the world's media, but the violence also confirms long-term trends," CPJ executive director Joel Simon said in the year-end report.

"Most of the victims were local reporters covering news in their own communities," he said.

Nine local journalists were murdered or killed in combat situations in Somalia. Among the dead was Said Tahill Ahmed, director of independent broadcaster HornAfrik, who was gunned down in Mogadishu with others when they were walking to a press conference.

Four journalists were killed in Pakistan, including Musa Khanhel, a local TV reporter. Other journalists were killed in Russia, Mexico and Sri Lanka.

"As in past years, murder was the leading cause of work-related deaths in 2009," CPJ said. "At least 50 journalists were targeted and slain in retaliation for their work, representing about three-quarters of the deaths in 2009."

- **Environmental front**

Thailand

- **Political Front**
- **Geo-strategic Front**
- **Thais Seize Plane Carrying 35 Tons Of Weapons From North Korea**

Five foreigners were detained and their foreign-registered aircraft impounded after it landed in the Thai capital Saturday with tons of war weaponry on board that originated in North Korea, Thai officials said.

Air Force spokesman Capt. Montol Suchookorn said the chartered cargo plane originated in North Korea's capital Pyongyang and requested to land at Bangkok's Don Muang airport to refuel.

Government spokesman Panithan Wattanakorn confirmed the seizure and the arrests, saying the weapons included "missiles, explosives and tubes." He told The Associated Press that the material was being transferred to a Thai military facility but provided no further details. The Web site of the Manager Group said the aircraft, an Ilyushin 76 transport from Kazakhstan, was traveling from North Korea to Sri Lanka when it asked to land in Bangkok. Officials, it said, found up to 45 tons of weapons on board and detained four citizens of Kazakhstan and one from Belarus. Thai Television station TPBS showed footage of the five men detained and trucks loaded with the weapons being driven out of the airport to a military base in the nearby province of Nakhon Sawan. It said the cache amounted to 35 tons of weapons including rocket-propelled grenades

- **N Korean arms likely 'destined for Iran'**

Weapons seized in Thailand from an impounded plane travelling from North Korea were

likely destined for Iran, said a high-ranking Thai government security official on a team investigating the arms.

“Some experts believe the weapons may be going to Iran, which has bought arms from North Korea in the past,” said the official, quoting Thai government military experts who also took part in an investigation of the weapons.

Speaking on condition of anonymity because he was not authorised to talk to the media, he said the Thai investigating team considered Iran a likely destination because of the type of weaponry, including unassembled Taepodong-2 missile parts. Security analysts have said North Korea’s long-range Taepodong-2 is a product of joint efforts with Tehran, coinciding with Iran’s development of the Shehab-5 and 6 missiles. US lawmakers have expressed concern about North Korea’s close missile cooperation with Iran, which Washington suspects is seeking to build nuclear weapons.

The relationship dates to the Iran-Iraq war of the 1980s when Pyongyang shipped Scud missiles.

The components were discovered among 35 tonnes of weapons sealed in 145 crates of cargo seized by Thai authorities when the plane landed in Bangkok on Friday to refuel. The buyer and destination of the weapons have been shrouded in mystery.

A Thai court on Monday extended the detention of the five-man crew -- four from Kazakhstan and one from Belarus -- by 12 days to give authorities more time to investigate.

They each face 10 years in prison if found guilty of illegal possession of heavy weapons.

The weapons would breach a UN Security Council resolution in June banning communist North Korea from selling arms in response to defiant nuclear and missile tests.

The official said he understood Iran in the past had bought North Korea’s Taepodong-1 multi-stage missile, which has an estimated range of up to 2,500km. It uses liquid fuel and was fired over Japan in 1998.

Taepodong-2 was first test-launched in July 2006 and flew for about 40 seconds before it blew apart. It is a multi-stage missile with a possible range of 6,700km. Another version was launched in April and flew about 3,000km before splashing into the sea.

Thai authorities have said the airplane’s cargo contained rocket launchers, explosives, ammunition, rocket-propelled grenades and components for surface-to-air-missiles.

Police Colonel Supisarn Bhakdinarinath, the chief investigator, said on Tuesday an initial estimate of the value of the weapons, most of which were unused, was about \$18 million.

But Thai Prime Minister Abhisit Vejjajiva said it was too early to determine a value, adding that a closer inspection is necessary to determine their worth, where they may have been produced and where they were being delivered.

Crew members have denied knowledge of any weapons on board and indicated that the plane stopped en route to Sri Lanka and the Middle East to refuel.

The seizure came days after President Barack Obama's special envoy made a three-day trip to the communist state to persuade Pyongyang to rejoin six-nation nuclear disarmament talks.

Arms are a vital export item estimated to earn North Korea more than \$1 billion a year. Its biggest arms sales come from ballistic missiles, with Myanmar, Iran and Middle Eastern states among their customers, according to U.S. officials.

In August, the United Arab Emirates seized a ship carrying North Korean-manufactured munitions, detonators, explosives and rocket-propelled grenades bound for Iran.

- **Economic Front**
- **Thailand cancels oil and gas pact with Cambodia**

Thailand has cancelled an eight-year-old Memorandum of Understanding (MoU) with Cambodia on the oil and gas-rich overlapping area in the Gulf of Thailand as it continues its feud with its neighbour. Foreign Minister Kasit Piromya said the MoU was signed in June, 2001, when Thaksin Shinawatra was the Prime Minister.

"The MoU was pushed by Thaksin and he knew the details of the negotiations. We cannot negotiate anymore based on this MoU as it will affect our economy and security," said Kasit.

Kasit said as there was not much progress made since the MoU was signed, the government felt that it should be scrapped so that it can find new ways to start afresh in dealing with the Cambodian side.

Tension between the two neighbours rose again when Bangkok recalled its ambassador to Phnom Penh as a form of retaliation over Cambodia's decision to appoint the fugitive Thaksin as its economic advisor. Cambodia immediately followed suit by pulling back its ambassador to Thailand.

Under the agreement signed in 2001, Thailand and Cambodia, which share 26,000 sq km of overlapping area, agreed to delimit and develop as a joint development area for oil and gas exploration. Cambodian Prime Minister Hun Sen caused stir during the recent 15th ASEAN Summit in Hua Hin, Thailand, when he first announced his intention to appoint Thaksin and to allow him to stay in Cambodia.

Both countries have been on loggerhead since last year when Thailand protested Cambodia's move to list the ancient Preah Vihear temple as a World Heritage site. Soldiers from sides had clashed on several occasions. Both Thai Prime Minister Abhisit Vejjajiva and Hun Sen are expected to hold talks over the latest dispute in Tokyo on the sidelines of the Mekong Summit.

Kasit's secretary, Chawanon Intarakomalyasut, told that so far there was no decision to close borders between the two countries, adding that it was up to the security forces to monitor the situation and take necessary measures.

- **Malaysia to help set up Islamic bank in Thailand**

Malaysia is willing to send financial and banking experts to help Thailand set up an Islamic bank in the three provinces in the south for the benefit of Muslim residents.

Deputy Finance Minister Senator Datuk Dr Awang Adek Hussein said the experts could be sent at any time if the Thai authorities requested their assistance.

“We will do anything to help the Muslims, especially those in the three provinces bordering Malaysia,” he told reporters after meeting the villagers of Kampung Daramain, Perupuk, yesterday.

He said the proposal was part of Prime Minister Datuk Seri Najib Tun Razak’s promise to his Thai counterpart, Abhisit Vejjajiva, when he visited the region on Thursday.

Dr Awang Adek said the bank could be set up in a month or two. He added that establishing peace in the three provinces of Patani, Narathiwat and Yala must be speeded up for the benefit of the Muslims who formed the majority of the residents there.

- **Nigeria, Thailand Partner on Rice Production**

Minister of Commerce and Industry, Chief Achike Udenwa yesterday in Abuja said Nigeria and the Republic of Thailand have commenced negotiation and signing of bilateral and investment agreement in commercial agriculture in Nigeria particularly in rice production and processing.

The minister acknowledged that Nigeria is the biggest buyer and consumer of Thai’s rice the world over. He said, “during my meeting with the Thai Minister of Trade, he expressed his country’s willingness to invest in commercial agriculture in Nigeria, particularly rice product and processing.

Other areas of joint venture agreement, according to Udenwa, is Oil and Gas.

He said this while briefing newsmen on the outcome of the Seventh World Trade Organisation(WTO) Ministerial Conference, held recently in Geneva, Switzerland.

With Thailand as the highest exporter of rice to Nigeria, the minister said it is expedient for both countries to seek better ways of greater collaboration in the production of the staple food.

He said the cooperation will be in the establishment of rice farms by the Thais in Nigeria’s Free Trade Zones. Udenwa said the establishment of the joint venture will be preceded with the exchange of visits at the ministerial and official levels and organization of Trade Missions by the two countries early next year. He said the process for the signing of a strong economic cooperation and bilateral trade and investment should be initiated

by both countries immediately.

“The process of signing a Bilateral Agreement with Thailand is a fallout of one of the major discussions of the World Trade Conference which stipulates that countries should be free to trade with one another based on transparency, all inclusive and mutually beneficial to both countries,” he said.

Udenwa pointed out that the conference in Geneva which brought together over 3,000 delegates from 153 countries provided an opportunity for WTO members of which Nigeria is one to focus not only exclusively on Doha round but also to take stock of the overall multilateral trading system.

He said members resolved to avoid protectionist measures following the financial crisis that is being witnessed globally with more severe impact on the least developed and developing countries of the world.

Udenwa added that the conference also aimed at providing guidance and the way forward for the successful completion of the Doha Development Agenda negotiations. He said the consensus of the delegates were the need for early and successful conclusion of the DDA by 2010. This according to him underscored the value of the WTO Dispute Settlement process as an invaluable asset for the Multilateral Trading System, the need for transparency, primacy and all inclusiveness in the WTO negotiation process. He said this value of the WTO underlined the need for development which is at the heart of the negotiations.

He said the major issue that dominated discussion was the policy on whether or not to grant free Market Access to countries to trade peacefully without trade inhibition and tariffs.

The minister expressed confidence that Nigeria has technical and skilled experts presently representing it in Geneva. He was optimistic that the final outcome in 2010 will place Nigeria in favourable position on its trading relations with the rest of the world.

He said the regular meetings of an enlarged focal point in Nigeria who are presently at alert will also provide input for the Nigeria’s technical expert on trade matters in Geneva. Udenwa pointed out that the only way for Nigeria to meet up Countries like China, Brazil and South Africa who are also members of the developing nations is by working hard and keying into the Campaign of Made in Nigeria Goods. He said Nigeria is presently undergoing reforms to meet with all these challenges.

According to him, the country must work hard, make sacrifices, Nigerians must shun smuggling by consuming its goods. Adding, “smugglers deprive the local manufacturers market and consequently deprived the nation’s teeming youths jobs.”

- **Social Front**

- **PM wants end to abuse of laws**

Better enforcement of the lese majeste and computer crime laws is needed to prevent their use to settle scores with political and business rivals, Prime Minister Abhisit Vejjajiva says.

Mr Abhisit yesterday promised his government would never misuse its power to get at its opponents.

A number of lese majeste charges have been filed against politically active individuals in recent years as the country has been deeply split because of social divisions and political conflicts.

The computer crime act has also been used to back charges against people who have posted political comments on websites on legally sensitive issues.

The lese majeste law has been widely abused. It is among the laws frequently used by political groups as a political tool, Mr Abhisit said. "Many people widely use this law to back their charges against their opponents, which is an abuse of the spirit of the law," he said.

As a result, the government has set up a panel to scrutinise the enforcement of this law so it would apply in both letter and spirit, he said.

With the computer crime act, Mr Abhisit said there were problems with its enforcement.

The government has been cautious about it and reviewing things in an effort to bring more balance to its enforcement. It was part of a speech he made yesterday while attending a Human Rights Fair on Chaeng Watthana Road to mark Human Rights Day last Thursday.

He insisted his government would not use any laws as a tool to get rid of its political rivals. But he said we cannot do without laws as they must be enforced to ensure peace and order in the country.

The prime minister said there were too many politically charged conflicts in the country today, prompting certain groups to exercise their rights beyond the boundary stated in the constitution.

In the year since his government came to power, he said he has made it clear that different political opinions are something that is natural in a democratic society.

People who view things differently from people in power, or the government, have the right to voice their opinion under the constitution.

The government would not violate their rights to express their political views in public, Mr Abhisit said.

Some have criticised the government for invoking the Internal Security Act to handle political rallies, he said. The reason the government invokes the special act is to protect

the rights of the majority. It was also because the government learned a lesson from the April riots that stemmed from the anti-government United Front for Democracy against Dictatorship's rally, which spun out of control despite repeated assurances from the rally leaders that they would not allow that to happen.

The riots were no longer a political group's expression of political opinions. Their leaders had announced clearly their intention to obstruct the government's activities, to cause chaos and to harm certain people, he said.

The protesters had not merely exercised their rights but violated the rights of other people. As a result, the government was forced to invoke the executive decree in emergency situations. Fortunately, no one has been killed during the security operations, he said

- **PM dismisses terror target talk**

Prime Minister Abhisit Vejjajiva has dismissed speculation Thailand could become a target of terrorist attack after its seizure of war weapons thought to be destined for the Middle East.

Similar events had happened in many other countries and Thailand had not become involved in any international conflict. It had just complied with a United Nations agreement, Mr Abhisit said yesterday.

A Russian-made Ilyushin Il-76 aircraft loaded with 35 tonnes of weapons from North Korea was intercepted on Saturday by Thai authorities at Bangkok's Don Mueang airport. Five crew members - four from Kazakhstan and one from Belarus - were charged with illegal possession of war weapons.

Mr Abhisit said Thailand was acting as a decent member of the international community and every country involved understood Thailand very well.

Mr Abhisit also denied an allegation by the opposition Puea Thai Party that the government would receive a reward of US\$7 million (233.8 million baht) from the UN for the seizure of the weapons and the arrests of the five suspects.

There would be no such reward and the government was only consulting with the UN on the cost of the future transport of the weapons, which has yet to be determined, Mr Abhisit said.

Despite several theories about the weapons' origin and destination, he said it remained unclear where they came from and were supposed to go.

But an expert on security and international terrorism at Chulalongkorn University yesterday issued a warning about the way the government and police were handling the case.

Surachart Bamrungsuk, an international relations lecturer, also said the government

should hand over the weapons seizure case to bodies such as the UN as soon as possible. "The case involves many nations and there may be something too big and unprecedented for us. It would be best for Thailand to get itself out of a conflict as we don't even know exactly who it involves," he said.

- **Thailand's restive south and Malaysia**

PEOPLE in Thailand's three southernmost provinces have heard plenty of promises from Bangkok since January 2004, when Muslim insurgents began a campaign of separatist violence. Government ministers, royalty and military brass have descended in droves to dispense advice, arms and money. But the conflict, which has so far claimed the lives of nearly 4,000 Thais, shows no signs of ending.

Last year saw a surge in troops and a dip in violence. But the shootings and bombings have increased again, with gruesome tactics such as the beheading of victims. The militants behind the killings do not declare themselves. They have neither taken their violent campaign to the rest of Thailand nor combined forces with foreign, anti-western terrorists. Caught up in their own political drama, few Thais pay close attention to the southern conflict.

On December 9th Abhisit Vejjajiva, the prime minister, accompanied his Malaysian counterpart, Najib Razak, on a one-day trip to the area, a former sultanate that is populated mostly by ethnic-Malay Muslims. Mr Najib is the first Malaysian leader to visit since the insurgency began. Thai diplomats have worked hard to prevent the conflict from becoming an international issue, though America has begun to look more closely and has earmarked aid money for peace-building projects.

Mr Najib's visit comes amid increased discussion of the need for a political solution that includes a degree of self-rule in the south. In theory, this should blunt local demands for independence. Duncan McCargo from the University of Leeds, who has written a book on the conflict, believes the idea is winning supporters in some unlikely quarters, and that a consensus could be emerging, though one that is held hostage to political rivalries.

Mr Abhisit has offered support for self-rule, but is loth to expend any political capital on it. The Thai security forces and bureaucracy recoil at any hint of autonomy. The army is doing rather nicely out of what a new report by the International Crisis Group (ICG), a think-tank, calls "the industry of insecurity". Over \$3 billion has been poured into the south since 2004. This explains why the army whose support Mr Abhisit needs, dismisses his calls to put civilians in charge.

That Mr Najib favours autonomy for his ethnic brethren in southern Thailand will arouse the suspicion of Thai security forces. They have accused Malaysia of affording insurgents a refuge and of turning a blind eye to their activities. For its part, Malaysia grumbles that

Thailand's human-rights abuses stoke the anger of Muslims on both sides of the border. The ICG points out that during nearly six years of violence, no Thai official has been prosecuted.

This mutual mistrust will keep Malaysia on the sidelines, in contrast to the southern Philippines, where it has played a useful role in hosting peace talks between Muslim rebels and government negotiators (see article). But the conflict in Mindanao points both to the difficulty of striking political settlements with fractious rebels and of the dangers of fighting fire with fire. Private armies there began as self-defence against Muslim insurgents. Southern Thailand is increasingly awash with privately owned guns, including those provided by the authorities to village self-defence groups and other paramilitary forces. The killing in June of ten Muslims inside a mosque has been blamed on a Buddhist militia, which was probably taking revenge for Muslim attacks. The cycle of violence is far from over.

Cambodia

- **Political Front**
- **Thaksin in Cambodia once again**

Thailand's fugitive former premier Thaksin Shinawatra landed in Cambodia yesterday, setting the stage for another diplomatic fracas between the neighbouring countries.

Thaksin was escorted from a small private jet at Phnom Penh International Airport into the capital by a convoy of cars under tight security. Thaksin's visit to Cambodia last month to take up a government economic advisory role caused a diplomatic row when Cambodian premier Hun Sen refused to extradite the tycoon to Thailand to serve a two-year term for corruption. Thai government spokesman Panitan Wattanayakorn said Bangkok would submit a new extradition request.

"The Thai government will follow the same procedure as last time. When people wanted for crimes in this country travel to a neighbouring country we will ask them to detain and request an extradition," Panitan told reporters. After his arrival, Thaksin went to Prey Sar prison for a brief visit with a Thai man jailed for spying on him last month.

Siwarak Chothipong, 31, is due to be released today after Cambodian King Norodom Sihamoni issued a pardon. Thaksin is expected to attend an official ceremony following Siwarak's release to be held at Hun Sen's home along with members of Thailand's opposition party and Siwarak's mother.

Siwarak's mother was seen smiling outside the prison yesterday. The air traffic control employee was sentenced to seven years in jail for supplying Thaksin's flight schedule to the Thai embassy. During his trial last week, Siwarak denied stealing documents and told the court that although he had informed the embassy's first secretary by telephone of a

flight arrival, he had not been aware that Thaksin was on board.

- **Geo-Strategic Front**
- **Thai-Cambodian ties no closer to being restored**

Has the tension eased between Thailand and Cambodia? Yes. Is the diplomatic row between the neighbouring countries nearer to a solution? Probably not. Cambodia's royal pardon, granted to the convicted Thai "spy" so swiftly after a Phnom Penh court sentenced him to seven years in prison, seemed as politically motivated as the man's arrest itself, and it has left both countries' volatile relationship as unpredictable as ever.

The pardon was given by the person least visible and audible in the diplomatic uproar. King Norodom Sihamoni has been a distant watcher at best, as Bangkok and Phnom Penh brought their stormy ties to near breaking point with one controversial retribution after another. Yet it took him less than 24 hours to decide that a man found guilty of endangering Cambodia's national security can immediately walk free. We don't know how the pardon-seeking process works in Cambodia, but in most other countries it should involve committees, opinions from people who matter and a lot of consultations.

However, the amazingly prompt process can only be good for the convict and his family. Thai engineer Sivarak Chutipong was simply someone caught in the middle of a very intricate diplomatic and political rivalry. He has been quickly released, despite being made to look like one of Cambodia's biggest security threats, because nobody wins if he had to stay on in jail.

His ordeal has embarrassed the Abhisit Vejjajiva government and also put new dents in Thaksin Shinawatra's ebbing popularity. It's debatable who should bear the bigger blame for his plight, but both sides played big parts in events leading to his arrest. Thaksin's decisions to take up Cambodia's appointment as an economic adviser and come to Cambodia following an invitation that he could have easily declined made the Bangkok government curious about his movements - and the rest is history.

Thaksin's situation was then further complicated by the revelation that Sivarak's mother was a sympathiser of the red shirts (a group supporting ousted PM Thaksin Shinawatra). A Thai citizen ending up in jail because of him was politically bad enough, so the red-shirted connection meant that he could not stand idly by and watch him wither in a Cambodian cell. Thaksin's Pheu Thai Party's scrambling to spearhead the pardon campaign was not as much of a ploy to discredit the Democrats as an effort to help Thaksin bounce back from the setback.

The Democrats' situation wasn't better. Despite the government's denial that Sivarak was snooping for Thaksin's travel data following a request from the foreign ministry, few believed the man was acting on his own. It didn't matter whether the information the man

obtained was highly classified or not. Politics is about perception, and if the government was perceived to be responsible for Sivarak's arrest and the heavy penalty, that would be very difficult to change. So, whether the credit goes to Thaksin, or Chavalit Yongchaiyudh, or the Pheu Thai Party, now that Sivarak has been pardoned, the Democrats should feel relieved.

The Phnom Penh government, meanwhile, had nothing to gain from Sivarak languishing in its jail. And like Thaksin, Prime Minister Hun Sen saw his own situation compromised by the red-shirted connection of Sivarak's mother. The Thai man could not be acquitted, since that would have made a mockery of his arrest, but Hun Sen's ties with Thaksin and the need to prevent the badly cracked relationship with Bangkok from being completely shattered, dictated that the convict had better be freed.

So, it seemed like a ceasefire on the surface, but perhaps Sivarak has been pardoned so the warring parties could move down their collision course without an unpredictable political baggage that was helping nobody. What lies ahead for Thai-Cambodian relations still depends on the very same factors that got Sivarak into trouble in the first place. And it will take something bigger and more significant than the world-record speedy pardon to bring everything back to normal.

- **Thailand preparing military action against Cambodia: Pheu Thai MP**

This would include establishment of a government in exile for Thaksin on Cambodian soil. Pheu Thai MP Jatuporn Prompan said the military option was suggested in a confidential paper Foreign Minister Kasit Piromya sent to Prime Minister Abhisit Vejjajiva on November 16 as a guideline for handling the conflict with Cambodia in a worstcase scenario. "Preparation of a military option is equivalent to preparing for war against Cambodia," Jatuporn said. "The end game is the normalisation of relations rather than regime change," Jatuporn quoted Kasit as saying in the leaked paper. The paper called Thaksin "a major threat to the government". The fugitive expremier is using a twopronged strategy to topple the government: cooperation with Hun Sen and activity by the Democratic Alliance against Dictatorship.

Thailand has already employed several diplomatic measures against Cambodia since Hun Sen appointed Thaksin as his and the Cambodian government's economic adviser. The two countries downgraded relations in late October, Thailand scrapped a maritime deal with Cambodia, and Phnom Penh rejected Bt1.4 billion in loans from Thailand.

Cambodia has also rejected Thai demands to remove Thaksin from his position and extradite him to Bangkok.

The paper suggested the government to get rid of the "major threat" (Thaksin) and bring an end to cooperation between Thaksin and Hun Sen. It listed three possible scenarios in

the diplomatic row between the two countries. Thailand could prevent Thaksin and Hun Sen from worsening the situation simply by refusing to respond to them and trying to find an influential figure or country able to persuade Cambodia to back down.

Second, if the conflict does increase in intensity, the Thai government would step up retaliation while remaining sensitive to its effect on ordinary people and the national interest.

Third, in the worst case, such as a violation of Thai sovereignty or anything resembling the establishment of a government in exile for Thaksin, Thailand would cut diplomatic relations and resort to using military force. Meanwhile, the Foreign Ministry yesterday would not deny the existence of the document and its content but said it would set up a committee to find whoever leaked the document to the opposition party.

The ministry will consult the Office of the Attorney General about taking legal action against Jatuporn under the Information Act of 1997, said ministry deputy spokesman Thani Thongpakdee.

- **Abhisit regime must go, PM says**

PRIME Minister Hun Sen said Wednesday that frayed relations with Thailand cannot be normalised while the current Thai government is in power, accusing the neighbouring country of continuing to breach Cambodia's border in disputed territory near Preah Vihear temple.

Speaking at a scholarship ceremony at the National Institute of Education, Hun Sen held forth on the diplomatic fallout that has followed in the wake of fugitive former Thai prime minister Thaksin Shinawatra's visit to Cambodia last month as a newly appointed economic adviser to the government. Thailand withdrew its ambassador to Phnom Penh in protest of Thaksin's appointment, with Cambodia immediately following suit.

"I will wait to see the establishment of a new government in Thailand, so that they will send back their ambassador," Hun Sen said. "You accuse us of abusing the Thai justice system, but you forget to mention that you are invading Cambodian territory," he added.

Hun Sen also defended the arrest of Sivarak Chutipong, a 31-year-old Thai engineer who received a prison sentence for leaking Thaksin's flight schedule to the Thai embassy in November and was subsequently pardoned last week.

Sam Rainsy Party spokesman Yim Sovann said Hun Sen was playing "political games" in his dealings with Thailand, and questioned the necessity of Thaksin's controversial appointment as government economics adviser.

Thaksin spoke with officials at the Council for the Development of Cambodia on Wednesday about tourism and foreign investment, though Yim Sovann said the former Thai leader's counsel thus far has not been particularly revelatory.

Though the SRP spokesman did not dispute Hun Sen and Thaksin's characterisation of Sivarak as a "political victim", he said that the Thai was not alone in this distinction.

In a statement on Wednesday, meanwhile, Thai Foreign Minister Kasit Piromya defended Kamrob Palawatwichai, the former first secretary of the Thai embassy in Phnom Penh. Kamrob was expelled by the Cambodian government last month for his alleged involvement in the leaking of Thaksin's flight schedule.

In Jakarta, officials at the ASEAN secretariat urged Thailand and Cambodia to seek a diplomatic solution to their dispute.

"The dispute is one thing, but the most important thing is that the incident would not pose risk to the ASEAN's solidarity," ASEAN task force chairman Tommy Koh was quoted as saying by the Xinhua news agency, adding that members of the bloc have attempted to broker solutions to the conflict.

- **Economic Front**
- **Social Front**
- **Cambodia to expel 20 Uighurs**

CAMBODIA is expelling 20 Chinese Muslim Uighurs who sought refuge there after July unrest in northwest China's Xinjiang region, a foreign ministry spokesman told AFP on Saturday.

We have decided that they are illegal immigrants because they entered Cambodia without any visa papers,' said ministry spokesman Koy Kuong.'They are illegal immigrants and according to Cambodian immigration law they should be expelled from the country. So we must expel them,' he said, refusing to say when the group would be deported or what their destination would be. The group arrived at the UN High Commissioner for Refugees (UNHCR) office after clashes between Xinjiang's Uighurs and China's majority Han ethnic group left 197 people dead and more than 1,600 injured, officials said.

The group's presence in Phnom Penh was made public two weeks ago as they sought UN refugee status in Cambodia, saying they risked torture at home in China.

Rights groups and the US government have urged Cambodia not to deport them to China, saying they would face possible persecution there. -

Singapore

- **Political Front**
- **Economic Front**
- **S'pore voted third best country in Asia-Pac for expatriates**

Singapore has been voted the third best country in the Asia-Pacific for expatriates to live in, according to a survey by HSBC Bank. In global rankings, it is the fourth best country in the world for an expatriate. One hundred and ninety-two foreigners living in Singapore

were polled on their overall quality of life, and the ease of settling in.

Among the 50 countries surveyed, Singapore was the easiest country to sort up one's utilities - with eight in 10 having no hassle at all.

In comparison, two-third of respondents in the UAE found it more difficult to do so, compared to back home. When it came to education, Singapore was ranked second after Malaysia. Thirty-seven per cent of respondents said they found standards here higher than back home. Many also said they enjoyed better food, transport and healthcare in Singapore.

A total of 3,146 expatriates from 50 countries was polled on their experiences. The survey also found that a larger proportion of expatriates were spending a longer time overseas - 58 per cent of those polled this year had already crossed the five-year mark in 2009, compared to 45 per cent in 2008.

- **Singapore's labour market improves in Q3**

There are more signs that the labour market is showing a turnaround. Employment in Singapore rebounded from two straight quarters of losses to register a gain of 14,000 in the third quarter.

Data released on Tuesday by the Ministry of Manpower (MOM) showed that the gains have offset the losses in the preceding two quarters. This resulted in total employment in September recovering to around the December 2008 level. Also, significantly fewer workers were made redundant and job vacancies increased for the second straight quarter. 2,470 workers were made redundant in the quarter ended September, as compared to 5,980 workers in June, and 12,760 at the beginning of the year. There were 34,900 job vacancies in September, up 42 per cent from June, but still below 36,000 a year ago.

The services sector added the most number of jobs, with 12,700 posts created, significantly higher than the 3,800 gain in the second quarter of this year. Construction also expanded at a faster pace than in the previous quarter, with 7,400 jobs created. However, the manufacturing sector continued to see 6,400 job losses, though the number of jobs lost in the industry were substantially lower than in the first two quarters of this year - 22,100 in March and 15,900 in June. Overall, the seasonally adjusted overall unemployment rate rose slightly to 3.4 per cent in September from 3.3 per cent in June.

Among the resident labour force, the rate increased to five per cent in September. MOM said this followed the decline from the previous two quarters when some residents deferred their job search and pursued courses amid the difficult job market.

But the improving economy may have also attracted some of these residents back into the labour market, adding to the pool of job seekers.

The ministry added that there may be a skills or expectations mismatch between those

looking for work and the type of jobs available. This could also push up the unemployment rate. Figures also showed more residents being re-employed. 50 per cent of resident job seekers who were retrenched in the second quarter were re-employed within three months - an improvement from 43 per cent in the previous quarter. In all, close to 84,000 residents were unemployed in September this year. Long-term unemployment has also worsened, as it takes longer for job seekers to find employment amid cautious hiring sentiments during the downturn.

The number of resident job seekers who had been looking for work for at least 25 weeks almost doubled from 9,600 last September to 18,400 in September this year.

Although the economic outlook has improved and total employment grew in the third quarter, Minister of State for Manpower and Trade and Industry, Lee Yi Shyan, said the unemployment rate is likely to stay up for some time. That is because employers remain cautious about the pace and sustainability of recovery.

Mr Lee added that the government remains focused on job creation and training. He urged those who are unemployed to retrain and re-skill so that they can find a job as quickly as possible. However, some industry observers said that job applicants are also taking their time.

Roger Olofsson, Robert Walters' associate director for information technology, said: "Even if you're unemployed, if you're not in a desperate situation, with the constant news feeds coming through that the market is recovering and we're seeing signs of that, the sense of desperation is perhaps not as high as it was nine months ago." There may be some reason to wait. Figures showed that those who have jobs saw real earnings fall for the sixth consecutive quarter. They slid 2.6 per cent in September, compared to a drop of 1.8 per cent in June. Real earnings in the first quarter of 2009 fell 5.8 per cent.

Tim Hird, managing director of HR consultancy Robert Half Singapore, believes that as the economy improves, employees are likely to pressure companies for pay increases, bonuses or better compensation packages next year. The increases, he said, could be as much as 25 per cent for those whose skill sets are in high demand.

- **MM Lee sees great potential in increasing bilateral trade with India**

India and Singapore have great potential to increase bilateral trade, according to Singapore's Minister Mentor Lee Kuan Yew. Speaking at a Singapore Symposium in New Delhi, organised by the Institute of South Asian Studies and the Confederation of Indian Industry, Mr Lee said he also sees India playing a greater role in South East Asia. Singapore is India's largest trading partner in the Association of Southeast Asian Nations (ASEAN) region. After the Comprehensive Economic Cooperation Agreement (CECA) became operational four years ago, Singapore investments in India have increased

considerably, and bilateral trade has been growing at over 30 per cent annually.

Singapore is keen on setting up a multi-product special economic zone in India, but the plan has been delayed. Singapore contributes nine per cent to India's FDI inflow. Mr Lee said that this investment could be much higher if India takes care of its bottlenecks in trade and infrastructure that are hampering the development of the country.

Mr Lee also said India and China are helping the smaller countries in Asia tide over the economic crisis. The economic progress made by both Asian giants has created better trading opportunities for their smaller neighbours. Mr Lee said: "Asia has a less disadvantage, or is less affected by American setback because of India and China. These two big countries have the population and the internal dynamics to keep growing.

"They have kept growing at around eight per cent. So that has kept the region, at least South East Asia, more buoyant than other regions."

Mr Lee is in India on a four-day official visit. He earlier met India's Prime Minister Manmohan Singh, and the two leaders reviewed the substantial progress made in bilateral relations over the past few years.

- **Analysts say S'pore banks could see strong bottomline growth in 2010**

Singapore banks have held up relatively well despite going through one of the worst recessions in the country's history. And while loans growth is expected to remain weak next year, some analysts said Singapore banks could still see strong bottomline growth in 2010.

It was a tough year for DBS Bank. The lender was forced to pay out some S\$80 million to settle mis-selling claims in both Singapore and Hong Kong, following the collapse of Lehman Brothers last year. But market watchers said DBS, along with other Singapore banks, has managed to weather the fallout from the global financial crisis well, even outperforming their expectations. Alfred Chan, financial institutions analyst, Fitch Ratings, said: "Singapore banks have comfortably been sitting on very high capital buffer. And given the high capital buffer, this just shows that they have the additional weapon, additional armour to ride through this economic downturn.

"And that's why the ratings of the Singapore banks, which is at AA-, continue to be on the stable outlook despite the economic downturn." Fitch Ratings expects non-performing loans (NPLs) among Singapore banks to come in lower than initially forecast.

For this year, it expects Singapore banks' NPLs to come in at between two and three per cent of total loans portfolio on average, lower than its initial forecast of 3.5 percent. But others remain cautious. Christine Kuo, senior analyst, Moody's Investors Service, said: "The rise in NPLs have stabilised, but there is still uncertainty due to the unclear sustained economic recovery." Singapore banks have shown a strong pick-up in earnings

in the third quarter of this year, largely due to lower provisions for bad debts.

But going forward, increasing competition from foreign players is expected to put a squeeze on loans growth. And some market watchers, like CIMB, are forecasting that revenue growth for Singapore banks will remain weak at low single digits in 2010.

Still, CIMB expects strong bottomline growth of about 20 per cent next year, boosted by fee income from a likely increase in merger and acquisition (M&A) activity and lower provisions.

Trevor Kalcic, head of Southeast Asian Equity Research, RBS, said: "In spite of the fact that the overall economy is doing reasonably OK and doing better in fact, we're still booking relatively high or elevated bad debt charges.

For investors looking for investment opportunities, RBS said DBS stands out amongst the three local banks as a good play in 2010, given its current valuations. DBS is currently trading more than 1.3 times its book value, lower than OCBC and UOB, which are more than 1.5 and 1.8 times respectively.

Mr Kalcic added: "One very clear catalyst would be when interest rates start rising, which we expect to happen in the first half of 2010. What that means is that will provide support for DBS' earnings. It's most geared of the three banks to rising interest rates."

But others, like CIMB, prefer UOB shares. Mr Ng said: "Part of me worries that China is being kept alive by lots of stimulus at this moment. And should the stimulus be pulled back, there could be another wave of SME defaults or bankruptcies and that could hurt DBS.

CIMB believes UOB is likely to have strong earnings momentum heading into 2010. This will be driven by a write-back of its conservative provisioning over the past four quarters. CIMB also noted that UOB's key strength is its traction with SME and mass-affluent consumers, which give it higher lending yields than its peers and thereby propping up return on equity. Singapore bank stocks have had a strong run since the start of 2009. DBS has risen 77 per cent, while OCBC is up 74 per cent and UOB 53 per cent.

- **Social Front**
- **Environmental Front**
- **Flexibility has to be exercised to tackle climate change: Dr Yaacob**

Singapore's Environment and Water Resources Minister Yaacob Ibrahim said on Tuesday there should be flexibility on what countries should commit to when tackling climate change, in order to reach a common ground. Speaking to the Singapore media on the sidelines of the United Nations Climate Change Conference in Copenhagen, he said although some reports have said the conference may end up in a serious deadlock, it is not time to give up on the negotiations.

Singapore's Prime Minister Lee Hsien Loong is expected to attend the conference on Thursday. Ministers and senior officials have been engaged in long discussions to try and reach an agreement to curb global warming. But things have not been easy as there have been disagreements on what developed nations and developing nations should do.

Despite the disagreements, Dr Yaacob believes the negotiation process is inching forward.

On Singapore's aim to cut carbon-emissions growth by 16 per cent below the projected 2020 levels, Dr Yaacob said many countries see that as a good effort.

He said: "They acknowledged the fact that Singapore is willing to put on the table what we're prepared to do and we're doing it unilaterally. Some have acknowledged it, some have asked if we're prepared to do more and as usual, I think the comments are positive rather than negative."

With world leaders already starting to arrive here in Copenhagen, the aim is to provide these decision-makers with a politically binding agreement on climate change, with the mandate that negotiations will continue over the next six or 12 months.

Laos

- **Foreign Relations**
- **Laos, Vietnam boost cooperative ties**

Vietnam-Laos Friendship Association President Vu Trong Kim led a delegation to visit Laos to promote the bilateral ties from 9 to 15 December.

On December 10, the Vietnamese delegation had a working session with a delegation of the Laos-Vietnam Friendship Association, headed by its President Somkot Mangnormek, where they reviewed friendship activities over the past two years.

In the two-year period, the two associations have organised a lot of major events including exchanges of Vietnamese former volunteer soldiers and experts returning to Laos and Lao officials visit to Vietnam to mark the celebration of the 100th anniversary of late Lao President Souphanouvong. Both associations pledged to continue boosting the bilateral cooperation in economics, politics, culture, sports, science and technology.

On the same day, the Vietnamese delegation was also received by the President of the Lao Front for National Construction, Sisavath Keobouphanh, and President of the National Assembly, Thongsing Thammavong.

Both sides agreed to hold numerous activities in 2010 including the celebration of the 35th anniversary of victory over the US Imperialism, the 65th national day of Vietnam and the 35th national day of Laos, the 120th birthday of late President Ho Chi Minh, the 90th birthday of late President Kaysone Phomvihane, the millennial anniversary of Thang Long/Hanoi, the 450th proclaiming anniversary of Vientiane as the national capital, the

80th anniversary of the Communist Party of Vietnam, and the 55th anniversary of the Lao People's Revolutionary Party.

- **Cambodia, Laos To Push the Implementation of Signed Agreements**

Cambodia and Laos have agreed to push the implementation of the agreements already signed and to grant scholarships, without limiting the number, to the students of both countries.

H.E. Ung Sean, secretary of state to the Ministry of Foreign Affairs and International Cooperation told this to reporters at a press conference held here on Thursday upon the arrival of the Cambodian delegation from Laos.

In their meeting on Dec. 9 in Vientiane, he said, Cambodian Premier Samdech Akka Moha Sena Padei Techo Hun Sen and his Lao counterpart Bouasone Bouphavanh discussed about the promotion and expansion of the bilateral cooperation, and the implementation of the agreements signed during the visit of the Lao prime minister to Cambodia in late November 2009.

The discussion also focused on the exchange of students, raising the number of scholarships from 6 to 10 in 2010. In the future, the two countries will be able to increase the number of scholarships depending on their capacity. In Cambodia, there are a lot of private universities. In order to show the country's education quality to the international community, these private universities can also provide scholarships to foreign students, he explained.

The Lao side deeply thanked Prime Minister Hun Sen for having attended the opening ceremony of the 25th SEA Games, and for his part, Samdech Techo Hun Sen praised Laos for its efforts and success in the organization of the SEA Games.

- **Economic Front**
- **Social Front**

Brunei

- **Economic Front**
- **East Asia Economies Set For Speedy Recovery**

The Asian Development Bank (ADB) has forecasted a 2.3 per cent growth for Brunei next year after it contracted by 1.2 percent in 2009.

In its latest report, the multilateral lender said Brunei's GDP contracted by 1.9 per cent in 2008 due to lower oil and gas output. The sultanate, which relies heavily on exports of oil and natural gas, is expected to contract its growth by 1.2 per cent this year due to lower world demand. GDP is expected to recover in 2010 and a growing 2.3 per cent is fueled by higher global energy demand and petroleum prices.

Elsewhere, the 2009 growth forecasted for the Philippines is 1 per cent while the economies of Thailand is three per cent, Malaysia (2.5 per cent) and Cambodia (1.5 per cent). In contrast, the ADB expects Laos to grow by 5.5 per cent this year, Vietnam by 5 per cent and Indonesia by 4.3 per cent.

The ADB Asia Economic Monitor said emerging East Asian economies have performed better than anticipated, thanks to swift policy responses and an improved external environment. "The region is set for a speedy recovery this year and in 2010," it added.

The Asian Development Bank's (ADB) Asia Economic Monitor is now forecasting that the 14 economies of emerging East Asia will grow by 4.2 per cent this year and by 6.8 per cent in 2010, which is higher than the 3.6 and 6.5 percents respectively forecasted for the region in September's Asian Development Outlook 2009 Update.

Emerging East Asia comprises the 10 economies of the Association of Southeast Asian Nations plus the People's Republic of China (PRC); Hong Kong, China; Republic of Korea; and Taipei, China.

"Emerging East Asia is rebounding strongly and growth rates next year are likely to slightly outpace 2008 in most countries," said Jong-Wha Lee, ADB's Chief Economist and head of the Office of Regional Economic Integration which prepared the report.

In a separate special assessment, also released yesterday, ADB raised its forecast for growth in developing Asia to 4.5 per cent this year and 6.6 per cent in 2010. Developing Asia comprises 45 member countries of the ADB.

Asia Economic Monitor noted that the pace of recovery is uneven across emerging East Asia.

The newly industrialised economies of Hong Kong, China, the Republic of Korea, Singapore, Taipei and China, along with the more export-oriented economies of the Association of Southeast Asian Nations (Asean), were hit hard by the global financial crisis but are poised for a swifter recovery.

The less open Asean economies were damaged much less by the global downturn and

Sultanate Economy To Grow In 2010

- **The Asian Development Bank (ADB) expects the Brunei economy to contract by 1.2 per cent in 2009 before recovering in 2010**

The Asian Development Bank (ADB) expects the Brunei economy to contract by 1.2 per cent in 2009 before recovering in 2010 to grow 2.3 per cent fuelled by higher global energy demand and prices.

In an economic outlook for the region released yesterday, ADB said the Brunei economy will shrink this year because of lower demand for oil. "This economy, which relies on exports of oil and natural gas for about half its GDP (gross domestic product), is expected

to contract by 1.2 per cent in 2009 owing to lower world demand for energy and the fall in energy prices from last year." the ADB report said.

In 2008, the Brunei economy shrank 1.9 per cent. ADB said government spending is tempering the contraction and the nonenergy sector is expected to perform better in 2009.

"Growth is set to resume in 2010 at just over two per cent, supported by higher global energy demand and prices and by the start of exports from a US\$450 million methanol plant," the bank said.

"The government is stepping up its efforts to diversify the economy: one result will be an increase in the number of Brunei Halal Brand products exported next year," it added.

ADS said inflation is expected to stay subdued in view of lower prices this year for imported commodities and the government's policy to subsidise a broad range of products and services.

The inflation projections are maintained at 1.5 per cent for 2009 and 1.2 per cent for 2010. The bank raised growth forecasts for the region, now predicting growth of 4.5 per cent in 2009 and 6.6 per cent next year after a better-than-expected recovery in the September quarter.

In its September outlook, the bank forecast the region to grow 3.9 per cent in 2009 and 6.4 per cent in 2010.

"Despite a notable slowdown in its economic expansion relative to potential, developing Asia is leading the recovery from the global downturn. Its growth is underpinned by the relatively healthy state of its financial systems prior to the financial crisis; by the fiscal and monetary stimuli that have been quickly provided by governments and central banks across the region; and by the rapid turnaround in its larger, less export-dependent economies.

"However, risks remain on the downside: hasty withdrawal of the fiscal and monetary measures supporting aggregate demand would stunt developing Asia's nascent recovery, and any slippage in the major industrial economies recovery would delay the region's return to its long-term growth path," the bank said.

- **Fresh Hope For 2010 Business**

As a turbulent year draws to a close a bright new decade awaits, observers believe, which will usher in the much-longed-for economic development and prosperity to the sultanate.

And it looks like happy days are here again soon. The main hope for the local businessmen and others is based on the various mega projects expected to start here to give the economy a much-needed boost. In the recent past, the country has been experiencing downtime in business as commerce and trade faced growing difficulties.

In the small and medium business sector, bakeries were getting "baked" and restaurants

going hungry, and retail shops felt the pinch as many found it hard to survive.

Building contractors, too, were engaged in cut-throat competition as they chased the fewer jobs tendered. Some larger ones left the country altogether, and many local construction firms went bankrupt. Even the cinemas in the capital have closed down for the lack of patrons.

One main reason for the sluggish economy had been the cumbersome manner tenders were offered and slow decisions.

But now hope is around the corner. One main factor had been the establishment of the Brunei Economic Development Board (BEDB), which has been cutting through red tape while spearheading major development projects in the country.

The BEDB has also been a trailblazer in the building of low-cost resettlement homes for the masses by Royal consent, pushing through road and bridge construction, establishing factory complexes and planning ports. Many of these will hopefully get going in a big way next year. These projects are expected to make an impression on the hitherto languishing economy, spreading benefits among the people.

Increased oil exploration in Tutong and offshore Muara are also expected to have gainful effects on local business and jobs. Brunei is expected to see the return of some large overseas contractors and their staff here to help develop the country, and the housing market is expected to revive.

All in all, it looks a happy time for Brunei next year onwards as business gets moving again, observers here believe

- **Social Front**
- **Vigilance Best Weapon To Combat Terrorist Financing**

Brunei's Director of Financial Institutions addresses growing threat of money laundering
Bandar Seri Begawan - Money laundering and terrorist financing are direct threats to the stability of a country's financial system.

No country is immune to its growing threat and we must remember that we are dealing with operators who are getting smarter by the day who can anticipate our every move.

This observation was made by Dayang Hajah Rosni Hj Tungkat, the Director of Financial Institutions, Ministry of Finance, during a workshop on "Policy and Procedures on Anti-Money Laundering and Combating Financing Terrorism (AML/CTF) compliance from Maybank Malaysia's experience" yesterday.

In the fight against money laundering and terrorist financing, "it is important that we use all the resources at our command to combat the menace", she said. "Instead of reinventing the wheel, we must endeavour to benefit from the large pool of regional and international best practices at our disposal."

She also warned that vigilance was key to our strategy to combat money laundering and terrorist financing.

"For this purpose we need the utmost commitment of all stakeholders such as financial institutions, regulators and the government to ensure the stability of the financial system," the Director of Financial Institutions said.

"We all have a common interest to safeguard our country and institutions from this threat that I feel that if left unchecked, would seriously damage our reputation."

On the workshop that was aimed at sharing best practices and hands on experience from Maybank Malaysia, Dyg Hjh Rosni, pointed out that Brunei shares common boundaries with Malaysia.

As a result of this, our borders are "porous", she cautioned. "We have many instances where perpetrators of financial crimes have found common ground in our two countries."

The considerable experience by Maybank, which is the largest bank in Malaysia, is therefore a storehouse of typologies that we can use in benchmarking our best practice in the area, she added.

Meanwhile, Encik Mad Yusuf bin Yazid, Executive Vice President, Head of Global Compliance of Maybank Malaysia in his presentation highlighted, "The continuous monitoring and understanding of customers is vital to combat money laundering because professional money launderers would at first comply with all the regulations of financial institutions in order to open an account, and only then would they start their money laundering operation."

Having a system in place to detect a suspicious transaction, he cited that Maybank has reserved the right to suspend and close a customer's account with the bank if its system detects any suspicious transaction. A red flag would be triggered not only on the amount of the transaction but also the frequency of transactions.

The workshop is being organised by the Financial Institutions Division of the Ministry of Finance in collaboration with Maybank Malaysia whose head of group compliance has offered to share their best practice and hands on experience in the field of AML/CFT.

Why Non Muslim Should Choose Islamic Finance?

Sir, it is very clear that every Muslim in the world should use Islamic finance to avoid Riba. This Word of God has to be 100% correct.

The duty of pillars in Islamic finance is to identify the comparative advantage of Islamic finance over conventional finances and to prove that Islamic finance is the best alternative. In Sri Lanka, even Muslims criticize the practice of Islamic Finance.

My argument is, the problem we have in Islamic finance is the way it is practiced, because the fundamental system of Islamic finance cannot have any problem as I said

earlier. Irrespective of religion is this a way to attract bankers to convert? Is my argument valid? Please reply