

**Report # 116****Business and Politics in Muslim World**

**South East Asia**  
**Tatheer Zahra Sherazi**

**17 April to 23 April**

**(Outline)**

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## Summary

### At political Front

- Indonesia

Inmates at Cipinang Penitentiary cast their votes for city council seats during the 2009 legislative elections. Observers say the running of regular elections in Indonesia indicated the maturing of democracy in the country, and compared to other countries in the region, Indonesia has made great strides.

The consolidation of Indonesian democracy has been impressive, and with the turbulent democratic processes in the neighboring Southeast Asian nations, Indonesia could serve as a new beacon of democracy in the region.

Indonesia's transition to democracy has in fact impressed even the most cautious political observers. Political scientist Larry Diamond of the Center on Democracy, Development and the Rule of Law (CDDRL) at Stanford University, best known for works on democratic transition such as *Political Culture and Democracy in Developing Countries*, *Promoting Democracy in the 1990s* and *Squandered Victory: the American Occupation and the Bungled Effort to Bring Democracy to Iraq*, said that compared to other nations in Southeast Asia, Indonesia's progress in building democracy was quite impressive.

Indonesian Foreign Affairs Minister Marty Natalegawa said on Friday that Indonesia will not evacuate its citizens from Thailand following the deadly chaos in the country.

"We are yet to increase the level of alertness for our citizens living and working in Thailand. We advise them to stay away from large gathering, improve vigilance and report their whereabouts to the Indonesian embassy," the minister told a press conference to respond to the ongoing violent condition in Thailand. He said that Indonesia has issued travel advisory for Indonesians who are willing to travel to Vietnam. For those who intend to go to Thailand, the minister advised them to anticipate and get prepared to respond to the ongoing situation in Thailand.

Indonesia is ready to assist Thailand end the political difficulties in Bangkok, Foreign Minister Marty Natalegawa said Friday. His statement was made following a telephone conversation between Marty and his Thai counterpart, Kasit Piromya.

- Malaysia

Malaysia's government predicted it would score a big win in a tense by-election on Sunday during which 10 people were arrested in scuffles between rival groups.

The vote in a marginal opposition-held seat is seen as a referendum on Prime Minister Najib Razak's economic reforms and one which the government that has ruled this Southeast Asian country for 52 years must win after a string of electoral losses. Vehicles crawled along roads to the rural enclave of Hulu Selangor in opposition-controlled Selangor state in central Malaysia as the government bussed in flag-waving supporters. By 8 p.m. British time, turnout was 63.74 percent. Winning the Hulu Selangor parliamentary seat is crucial for the opposition, which needs to show it remains a serious contender to wrest power in the next elections. Anwar needs to boost his standing after the recent defections of four MPs.

- Philippines

The Philippines' largest Muslim rebel group has agreed to help avoid violence on a troubled southern island during voting in next month's national and local elections, officials said on Saturday. Toks Ebrahim, head of the MILF's ceasefire negotiators, said they would tell field units to avoid violence that could disrupt both the elections and other peace talks.

"We'll restrain our forces to avoid violence during the elections," he said. About 50 million Filipinos will choose a president, vice president, nearly 300 lawmakers in the two-chamber Congress and more than 17,600 local government officials in the polls.

- Thailand

Prime Minister Abhisit Vejjajiva is under pressure to put an end to five weeks of demonstrations led by opponents who consider his rule illegitimate and want a new election. Several protest leaders evaded capture last week, prompting him to put the army chief in direct control of imposing order in Bangkok.

Many of the red-shirted demonstrators support exiled former premier Thaksin Shinawatra, who won over the poor by giving them cheaper health care and loans before he was ousted in a 2006 coup. The protesters say Abhisit embodies a privileged class of military officers, judges, bureaucrats and royal advisers that sit above the law.

- Vietnam

Fifteen years after normalizing diplomatic relations, military cooperation between the United States and Vietnam is evolving bit by bit. Both sides would like to counter China's military buildup and historic desire to dominate the region - including the strategic South China Sea where a quarter of the world's trade transits and where Vietnam, China and other countries contest two island chains believed to contain rich mineral deposits.

While US motives are relatively clear - to deepen contacts with the Vietnamese military

and establish areas of cooperation - the Hanoi side is often tied up in knots on how and whether to partner strategically with Washington, its former war adversary. On one hand Vietnam enjoys high-level attention from the US. In October 2008, the two countries initiated an annual security meeting held at the assistant secretary-vice minister level. Referred to officially as "political-military talks" by the US, Vietnamese diplomats advertise the event as a "strategic dialogue", referred to locally as doi thoai chien luoc.

### **At Geographic Front**

- Cambodia

Cambodian troops have withdrawn from a disputed border areas along the border at Surin after exchanging fire with Thai soldiers on Saturday. Suranaree Task Force commander Chavalit Choonprasarn yesterday negotiated a truce with Joom Sa-Rai, deputy chief of Region 4 Border Affairs Bureau. The two sides agreed to pull back their troops from the disputed area near Surin's Kap Choeng district where the skirmishes took place. Relations between Cambodia and Thailand took a turn for the worse in November last year when Cambodian Prime Minister Hun Sen appointed fugitive former premier Thaksin Shinawatra his economic adviser and refused to extradite him to Thailand to serve his prison sentence.

### **At economic Front**

- Indonesia

With the nation's benchmark index hitting an all-time high last week as investors race to capitalize on Indonesia's strong economic potential, it may be a good time to pause and take stock of the situation. Before exuberance strays to the realm of the irrational, a little prudence is called for.

The prospect of limiting inflows of foreign capital re-emerged recently when a Bank Indonesia official warned of a domestic stock bubble in a market dominated by overseas buyers. In November, the central bank conducted a study on the possibility of limiting foreign ownership of local debt, especially BI Certificates (SBI), in which the sudden reversal of ownership pattern was blamed for currency volatility.

The move to regulate and index the prices of coal by the Indonesian government is likely to marginally push up the cost of generation of thermal power in the State.

- Malaysia

Malaysia's economic relationship with Thailand has not been affected by the current political turmoil there. Business and trade activities between both countries are going on as usual. He said Malaysia was Thailand's second largest trading partner among the 10 Asean member countries last year while Thailand was Malaysia's fourth largest trading partner in Asean. The trade volume between the two countries stood at US\$15.9bil

(RM50.8bil) as of last year with a balance of payment of RM1bil on the Malaysian side, he said.

Malaysia's economy may grow more than previously forecast this year amid a global rebound and higher commodity prices, the Malaysian Institute of Economic Research said today.

Southeast Asia's third-largest economy may expand 5.2 percent in 2010, the institute said in a report today, raising its estimate from 3.7 percent. That's within the central bank's forecast of 4.5 percent to 5.5 percent. Exports may jump 8.2 percent and imports by 8.8 percent, the think-tank said.

- Thailand

Thailand's central bank may keep its benchmark interest rate at a five-year low this week, refraining from raising borrowing costs as a political conflict threatens to derail the nation's economic recovery. Thailand's inflation isn't yet a concern, the central bank has said. Consumer prices rose 3.4 percent from a year earlier in March after climbing 3.7 percent in February. Core inflation, which excludes fresh food and fuel prices, rose 0.4 percent.

Exports hit a 17-month high last month as the global economic recovery drove overseas demand for Thai goods and purchase orders from the country's traditional key markets resumed.

But value will likely decline this month to about \$12 billion because of the Songkran holidays and disruptions to air traffic in Europe, said Commerce Minister Porntiva Nakasai. Export value rose for a fifth straight month in March, up by 40.9% year-on-year to \$16.25 billion. Agricultural and agro-industrial exports rose by 49.2% to \$2.91 billion, with those of major industrial products up by 36.5% to \$10.9 billion.

Value and volume increases were seen in rice, tapioca, sugar, frozen seafood, canned and processed fruits and vegetables, and frozen and processed poultry. Export growth exceeded 20% for electronics, electrical appliances, automobiles, plastic and rubber products, furnishings and decorations, toys, and gems and jewellery.

- Cambodia

Cambodia's economy, one of the fastest growing in Southeast Asia for a decade, may grow 4.5 percent this year after contracting 2 percent in 2009 due to the global economic crisis, the Asian Development Bank (ADB) said. Tourism was also recovering and the sector had grown about 10 percent in the first quarter of 2010 compared with last year.

In contrast, agriculture, Cambodia's fourth big growth driver accounting for some 30 percent of GDP, grew by about 4 percent because of favourable rain, and that served as a social safety net for many workers laid off in other sectors.

- Vietnam

Vietnam may restrict imports of steel products that can be manufactured domestically to curb reliance on China, Japan and Russia, according to a recommendation from the Vietnam Steel Association. Vietnam is able to make products used in construction, such as wire rods, pipes and metallic-coated steel, and is developing factories to manufacture other goods, said Pham Chi Cuong, Hanoi-based chairman of the association, which represents 90 percent of the country's steelmakers.

Vietnamese imports of soybean meal for animal and fish feed may rise to a record, making the country Asia's biggest importer alongside Indonesia, according to the US government. Imports may expand 5 percent from last year to 2.6 million metric tons, according to a report by the agricultural attaché's office at the US Embassy in Hanoi posted on the website of the US Foreign Agricultural Service.

The bilateral trade between India and Vietnam, which has been growing at about 20 per cent on a year-on-year basis, is set to grow further with the signing of the ASEAN-India Free Trade Agreement and a memorandum of understanding between the two countries last year, according to Mr Vu Quang Diem, Ambassador of Vietnam to India.

The bilateral trade in 2009 amounted to \$2.055 billion, of which India's export to Vietnam was worth \$1.635 billion. "With the ASEAN-India FTA and MoU on India's recognition of Vietnam's market economy signed last year, more opportunities and favourable conditions have been provided to promote further economic relations, especially trade and investment between India and ASEAN countries, Vietnam in particular," Mr Quang Diem said while speaking at an interactive session organised by the Bharat Chamber of Commerce here on Saturday.

Vietnam should not "rush" ahead and should focus instead on economic stability and efficiency, says Ayumi Konishi, Asian Development Bank Country Director for Vietnam. Improving the efficiency of its economic system is an important task in order for Vietnam to deepen its integration into the regional and global value chain, he said. "Without enhancing the efficiency of the country's economic systems, attempts to achieve a higher economic growth rate will inevitably invite the return of high inflation, and people's concern over inflation will result in the pressure on Vietnamese dong.

"Inflation will make the poor suffer the most, and the devaluation expectations will discourage the continued inflow of foreign direct investment," Konishi said at a press conference held in Hanoi on Tuesday to launch the bank's Asian Development Outlook 2010 report.

- Laos

More than two million foreign tourists came to Laos last year, driving the Gross

Domestic Product (GDP) of Laos upward by 5 per cent, according to the Lao National Tourism Administration (LNTA).

### **At Social Front**

- Indonesia

Makassar police have arrested 10 more immigrants from Afghanistan, who arrived in the South Sulawesi capital at night on Friday to avoid security check

A security think tank warned Indonesia to remain vigilant against extreme militants after what it calls "a major mutation" among known jihadi groups. The Indonesian government should tighten control over prisons, increase training for police in confronting armed suspects and consider banning paramilitary training by non-state actors.

Indonesia and Australia are planning a new meeting of Asian nations to toughen action against people smuggling. Indonesia's Foreign Minister, Marty Natalegawa, says he's been speaking with his Australian counterpart, Stephen Smith, about ways to sharpen the concern other nations have about the issue.

- Philippine

Iraq continues to top the list of countries where murders of journalists go unpunished, while such attacks have soared in Somalia and the Philippines, a media group said Tuesday.

Malaysian lawmakers moved towards censuring opposition leader Anwar Ibrahim on Thursday, paving the way for his suspension from parliament and raising tensions ahead of a key weekend by-election. The issue has stirred passions in Malaysia, a mainly Muslim country that does not recognize Israel diplomatically. Political tensions in Malaysia have been high since the 2008 general elections in which the ruling National Front alliance suffered record defeats, losing five of Malaysia's 13 states and its once iron-clad two-thirds control in parliament.

An American human rights group has criticised candidates in next month's Philippines presidential elections, claiming they lack policies on how to deal with private armies.

Human Rights Watch says it wants to see a clear commitment to move away from what it calls "unaccountable armed forces".

The group says it supports a more professional system to oversee Filipino security. Last November, 57 people were killed in what is said to have been a politically motivated attack. Violence has often accompanied balloting in the Philippines, where some powerful people are accused of maintaining private armies.

The Philippines' largest Muslim rebel group will work parallel to the government

to clear landmines and unexploded bombs left by decades of conflict on troubled Mindanao island, a guerrilla leader said yesterday.

This would help convince 100,000 displaced people to return home on the southern island, Mohaqher Iqbal, a senior leader of the Moro Islamic Liberation Front (MILF), said after two days of peace talks in Kuala Lumpur. "People in the south are aware of the dangers posed by these explosives and this could be among the reasons why they are not returning to their homes," he said.

Nearly 750,000 people were displaced when the conflict flared after a proposed deal on the creation of a Muslim homeland in the south of the mainly Roman Catholic state was blocked by the Supreme Court in August 2008.

In July 2009, a truce was signed that saw negotiations reopened and Japan, Turkey and Britain invited to observe peace negotiations brokered by Malaysia since March 2001.

The conflict has run for more than 40 years. More than 120,000 people have been killed.

- Thailand

Thailand is faced with many internal problems and the political and economic situation remains fragile because of the ongoing political turmoil. At the same time, it is abundantly clear that the Muslim uprising in the southern provinces is a major concern for not only Thailand but for the wider community throughout the region. After all, the global jihadist network is always looking for new opportunities to spread more mayhem and to maintain military and economic functions.

- Cambodia

Next week, teams of health workers will head to 10 of Cambodia's most malaria-infected villages near the western town of Pailin, in a region notorious for its mystifying ability to produce resistant strains of the disease. The purpose of their visit is unique in the country's programme to combat malaria.

Health workers will take blood samples from every villager, lab test for the falciparum malaria parasite, and then provide treatment within days to anyone with the parasite whether or not they are showing malaria symptoms

A federal grand jury has indicted 23 people in what prosecutors called a conspiracy to set up sham weddings in exchange for cash, free vacations to Cambodia and sex, according to documents unsealed Tuesday. The indictment spells out a scheme starting in January 2000 and lasting through April 2010 in which 12 U.S. citizens were recruited to marry Cambodians, allowing the foreign nationals to obtain visas to enter the United States and gain citizenship or permanent legal status.

- Laos

More than 40 people were reportedly died of road accidents during the last week's

celebration of Lao New Year 'Pimai', higher than the previous year's toll. A total of 340 road accidents occurred countrywide from 11 to 18 April, according to Monday's report of the Department of Traffic Police, Ministry of Public Security. Drink drive was still blamed as the main cause of the road accidents, followed by fast driving and violation of traffic rules.

- Brunei

Building on its achievements over the past year, BIBD plans to strengthen overall HR development including the setting up of an academy to train future Islamic Finance experts. Building on their achievements, especially positive developments over the past year, the chairman said he hoped that BIBD will achieve its vision of becoming the main financial provider in the country, especially in the Islamic banking sector.

## **ASEAN**

- **Asean leaders ponder their future**

Asean would like to see Burma carry out a decent election that is acceptable internationally as it would be a boon to the grouping's credibility as a whole, says Kavi Chongkittavorn

The ongoing political conflict on Bangkok's streets and the bloody clashes on 10 April 10 have rattled the nerves of Asean leaders as they ponder their grouping's future political landscape. Last week, Vietnam was quick in wanting to issue a statement on behalf of Asean on the violence. On the same day, Cambodia immediately stepped in, calling for a special Asean summit to discuss the crisis in its eastern neighbour - unprecedented moves. Both plans were aborted. Thailand's democracy, despite its long 78-year history, is still not taking root and the Philippines continues to struggle to find its own democratic formula. The Filipino public is hoping that the next election would enable a respectable leader offering good governance to emerge. Just imagine the implications on the Asean political landscape if Thailand and the Philippines overcome their political instability and attain a certain degree of democratic maturity. Together with Indonesia, they would represent nearly 70 per cent of the Asean population of 595 million. It could be a new benchmark.

## **Detailed News Monitoring report**

### **Malaysia**

- **Political front**
- **Democracy is here, but don't be complacent**

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The consolidation of Indonesian democracy has been impressive, and with the turbulent democratic processes in the neighboring Southeast Asian nations, Indonesia could serve as a new beacon of democracy in the region.

Indonesia's transition to democracy has in fact impressed even the most cautious political observers. Political scientist Larry Diamond of the Center on Democracy, Development and the Rule of Law (CDDRL) at Stanford University, best known for works on democratic transition such as *Political Culture and Democracy in Developing Countries*, *Promoting Democracy in the 1990s* and *Squandered Victory: the American Occupation and the Bungled Effort to Bring Democracy to Iraq*, said that compared to other nations in Southeast Asia, Indonesia's progress in building democracy was quite impressive.

"It's impressive that democracy is moving along. There is peace here. If you look at what is happening in Bangkok, the process of democracy looks pretty good here," Diamond told *The Jakarta Post* on the sidelines of the World Movement for Democracy conference earlier this week.

Thailand, widely believed to be Asia's most stable electoral democracy, is currently in a political cul-de-sac as it is locked in bitter fighting between the "red shirt" rural-based protesters and pro-government supporters. The uncertainty over who will succeed King Bhumibol Adulyadej also complicates matters. Recent clashes that resulted in 21 deaths are also a reminder that political violence is part of Thai politics.

Neighboring Malaysia, meanwhile, is still struggling to advance beyond its procedural democracy and has yet to arrive at a genuine democracy as indicated by the constant harassment of popular opposition leader and former deputy prime minister Anwar

Ibrahim and the regular muffling of conventional and new media.

In the Philippines, once one of the most prosperous countries in Asia, which transitioned to democracy in 1986, things have gone downhill. Elections in the Philippines are frequently bloody affairs with candidates never reluctant to using guns and goons to contest for public office. The Philippines is now one of the most dangerous places for journalists in the world as indicated by a massacre last year of 57 people, including 27 journalists.

Indonesian democracy has proven itself successful in overcoming a number of pressing problems in the past decade. Diamond said that one of the greatest achievements of Indonesian democracy was the fact that it could pull itself through severe political and economic crises and that it could re-elect a popular president in an election deemed free and fair by international observer.

“When placed against the preceding 32 years, this is rather impressive. Economic growth has been reasonably good,” he said. Diamond also said there were indications that democratic values had started to plant firm roots in the country.

“Public surveys showed support of liberal values, check and balances and judicial independency, which are positive indications,” he said. “The current achievements, however, are no reason to be complacent as there remains much to do. Indonesia should continue its democratic process. The spirit of reformasi [reform] should go on,” he said.

Democracy may have progressed smoothly, but Indonesia needs to work harder in its fight against corruption, which remains endemic. Indonesia is still considered one of the most corrupt countries in the world. “Corruption is still far too great. There is the Corruption Eradication Commission [KPK] that is working and trying to develop some momentum,” he said.

“There is a lot of works to do. Not only does the KPK need to establish more power, but it also needs to extend the institution to all provinces. Therefore, a clean government not only become major theme, but it also has to be applied at all levels,” he said. In terms of democratic infrastructure, Diamond said that much more should be done.

Indonesia needs more political parties that not only base themselves on issues and platforms, but should also exercise democratic procedures within themselves, Diamond said.

And to prevent these parties from becoming breeding grounds for corruption, Diamond suggested that parties should publicly disclose all financial contribution from donors and supporters. Addressing religious extremism, Diamond said that the government should take stringent efforts to oppose firebrand groups in society. Indonesia, after all, is country with moderate Muslims dominating public life, he said, adding that the threat of Muslim

fundamentalism uprising had so far not materialized.

All of the problems plaguing the country's consolidation of democracy, however, are not unique to Indonesia. They are common problems to newly democratized polities anywhere in the world. And for all the problems, Diamond has this sweeping recommendation: "Indonesia needs to improve the rule of law, independence of the judiciary and establish an anticorruption body with far-reaching authority. There should also be public education on democracy, especially on the issue of obligations and rights. Democracy can only be on track when political leaders and civil society continue the process," he said.

Diamond's recommendation was echoed by another speaker at the forum. Krzysztof Stanowski from Poland's Education Ministry said that based on the Polish experience, it was local people who took decisions, while the government stepped back and let people take the lead. "They should exercise local democracy and see the results of the change. Education for children is also important," he said.

"If these problems are sorted out so democracy takes root, politics are preserved and policies are put in place to generate economic gains, then Indonesia will be the most dynamic emerging country in the world," Diamond said.

<http://www.thejakartapost.com/news/2010/04/18/democracy-here-don%E2%80%99t-be-complacent.html>.

- **Indonesia not to evacuate its citizens from Thailand**

Indonesian Foreign Affairs Minister Marty Natalegawa said on Friday that Indonesia will not evacuate its citizens from Thailand following the deadly chaos in the country.

"We are yet to increase the level of alertness for our citizens living and working in Thailand. We advise them to stay away from large gathering, improve vigilance and report their whereabouts to the Indonesian embassy," the minister told a press conference to respond to the ongoing violent condition in Thailand. He said that Indonesia has issued travel advisory for Indonesians who are willing to travel to Vietnam. For those who intend to go to Thailand, the minister advised them to anticipate and get prepared to respond to the ongoing situation in Thailand.

Reports said that there were over 1,300 Indonesians working and living in Thailand currently. According to the foreign affairs spokesperson Teuku Faizasyah, an Indonesian was injured in the latest chaos incited by grenade blast.

The spokesperson said that the injured Indonesian had already gone home after proper treatment in a hospital.

<http://english.people.com.cn/90001/90777/90851/6961886.html?>

- **Jakarta offers help mediate conflict in Bangkok**

Indonesia is ready to assist Thailand end the political difficulties in Bangkok, Foreign Minister Marty Natalegawa said Friday. His statement was made following a telephone conversation between Marty and his Thai counterpart, Kasit Piromya.

Marty said he made the phone call Friday, following news that the escalating tension in Bangkok's business district late Thursday killed one and injured dozens. "Indonesia calls upon all sides to exercise maximum restraint and resolve differences through dialogue and negotiations in keeping with democratic principles and the rule of law," he told a press conference.

"Indonesia stands ready to render any assistance to promote conditions conducive for such a dialogue to take place." However, Marty refused to elaborate on the possible role Jakarta could play to help ease the political tensions between the Thai government and "red shirt" supporters of ousted prime minister Thaksin Shinawatra. "The form of assistance can be varied. The assistance is aimed at helping create a conducive situation in Thailand," he said.

<http://www.thejakartapost.com/news/2010/04/23/jakarta-offers-help-mediate-conflict-bangkok.html>

- **Economic Front**
- **Indonesia Must Manage Foreign Inflows, Not Restrict Them**

With the nation's benchmark index hitting an all-time high last week as investors race to capitalize on Indonesia's strong economic potential, it may be a good time to pause and take stock of the situation. Before exuberance strays to the realm of the irrational, a little prudence is called for.

The prospect of limiting inflows of foreign capital re-emerged recently when a Bank Indonesia official warned of a domestic stock bubble in a market dominated by overseas buyers. In November, the central bank conducted a study on the possibility of limiting foreign ownership of local debt, especially BI Certificates (SBI), in which the sudden reversal of ownership pattern was blamed for currency volatility.

The market responded to the warnings with declines in securities and the currency, signifying the terror the words "capital controls" strike with investors.

Bank Indonesia's concerns are understandable. A sudden reversal in liquidity and the bursting of an asset bubble would deal a serious blow to the financial market's stability as well as to the economy in general. However, rather than capital controls, the solution lies in maintaining a prudent monetary and fiscal policy as well as measures aimed at increasing the market's liquidity.

This will eventually improve economic fundamentals, investment climate, and investor confidence in the market, thus reducing the risks of an asset bubble and capital flight —

or at least lessen the impact should these events occur. A combination of high GDP growth, mild inflation and the prospect of further credit-rating upgrades, has drawn strong foreign interest to Indonesia since last year. This year, through the first week of April, offshore players have bought \$3.2 billion in bonds and \$2.2 billion in SBI, bringing the total foreign holdings of these securities to \$22.8 billion. Equity attracted a net inflow of \$460 million over the same period.

Strong capital inflows to Indonesia are not an exception but rather an emerging regional phenomenon. Analysts believe net private capital flows to developing countries will grow more than 50 percent this year to \$ 722 billion, still far below their peak.

It's widely acknowledged that unchecked capital inflows play a role in the forming of asset bubbles, the reversal of which has resulted in volatility and collapse of markets, both local and global.

Foreign players' trading activities still represent the lion's share of total market volume . These inflows also help support foreign exchange demand. Offshore investors hold more than 20 percent of outstanding domestic government debt and 40 percent of local bourse capitalization. BI and the government have done a good job in maintaining the current environment that is conducive to investment, as measured by positive economic indicators. However, cautions have to be taken to keep the ball rolling. On the monetary front, BI's dovish stance — possibly keeping the BI Rate intact at a record-low 6.5% throughout the year — may lead to inflation pressures.

Signs of recovery, such as rising commodities prices, strong domestic growth and the pending electricity hike will all feed inflation. To stave off pressures, Citibank Indonesia believes the central bank should hike its benchmark rate by the end of the year, taking into account both domestic and global factors.

Any reactive hikes are likely to cause disruptive bond re-positioning, especially among offshore investors, who tend to play on the long end of the curve. On the exchange front, BI needs to continue to accumulate foreign reserves, preferably through stable sources such as loans, foreign direct investment and current account surplus. Current reserve levels are still vulnerable to ward off huge outflows in case of a market reversal.

Over last twelve months, we have seen offshore holdings of local bonds and SBI soar 115 percent, while foreign equity holdings have risen to \$1.76 billion. The nation's foreign reserve coverage ratio, or reserve over short-term debt, is still quite low compared to emerging market peers such as Brazil, Thailand, Malaysia and the Philippines.

Bank Indonesia needs enough ammunition to convince investors of its capacity to withstand risk-related sell-offs and to weather rupiah volatility. Likewise, the availability of standby facilities, such as IMF flexible credit lines, provide additional comfort.

On the fiscal side, government efforts to reform policy have won praise from various quarters. One reform of high importance is in energy subsidies. The government needs to continue its fuel and electricity subsidy reforms despite short-term pain, politically and economically. To minimize the impact, a better targeted subsidy scheme should be implemented proactively rather than reactively.

Subsidy reforms should bring long-term benefits to the economy, sparing the state budget from the global oil price movements and enabling the government to allocate funding to more productive areas such as infrastructure and education.

Finally, given the inherent nature of the “risk on-risk off” of financial markets flow, it’s important to have liquid and resilient markets to minimize the impact of outflows. This involves measures that increase trading liquidity and the availability of hedging instruments. Various steps that have been taken by regulators, such as reinvigorating the bonds repo market, re-profiling of SBI maturity, active debt management by the Finance Ministry through buy backs and debt-swaps, and the availability of hedging instruments, are moves in the right direction. Lots of homework still must be done as the current trading volume for equities, currency and bonds are still far below 2007 peaks.

The key to capitalizing on foreign inflows is managing it rather than limiting it, especially for Indonesia’s case where reliance on overseas funds remains strong.

Through sound and prudent monetary and fiscal policies, coupled with a resilient and liquid financial market, Indonesia should be able to take advantage of the capital inflows .

- **Thermal power production cost to go up marginally**

The move to regulate and index the prices of coal by the Indonesian government is likely to marginally push up the cost of generation of thermal power in the State.

According to Karnataka Power Corporation Ltd. Managing Director S.M. Jaamdar, the increase in the cost of imported coal may be felt in about three months. “The KPCL is allowed to directly pass on any increase in generation cost, owing to the increase in coal costs, to the Escoms who buy power from it,” he said. However, the impact of increase in coal costs would be negligible as the KPCL imports only 10 lakh tonnes of coal from Indonesia out of its total coal consumption of 80 lakh tonnes a year.

Power experts maintain that power consumers may be safe for the time being as the Escoms cannot directly pass on to them any increase in cost without taking permission from the Karnataka Electricity Regulatory Commission.

Old for new?

Mr. Jaamdar told presspersons that the KPCL is considering a proposal for replacing the over-aged Unit I & II of the Raichur Thermal Power Station with a super critical thermal generating unit with a capacity of 660 or 800 MW. A decision on whether to renovate

and modernise these two units or replace them with a new unit will be taken soon. Referring to the frequent technical snags suffered by Unit I & II of the RTPS, he said such snags are bound to surface as the units had already completed their life span of 25 years. They were generating only about 150 MW of power against their total potential of 210 MW each. The renovation and modernisation of these units would cost around Rs. 200 crore each, and the units would have to stop generation for about two years. But the KPCL had put off any decision in this regard as the State would lose about 7.5 million units of energy a year if the generation by these two units was stopped.

#### Cutting losses

Mr. Jaamdar alleged that the coal wash contract awarded by the KPCL for six years from 2001 to three private firms from north India had caused a loss of Rs. 3,000 crore to the corporation. After stopping the coal-wash, the thermal power generation cost had reduced by 14 paise a unit, he said.

<http://sphauth.asiaone.com/amserver/cdcservlet?goto=http%3A%2F%2Fwww.businessimes.com.sg%3A80%2Fsub%2Fnews%2Fstory%2F0%2C4574%2C382510%2C00.html%3FsunwMethod%3DPOST&RequestID=29236&MajorVersion=1&MinorVersion=0&ProviderID=http%3A%2F%2Fwww.businessimes.com.sg%3A80%2Famagent&IssueInstant=2010-04-25T04%3A29%3A48Z>

- **Social front**
- **Police arrest 10 illegal Afghan immigrants**

Makassar police have arrested 10 more immigrants from Afghanistan, who arrived in the South Sulawesi capital at night on Friday to avoid security check.

The police have now arrested 16 illegal immigrants, mostly from Afghanistan, over the last three days. Makassar police's intelligence chief Comr. Karim Samandi said on Saturday the 10 Afghan nationals landed in Hasanuddin Airport after a flight from Jakarta on their way to Australia. He added that three of the immigrants had escaped from the immigration detention center in Gowa, near Makassar.

"Our field officers were standing on guard at the airport when the immigrants arrived. We followed them and arrested them as soon as they reached their hotel," Karim said.

During questioning the police found the immigrants did not possess the necessary immigration documents including passports and visas. "They said they preferred traveling to Australia via Makassar, which they said was easy. We suspect they are assisted by their agent here," Karim said. Karim added the Afghans had been sent to immigration detention center in Gowa.

Makassar immigration office head Triono said the immigrants were working with the International Organization for Migration and the UN High Commissioner for Refugees to

see whether they were refugees or asylum seekers.

<http://www.newsnow.co.uk/h/World+News/Asia/Indonesia?JavaScript=1&searchheadlines=&search=&Period=1&Page=1>

- **Indonesia Must Keep Up Pressure On Rebels**

A security think tank warned Indonesia to remain vigilant against extreme militants after what it calls "a major mutation" among known jihadi groups.

The report "Indonesia: Jihadi Surprise in Aceh," from Brussels' International Crisis Group, said that extremists remain at large in the Indonesian archipelago of Aceh.

One of the key reasons they are able to operate is because of corruption, the report claimed. This has led to a jihadi coalition calling itself "al-Qaida Indonesia in Aceh," the 31-page report says. "This group defined itself in opposition to the other two main streams of Indonesian jihadism," said Sidney Jones, ICG Asia program senior adviser. "It was angry with Jemaah Islamiyah for abandoning jihad and critical of the late Noordin Top for having no long-term strategy."

The Indonesian government should tighten control over prisons, increase training for police in confronting armed suspects and consider banning paramilitary training by non-state actors.

About 50 men have been arrested since February and eight have been killed in police raids while more than a dozen more suspects have been identified and are being sought by police. The report praised the efforts of the military and police for their efforts at the beginning of the year, especially for tracking down and eventually killing Jemaah Islamiyah leader Dulmatin, believed to have been behind the deadly Bali bombings, in March.

Dulmatin was an Indonesian militant wanted around the world and had a \$10 million bounty on his head. Law enforcement officials from Jakarta to Washington thought he was in Mindanao in the southern Philippines before news broke that he was holed up in Indonesia.

However, there remains a corruption element within the anti-terror police units that holds back its good efforts, the report said. "No matter how effective the Detachment 88 is, the police as a whole will make little headway in convincing members of the public to report suspicious behavior unless the institution makes a better effort than it has thus far to clean up its ranks and hold its members accountable for wrongdoing." More work needs to be done, said Jim Della-Giacoma, ICG's Southeast Asia project director. "Rolling up this network is no mean feat and the Indonesian police, at both local and national levels, deserve credit for their fast work. But no one should be complacent that the job is over."

In the government's favor has been the "colossal blunder" by the group in choosing Aceh

as its so called secure base where it has received little support and less sympathy from the mainly liberal Muslim communities.

The report said that many of the dead and jailed members have been found with forged documents, suggesting that they had help from government officials at some time. Many of them are also former prisoners meaning they might have been recruited in prison by rebel members already there.

The ICG wants to see Indonesia strictly enforce tax laws and regulations with respect to publishers of jihadi material.

The government also should appoint a special task force within the police to apprehend and prosecute document forgers, especially of passports and Indonesian identity cards. The report said that "Dulmatin had no difficulty getting a fake local identification card and passport."

Also, Sofyan Tsauri, another leader of the al-Qaida Aceh group and now in police custody, "used corrupt police contacts to buy supposedly destroyed weapons." A new anti-terror body should be set up and led by a civilian, the report said, adding that the person should commission and use academic studies and surveys on extremist movements, including local case studies, so that policy is based on hard data rather than assumptions such as that poverty breeds radicalism.

[http://www.officialwire.com/main.php?action=posted\\_news&rid=134677](http://www.officialwire.com/main.php?action=posted_news&rid=134677)

- **Strong earthquake rattles eastern Indonesia island**

An earthquake with a preliminary magnitude of 6.1 has struck Indonesia's North Maluku province. There have been no immediate reports of damage and no tsunami warning has been issued.

The US Geological Survey says Saturday's quake was centered near Obi island at a depth of about 53 kilometres. The area is some 1,500 miles (2,400 kilometers) east of Jakarta.

Indonesia's Meteorology, Geophysics and Climate Agency measured the quake at 6.4 magnitude. Indonesia rests on a series of fault lines that make the archipelago nation one of the most earthquake-prone. A quake last year killed more than 1,000 people on Sumatra. Another off Indonesia's coast caused the 2004 Indian Ocean tsunami that killed 230,000.

<http://gulfnnews.com/news/world/other-world/strong-earthquake-rattles-eastern-indonesia-island-1.617093>

- **Indonesia wants regional people-smuggling talks**

Indonesia and Australia are planning a new meeting of Asian nations to toughen action against people smuggling. Indonesia's Foreign Minister, Marty Natalegawa, says he's been speaking with his Australian counterpart, Stephen Smith, about ways to sharpen the

concern other nations have about the issue.

Mr Natalegawa says Australia and Indonesia are the most vocal about people smuggling. But he says other Asian nations used by asylum seekers in transit to Australia, need to be brought on board.

"In the recent past these issues have been dealt with in a more technical, case by case approach but we need to say 'look, we have had an approach that we have been trying to promote - where are we now?' like a score card," he said.

"How are we doing in terms of dealing with this issue from the root cause? But there are other transit countries before they end up in Indonesia, let's get them on the same page."

<http://co124w.col124.mail.live.com/default.aspx?n=1310329858>

- **At Environmental Front**

#### **Malaysia**

- **Political Front**

- **Malaysian Government Predicts Big By - Election Win**

Malaysia's government predicted it would score a big win in a tense by-election on Sunday during which 10 people were arrested in scuffles between rival groups.

The vote in a marginal opposition-held seat is seen as a referendum on Prime Minister Najib Razak's economic reforms and one which the government that has ruled this Southeast Asian country for 52 years must win after a string of electoral losses. Vehicles crawled along roads to the rural enclave of Hulu Selangor in opposition-controlled Selangor state in central Malaysia as the government bussed in flag-waving supporters. By 8 p.m. British time, turnout was 63.74 percent.

"The National Front (government's) key performance indicator for this seat is (a majority of) 6,000," Deputy Prime Minister Muhyiddin Yassin told a press conference.

Watched by about 1,000 police, a pro-government crowd faced off against supporters of Anwar Ibrahim's opposition alliance at polling stations in the marginal parliamentary constituency that fell vacant after an opposition lawmaker died.

Analysts said anything less than a substantial majority may raise questions about Najib's leadership. State police chief Khalid Abu Bakar told Reuters 10 people had been arrested after minor scuffles. For Anwar, who is on trial for sodomy, a defeat would add to a string of setbacks that have seen a series of party defections.

#### **FAMILY DIVIDED**

"My family is divided over the elections," said Yusoff Hashim, a 33-year-old graphic designer, after he voted. "My father says we have to be loyal to the government because they helped us. I don't think it's true."

Some voters also said they were unhappy with politicians' failure to address their biggest

worries -- taxes and incomes -- in a campaign that mostly focussed on opposition candidate and former law minister Zaid Ibrahim's alcohol drinking.

Alcohol is forbidden for Malays, who are Muslims and make up half of the 28 million people. Although the election will not affect that balance of power, the government is keen to retake the seat in Selangor state that abuts the capital Kuala Lumpur and is Malaysia's richest.

Najib has hit the campaign trail and handed out cash to Malay estate settlers, with promises of more to come, in an election that he dubbed a referendum on his first year in office as well as his New Economic Model that involves rolling back race-based affirmative action policies favouring Malays. "Najib needs to win very big so that he builds up the momentum to take back the Selangor state from the opposition, if and when there is a general election," said Bridget Welsh, a Malaysia expert with Singapore Management University. She said Najib needed a majority of 3,000 for a convincing win. The premier's first year in office has been marked by strained public finances and delays in fuel subsidy reforms and a goods and services tax due to fears of a voter backlash.

The National Front has lost seven out of nine by-elections after its worst performance in national polls in 2008. Mounting political tensions have dented investment. Outflows hit \$61 billion (39.7 billion pounds) in 2008 and 2009, official data showed.

Winning the Hulu Selangor parliamentary seat is crucial for the opposition, which needs to show it remains a serious contender to wrest power in the next elections. Anwar needs to boost his standing after the recent defections of four MPs.

[http://www.nytimes.com/reuters/2010/04/25/world/international-uk-malaysia-politics.html?\\_r=1&ref=global-home](http://www.nytimes.com/reuters/2010/04/25/world/international-uk-malaysia-politics.html?_r=1&ref=global-home).

- **Economic Front**
- **Malaysia-Thai trade ties still strong**

Malaysia's economic relationship with Thailand has not been affected by the current political turmoil there. Business and trade activities between both countries are going on as usual. Deputy Finance Minister Datuk Chor Chee Heung said Thailand's container trucks still entered the country to export goods via Port Klang and Johor.

"Malaysia is not worried by the turn of events there and we are not losing any sleep (over it) either," he told reporters at the opening of Bangkok Bank Bhd's Taman Molek branch near here, which was also attended by Thai Finance Minister Korn Chatikavanij. Chor said Malaysia and Thailand had had a strong economic relationship over the past 20 years and it was unlikely that the current political turmoil would make a dent.

He said Malaysia was Thailand's second largest trading partner among the 10 Asean member countries last year while Thailand was Malaysia's fourth largest trading partner

in Asean. The trade volume between the two countries stood at US\$15.9bil (RM50.8bil) as of last year with a balance of payment of RM1bil on the Malaysian side, he said.

Chor added that Thai investments to Malaysia increased from US\$40.02mil (RM128mil) in 2007 to US\$43.43mil (RM138.9mil) in 2008. Malaysian investments to Thailand were US\$121.8mil (RM389.6mil) in 2006 and US\$46.5mil (RM148.7mil) in 2008.

On whether Malaysia would receive more foreign tourists following Thailand's political turmoil, Chor said there could be an increase but Malaysia did not want to take advantage of the situation. Korn asked foreign investors including Malaysian companies not to be worried and assured them that their investments would be protected.

Stating that the turmoil would be resolved soon, he added that there had not been a massive exodus by investors.

<http://thestar.com.my/news/story.asp?file=/2010/4/23/nation/6113621&sec=nation>

- **Malaysia's Economy May Expand 5.2% This Year, Institute Says**

Malaysia's economy may grow more than previously forecast this year amid a global rebound and higher commodity prices, the Malaysian Institute of Economic Research said today.

Southeast Asia's third-largest economy may expand 5.2 percent in 2010, the institute said in a report today, raising its estimate from 3.7 percent. That's within the central bank's forecast of 4.5 percent to 5.5 percent. Exports may jump 8.2 percent and imports by 8.8 percent, the think-tank said.

Malaysia emerged from its first recession in a decade in the final quarter of 2009 as exports of goods such as Sime Darby Bhd.'s palm oil and Unisem (M) Bhd.'s semiconductors recovered. The rebound led the central bank to raise interest rates for the first time in almost four years on March 4, beating most of its regional counterparts in increasing borrowing costs to help avert any potential asset bubble.

Malaysia's overnight policy rate may reach 2.75 percent by year-end from 2.25 percent currently, rising to 3.25 percent next year with "firmer" economic expansion, the institute said.

<http://www.businessweek.com/news/2010-04-14/malaysia-s-economy-may-expand-5-2-this-year-institute-says.html>

- **Editorial: Malaysia pact boosts Asean trade strategy**

And then there were seven. New Zealand's latest free-trade agreement, with Malaysia, was accompanied by the customary enthusiasm from politicians and business representatives. There was much talk of a gateway into Asia, and the Prime Minister described it as "a significant step forward in relations with Malaysia and further evidence of our economic integration with Asia". Michael Barnett, of the Auckland Chamber of

Commerce, said it was a great opportunity for businesses if they chose to take it. Clearly, this is a welcome development, but its importance lies as much in its actual signing as in the likelihood of any dramatic change in trade between New Zealand and Malaysia.

Malaysia is our eighth-largest market, accounting for almost \$1 billion of exports last year. Trade has been growing rapidly, and the kiwifruit trade, liquid-milk exports and education providers are expected to be particular winners from the pact, which phases out almost all tariffs between the two countries from next year. Effectively, the agreement accelerates the benefits of a deal that New Zealand signed this year with the 10 members of the Association of South-east Asians Nations (Asean), of which Malaysia is a part. In reality, it will not create huge waves, or lead to a sea change in our trading landscape. But it is significant in terms of what Trade Minister Tim Groser said was "New Zealand's commitment to being 'open for business' and to a liberal global trading regime".

Equally, it underlined the growth in Asia of a similar sentiment. Formulating an agreement with Malaysia was, obviously, always going to be far simpler than the ground-breaking deal struck with China last year. But that does not mean there were no complications. For the first time, Malaysia has, at New Zealand's insistence, agreed to include environmental and labour-law co-operation clauses in such a pact. New Zealand, for its part, had to bow to Muslim Malaysia's demand that alcohol-related products, notably wine, be excluded.

The signing of the agreement has not been the only high note on John Key's trip. The new Indian Prime Minister, Manmohan Singh, told him that his country was willing to seriously consider a trade deal. This is significant because India has previously put the protection of its farming sector first and foremost. The East Asia Summit in Thailand, which Mr Key attended before going to Kuala Lumpur, also agreed to look at the idea of a pan-Asia free-trade zone stretching from New Zealand to India. Before the meeting, there was no guarantee that New Zealand, Australia and India would be included in a proposed pact encompassing the 10 Asean nations, plus China, Korea and Japan.

Such an agreement is, clearly, many years away. It also remains to be seen how it would fit into a framework that includes Apec and Australia's proposed Asia-Pacific Community. Some rationalisation of aims and ambitions seems inevitable. But even the planning for an East Asia agreement, which would include more than half the world's population, confirms the keenness for free trade in that part of the world.

This contrasts with the moves towards protectionism in the United States and Europe virtually as soon as the recession started to bite. Hopefully, that will have no serious long-term ramifications for progress in World Trade Organisation negotiations, which must remain New Zealand's major interest. But the developments in Asia confirm the

different instincts at work. That, coupled with the strong rate of growth of Asian economies, offers exporters a telling commentary on where their best prospects may lie.

And therein lies the significance of New Zealand's latest free-trade agreement.

[http://www.nzherald.co.nz/trade/news/article.cfm?c\\_id=96&objectid=10605968](http://www.nzherald.co.nz/trade/news/article.cfm?c_id=96&objectid=10605968)

- **Social Front**
- **Anwar to face rights panel**

OPPOSITION Leader Datuk Seri Anwar Ibrahim will have to face the Committee of Rights and Privileges over his 1Malaysia-One Israel accusation, but not before MPs, especially from the Opposition bloc, shouted their objections over the “flawed motion” at every opportune moment in the three-hour debate.

Things got so noisy that Minister in the Prime Minister’s Department Datuk Seri Nazri Abd Aziz ended his reply to points raised during the debate of the motion to refer Anwar to the all-powerful committee. At one point, Nazri even told the Opposition: “If you want to find a reason to walk out, find something else (as the reason to do so).”

Anwar’s supporters kept shouting and interrupting Nazri, saying that the motion was defective and this went on for 30 minutes after lunch. The House had been debating the motion since 10am. A flustered Deputy Speaker Datuk Ronald Kiandee said since no one wanted to listen to Nazri, they might as well get on with the voting on the motion. The motion was approved after a loud “Setuju!” from backbenchers.

Many from the Opposition bloc left the Dewan right after that, saying they would not support a “flawed motion”.

Outside the Dewan, Nazri said the motion against Anwar was like a charge in court. “This is the allegation from the Government and Anwar will have to defend himself before the committee. The committee will hear him out before deciding whether there will be a punishment to be meted out,” he told reporters.

Earlier, when Nazri tabled the motion, several Opposition MPs including Gobind Singh Deo (DAP–Puchong), R. Sivarasa (PKR–Subang) and N. Gobalakrishnan (PKR–Padang Serai) stood to object. At the lobby after the walkout, Anwar, the Permatang Pauh MP, pointed out that the wording in the motion seemed to insist that the committee had to recommend to the House the punishment he had to face, instead of first ascertaining if he was right or wrong in making the allegations.

The motion reads: “On March 17, while debating the Royal Address, Permatang Pauh had said 1999 One Israel. 2009 Apco advise Prime Minister Datuk Seri Najib 1Malaysia. The statement has misled the House with serious allegations abusing the rights and privileges as an MP which is also in contempt of the House. For that, Permatang Pauh should be referred to the Committee of Rights and Privileges and the committee to mete

out appropriate punishment on him.”

<http://thestar.com.my/news/story.asp?file=/2010/4/23/parliament/6114315&sec=parliament>

- **Government Approves RM4 Mln Allocation For Sikh Community**

Prime Minister Datuk Seri Najib Tun Razak announced a RM4 million allocation for the Sikh community in Malaysia.

The announcement was made in conjunction with the 1Malaysia Vaisakhi celebration open house at the grounds of the Indera Mulia Stadium, here, Friday night. The prime minister said RM2 million was for upgrading and maintaining the Sikh community's 118 houses of worship or Gurdwara, RM1 million for teaching of the Sikh language to the young and RM1 million for Sikh cultural programmes.

"In 2008, (then Prime Minister) Tun Abdullah (Ahmad Badawi) approved a RM2 million allocation for Sikh non-governmental organisations to hold Sikh language classes...tonight I continue the agenda," he said to a multiracial crowd of over 30,000 at the celebration. He said the Sikh community's contribution to the nation since before Independence was big although it was a small minority group.

"The sacrifices of Sikh soldiers during World War II and then in fighting communist insurgency in the country will always be etched in gold in the nation's history," he said.

The prime minister also described the holding of the Vaisakhi open house under the 1Malaysia concept for the first time as very successful because over 30,000 people attended the celebration, more than the 20,000 expected by the organisers. He congratulated the Perak government and the Association of Sikh Organisations in Perak as the organisers of the event.

The Sikh community celebrated Vaisakhi on April 13 to commemorate the birth of the Khalsa and it is the most important day for the community. Also present at the Vaisakhi open house were the prime minister's wife Datin Seri Rosmah Mansor and Perak Menteri Besar Datuk Seri Dr Zambry Abdul Kadir.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=493092>

- **Muhyiddin: "I Am No Racist"**

Deputy Prime Minister Tan Sri Muhyiddin Yassin lashed out at the opposition tonight for accusing him of being a racist.

Speaking at a dinner at SRJK (C) Khing Ming in Kuala Kubu Bharu, Muhyiddin said he was a Malaysian at heart and that the opposition had once again twisted facts and was going around telling the Chinese and Indian communities that he was a racist. "Everybody has their roots, and I am Malay. But in my heart, I am Malaysian. I have been a menteri besar and a minister in various ministries, and during all that time nobody had accused

me of being a racist.

"But now, suddenly, I have become a racist. I am truly Malaysian at heart. Please do not twist facts. (DAP leader Lim) Kit Siang has accused me of being a racist. I have been in the government for so long, holding many positions, but I was never called a racist then," he said. Last month, Muhyiddin said he considered himself a "Malay first" and then only a Malaysian, in response to a challenge issued by Lim, the DAP advisor.

He had said this in response to Lim's challenge for him to state that he was Malaysian first and Malay second to prove that he did indeed believe in the 1Malaysia concept initiated by Prime Minister Datuk Seri Najib Tun Razak.

"I am Malay first! But being Malay does not mean you are not Malaysian. It is not a race issue. It's an understanding of the term gagasan (concept). I don't think Kit Siang understands what the word gagasan means," the deputy prime minister was quoted as saying then.

Muhyiddin said tonight that the opposition was harping on the issue to pit him against Najib and cause a rift in relations between the nation's top two leaders.

He is on the campaign trail in the Hulu Selangor parliamentary by-election, polling for which is on Sunday and will see a straight fight between P. Kamalanathan of the Barisan Nasional (BN) and Datuk Zaid Ibrahim of Parti Keadilan Rakyat (PKR). On another matter, Muhyiddin said nobody could deny that Malaysia's development was due to the hard work of all the races in the country, including the Chinese community.

"Nobody can deny that the Chinese have contributed to the development of this country, especially in terms of the economy. They work hard and enjoy the returns of their hard work." "This government is not a Robin Hood government to steal from the rich and give to the poor. If you work hard, you are entitled to become rich. Nobody, not even the government, can stop that," he added.

He said one of the reasons Malaysia attained such a high stature in the international arena was because the government gave fair opportunities to all races in the country to succeed and become wealthy.

"We in the Barisan Nasional don't bluff. If (it is the) opposition, yes they lie. I can't bluff because there is evidence of what I am talking about. This has been the government's policy, which is to allow all races to prosper," he said. He said the hard work of the Chinese community, especially in business, should be emulated by all the other races in the country.

"We do not steal from the Chinese and give to the others. Under the BN government, we give equal opportunity to all. But to achieve developed nation status by 2020, we need all the other communities to be on par in terms of wealth distribution.

"This is a fact. We cannot be a developed country if only one race is successful while the other races are lagging behind. The government has got clear plans on how we will achieve this, which can be examined." "We are not like the opposition who talk something and do something else. We know the people want change and this is what the BN government is offering them," he said.

<http://www.bernama.com/bernama/v5/newspolitic.php?id=493072>

- **Malay Muslims upset over Anwar's 'One Israel' comment**

Malaysian lawmakers moved towards censuring opposition leader Anwar Ibrahim on Thursday, paving the way for his suspension from parliament and raising tensions ahead of a key weekend by-election. The House of Representatives passed a motion to refer Anwar to the Rights and Privileges Committee over his allegations that the government's "1Malaysia" racial unity slogan was copied from "One Israel", the tagline of a 1999 Israeli political alliance.

The issue has stirred passions in Malaysia, a mainly Muslim country that does not recognise Israel diplomatically.

The privileges committee, which will meet in the next session of parliament scheduled in June, would in turn recommend a penalty for Anwar. That could include a ban from parliament. The move towards a censure further raises tensions as the government of Prime Minister Najib Razak contests Sunday's by-election, seen as an early verdict of his economic reform pledges after a year in office.

The seat was won by a narrow margin by the opposition when last contested in 2008 and the race is considered too close to call.

"This is a very unhealthy trend, very undemocratic and regressive in nature, it is a complete disregard for the rule of law and runs contrary to democratic principles," Anwar told reporters in parliament's lobby after the vote.

Anwar's allegation, which the government and its advisers have denied, led to a rowdy debate in parliament before the opposition staged a walkout.

"He misled the House because '1Malaysia' is not from 'One Israel'. He knows Muslim Malays are sensitive on Israel so that's why he chose it," said Nazri Aziz, Minister in the Prime Minister's Department. Anwar is on trial on what he insists is a trumped-up charge of sodomy, a repeat of similar charges made in 1998 when he was dismissed as deputy prime minister. He was initially convicted in that trial but the verdict was overturned.

Political tensions in Malaysia have been high since the 2008 general elections in which the ruling National Front alliance suffered record defeats, losing five of Malaysia's 13 states and its once iron-clad two-thirds control in parliament.

<http://gulfnews.com/news/world/other-world/malay-muslims-upset-over-anwar-s-one->

israel-comment-1.616187?

## **Philippine**

- **Political Front**
- **MILF agrees to help prevent poll violence**

The Philippines' largest Muslim rebel group has agreed to help avoid violence on a troubled southern island during voting in next month's national and local elections, officials said on Saturday.

Major-General Anthony Alcantara, army commander on southern Mindanao island, said an agreement had been reached with the Moro Islamic Liberation Front (MILF) that would help voting succeed. "We have secured a commitment from the rebels not to disrupt the elections on May 10," Alcantara told Reuters.

Alcantara said the rebels had agreed to keep away from polling areas and not to mass their forces between May 3-13. "We're not allowing anybody with guns in polling areas except soldiers and police officers," he said. Ceasefire "panels" from both sides signed an agreement on Friday.

Toks Ebrahim, head of the MILF's ceasefire negotiators, said they would tell field units to avoid violence that could disrupt both the elections and other peace talks.

"We'll restrain our forces to avoid violence during the elections," he said. About 50 million Filipinos will choose a president, vice president, nearly 300 lawmakers in the two-chamber Congress and more than 17,600 local government officials in the polls.

<http://www.abs-cbnnews.com/nation/regions/04/24/10/milf-agrees-help-prevent-poll-violence?>

- **Filipino expatriates urged to vote early Lily B. Libo-on**

Filipino expatriates are urged to cast their votes for the country's presidential election in the Philippine Consulate General and not to wait until the last day on May 10 in order to avoid the rush at the last hour.

Consul General Benito B. Valeriano told Khaleej Times that Filipino voters may go to the Philippine Consulate on their off days on Fridays and Saturdays because it is open every day to accommodate them until May 10.

"Registered voters can cast their votes from 8:30am to 4:30pm daily at the six polling places every day except on May 10, the national election day in the Philippines, on which day the polling places will close at 2pm, the time the Commission on Elections closes in Manila," he said.

He reiterated his earlier advice to voters to bring with them valid identification cards and documents such as passport and labour card or seaman's book for the seafarers showing their signature and picture. The consul general said that those whose names are missing in

the Certified List of Absentee Voters should report to the Philippine Embassy in Abu Dhabi where they registered in 2003 for the 2004 and 2007 elections.

In all, 47,665 Filipino voters had earlier registered in 2003 and in 2009 in the Philippine diplomatic missions in UAE, 17,041 of which were registered with the Philippine Embassy in Abu Dhabi and the remaining 30,624 with the Consulate in Dubai, he said.

The ongoing one month Overseas Absentee Voting, which started April 10, in the Philippine Embassy in Abu Dhabi and in the Philippine Consulate General in Dubai, will enable registered Filipino voters in UAE to elect the next Philippine president, senators, congressmen and mayors till councilors.

The elected president will become the 15th president of the Republic of the Philippines to be elected from the six presidential aspirants. They are Noynoy Aquino, son of the late ex President Cory Aquino and running mate Senator Mar Roxas, Liberal Party; former President Joseph Estrada and running mate Makati Mayor Jejomar Binay, PMP; Senator Richard Gordon with running mate Bayani Fernando, Bagumbayan-Volunteers for New Philippines; Administration candidate, Gilberto Teodoro with running mate Actor Edu Manzano, Lakas Kampi CMD; Born-again Pastor Eddie Villanueva with running mate Perfecto Yusay, Jr, Bangon Pilipinas; and Senator Manny Villar with running mate Senator and former journalist Loren Legarda, Nacionalista Party.

The incumbent President Gloria Macapagal-Arroyo is barred from seeking re-election pursuant to the Constitution of the Philippines.

[http://www.khaleejtimes.com/displayarticle.asp?xfile=data/theuae/2010/April/theuae\\_April512.xml&section=theuae&col=](http://www.khaleejtimes.com/displayarticle.asp?xfile=data/theuae/2010/April/theuae_April512.xml&section=theuae&col=)

- **Aquino, Roxas still top picks in MBC survey**

Senators Benigno Aquino III and Manuel Roxas II are still the top picks of many Makati Business Club (MBC) members for the nation's top two posts.

This was the finding of the MBC's recent follow-up survey to the MBC Presidential/Vice Presidential Preference Survey, which was first conducted last December.

Around 15% of MBC's total membership participated in the follow-up survey, which was conducted from April 5 to 21, 2010.

Between the first and second surveys, the MBC invited the candidates running for president to speak before its members in the MBC's Presidential Candidates Series.

The latest results showed that 65% of MBC members who answered the survey continue to prefer Aquino as the country's next president, a jump of 4 percentage points from last December. Coming in second was former Defense Secretary Gilberto Teodoro, who remained static at 14%. Third was Senator Manuel Villar with 9%, an increase of two percentage points from the December results. Senator Richard Gordon ranked fourth in

the MBC survey with 6%

The other candidates for president, namely former President Joseph Estrada, Nicanor Perlas III and pastor Eduardo Villanueva, were in the tail end of the survey. All three had 1% each. Senator Maria Ana Consuelo Madrigal was not included in the first and second MBC surveys. In the vice presidential race, Roxas retained his commanding lead among MBC members with 78% despite a decrease of 1 percentage point.

Next was Bayani Fernando who came in with 10%, down from his December result of 12%. Third was Senator Loren Legarda, who remained static at 3%.

Mayor Jejomar Binay and actor Edu Manzano had 1% each. The other candidates for vice president, namely Dominador Chipeco, Perfecto Yasay and Jose Sonza, registered zero in the follow-up survey.

Only 3% of MBC members who answered the MBC poll remain undecided, a large decrease from December's 14%. The follow-up survey has a margin of error of plus/minus 4%.

- **Economic Front**
- **Social Front**
- **Unpunished murders of journalists cited in 12 nations**

Iraq continues to top the list of countries where murders of journalists go unpunished, while such attacks have soared in Somalia and the Philippines, a media group said Tuesday.

Cases of deadly violence against journalists remaining unsolved also rose in Russia and Mexico, the New York-based Committee to Protect Journalists announced.

"We've had repeated pledges from governments that the killers of journalists will face justice," Joel Simon, CPJ's executive director said in a statement. "But until these promises are fulfilled, media will continue to be targeted by those who believe they are above the law and immune from consequences."

The report did include some good news: Two countries that are generally among the world's deadliest for journalists —Brazil and Colombia— improved by bringing killers to justice. The media group prepared its annual "Getting Away With Murder" report by ranking nations based on the number of unsolved journalist murders as a percentage of a country's population. CPJ looked at murders of journalists between 2000 and 2009 in all countries.

Only countries with at least five unsolved cases make the "impunity index" list.

This year, 12 countries made the media group's list, ranked in descending order by the number of unsolved journalist murders per 1 million inhabitants:

- Iraq. Since the U.S. invasion in 2003, at least 88 journalists have been murdered, with no

convictions.

- Somalia. Nine killings are unsolved, including those of two of Radio Shabelle's directors in 2009.
- Philippines. The November massacre of 30 journalists and two media support workers in Maguindanao province more than doubled the country's impunity rating to 55.
- Sri Lanka. Ten journalists have been murdered for their coverage of civil war, human rights, politics, military affairs and corruption, without a single conviction.
- Colombia. The killings of 13 journalists remain unsolved. However, prosecutors last year won convictions against three public officials charged with plotting the 2003 murder of a radio commentator.
- Afghanistan. The seven killings include four international journalists and three Afghans.
- Nepal. Six killings are unsolved, including those of two journalists believed to have been killed by Maoists rebels.
- Russia. Eighteen unsolved killings include three murders committed in 2009.
- Mexico. Organized crime is largely blamed for nine journalists' murders.
- Pakistan. There are 12 unsolved murders of journalists.
- Bangladesh. There have been no new murders since 2005, although seven remain unsolved.
- India. Seven journalists have been murdered, and their killings not been solved, in the past decade.

[http://www.usatoday.com/news/world/2010-04-20-journalists-killed\\_N.htm?](http://www.usatoday.com/news/world/2010-04-20-journalists-killed_N.htm?)

- **Human rights watch slams Philippines private armies**

5 hours 29 minutes ago An American human rights group has criticised candidates in next month's Philippines presidential elections, claiming they lack policies on how to deal with private armies.

Human Rights Watch says it wants to see a clear commitment to move away from what it calls "unaccountable armed forces".

The group says it supports a more professional system to oversee Filipino security. Last November, 57 people were killed in what is said to have been a politically motivated attack. Violence has often accompanied balloting in the Philippines, where some powerful people are accused of maintaining private armies.

<http://www.radioaustralianews.net.au/stories/201004/2882202.htm?>

- **Families to appeal dropped charges in Philippine massacre probe**

Families of those killed in the Philippines' worst political massacre vowed yesterday to appeal a government decision to drop charges against two members of a Muslim clan blamed for the murders. "We are going to oppose this order in court. We will file an

appeal,” Harry Roque, a private prosecutor representing some of the families said. “They are angry, feel they were absolutely betrayed by the government, and believe there is a political compromise,” he charged. Justice Secretary Alberto Agra on Saturday ordered murder charges be dropped against cousins Zaldy and Akmad Ampatuan for the November massacre in strife-torn Maguindanao province.

He said both men presented alibis that showed they were not present at the time of the massacre in which 57 people, including many journalists, were executed at close range by gunmen loyal to the Ampatuans. Government prosecutors had initially charged that both men and other members of the Ampatuan clan conspired to carry out the murders.

The murders were allegedly intended to prevent a rival from running against clan member Andal Ampatuan Jnr for the post of provincial governor in the May 10 national elections.

“The decision dropping murder charges against them was so sly and done on a weekend when no one was looking,” Roque said. “It is so brazen, and shows that justice will not be reached in this administration.”

Roque said his clients would also ask the court handling the case to disqualify the present panel of state prosecutors and appoint new ones. The move also drew condemnation from US-based Human Rights Watch, which questioned the commitment of President Gloria Arroyo to see justice done in the case. “President Arroyo’s promise of justice for the killings is rendered mere lip service,” said Elaine Pearson, the watchdog’s deputy Asia director.

The Ampatuan clan had enjoyed close political ties with Arroyo until she was forced to disown them amid international outrage in the aftermath of the massacre. Arroyo’s government had in the past used the clan’s huge private army to help the government in its anti-insurgency drive, and to ensure that her candidates won in the south during elections, security analysts said.

In exchange, the government allegedly turned a blind eye to corruption and abuses in the local government, while the clan was building up its vast wealth. Arroyo’s spokesman, Gary Olivar, on Sunday sought to shield the president from the decision, amid accusations by critics she may have intervened.

[http://www.thepeninsulaqatar.com/Display\\_news.asp?section=World\\_News&subsection=Philippines+%26+South+Asia&month=April2010&file=World\\_News2010041912911.xml](http://www.thepeninsulaqatar.com/Display_news.asp?section=World_News&subsection=Philippines+%26+South+Asia&month=April2010&file=World_News2010041912911.xml)

- **Moro rebels to remove landmines in south**

The Philippines’ largest Muslim rebel group will work parallel to the government to clear landmines and unexploded bombs left by decades of conflict on troubled Mindanao

island, a guerrilla leader said yesterday.

This would help convince 100,000 displaced people to return home on the southern island, Mohaqher Iqbal, a senior leader of the Moro Islamic Liberation Front (MILF), said after two days of peace talks in Kuala Lumpur.

The talks are unlikely to conclude before President Gloria Macapagal Arroyo's term ends on June 30, so the negotiations will be taken over by the winner of elections on May 10.

The government, which destroyed its stockpile of anti-personnel Claymore-types mine before it signed a mine-ban treaty in 2000, said during the talks this week that it would conduct mine-clearing operations.

"Many of the displaced families are eager to return home and rebuild their lives, but some are still worried over their safety due to the unresolved conflict and potential dangers from these explosives," Iqbal said by telephone from Kuala Lumpur.

Iqbal said there was an unknown number of mines, unexploded devices and artillery rounds left in conflict areas, and dozens of people had been killed or wounded by these explosives since late 2008, the last major conflict in the long-running war.

Soliman Santos of the Philippine Campaign to Ban Landmines said it would take two years to clear the mines and unexploded ordnance such as bombs, artillery and.

"But we can immediately teach displaced people some safety measures, including identifying explosives," Santos said.

"People in the south are aware of the dangers posed by these explosives and this could be among the reasons why they are not returning to their homes," he said.

Nearly 750,000 people were displaced when the conflict flared after a proposed deal on the creation of a Muslim homeland in the south of the mainly Roman Catholic state was blocked by the Supreme Court in August 2008.

In July 2009, a truce was signed that saw negotiations reopened and Japan, Turkey and Britain invited to observe peace negotiations brokered by Malaysia since March 2001.

The conflict has run for more than 40 years. More than 120,000 people have been killed.

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=357164&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=357164&version=1&template_id=45&parent_id=25)

### **Thailand**

- **Political Front**
- **Uprisings Against the New World Order: Thailand, Kyrgyzstan, and Revolution**

Are revolutions happening in Thailand and Kyrgyzstan? Are they instead "uprisings"? Does it matter? The distinction is important insofar as it helps to educate others inspired

by these recent events, with hopes to radically change their own political and economic systems.

For our purposes, the word “revolution” will be defined as: a prolonged period of mass activity by the normally silent oppressed, with strong intentions to drastically change society to meet the needs of the majority. If successful, representatives of the oppressed majority take control of the government and replace the former ruling class. This activity throws society’s equilibrium off balance, since capitalism requires total obedience from workers and peasants, so that corporations may make profits undisturbed. Once this power dynamic is disrupted, an extended struggle for state power ensues, between those who previously wielded it — the rich — and the majority of people attempting to assert themselves politically-economically.

Revolutions are not one-act dramas, but a series of acts — some more dramatic than others — that have as their basis the underlying power structure of society: the rich owners of corporations — and the state that props them up — versus the working class and the unemployed (plus poor peasants in underdeveloped countries). The struggle for political power is at the basis of every revolution, between these two principal contending social forces. Once the working class begins revolutionary struggle, it must eventually take state power or allow it to return to the corporations and wealthy. A situation of permanent flux is impossible, since eventually one side will exert its dominance and consolidate its power.

Revolutionary periods are exceptional moments in history. They are eruptions of social tensions that once were buried deep in the consciousness of men and women after having accumulated for many years due to deteriorating economic and social conditions for the vast majority of working people. Thus, old beliefs and customs are suddenly discarded, as is silent obedience.

Are these unique characteristics present in Thailand and Kyrgyzstan? The corporate-friendly New York Times wrote a remarkable article recently about Thailand, revealing insights that help prove that an unfolding revolution does exist. The following excerpts list the changes in consciousness in the average Thai worker and peasant, changes that are apparent in all revolutions:

“...more than ever Thailand’s underprivileged are less inclined to quietly accept their station in life as past generations did and are voicing anger about wide disparities in wealth...The deference, gentility and graciousness that have helped anchor the social hierarchy in Thailand for centuries are fraying, analysts say, as poorer Thais become more assertive, discarding long-held taboos that discouraged confrontation.”

“This is a newfound consciousness of a previously neglected part of Thai society...The

once deeply ingrained cultural mores that discouraged displays of anger, that prized politeness and justified the entitlements of the royalty and the elite have been eroded by technology and mobility...The traditional restraints on aggressive and argumentative behavior — the Buddhist clergy and a once deeply held fear of bad karma, among other factors — have been weakened...” (March 31, 2010).

This growth in consciousness plus the recent mass activity equals a revolution in both Thailand and Kyrgyzstan. Thousands of protestors fought off the Thai army when the military attempted to evict them from the streets of the occupied “shopping district” — 21 people were killed before the army retreated.

Now, the leading Thai general is recommending that the main demand of the protestors — the dissolution of parliament — be met. The Thai general is not suddenly a pacifist, but worried that his soldiers are not reliable enough to crush demonstrators, and may instead turn their guns on officers or generals. The elite Economist magazine worriedly writes:

“Red-shirt leaders [of the protest movement] have boasted of leaks from allies inside military headquarters. There is even a name for disgruntled, red-leaning soldiers: “watermelons,” i.e., green outside, red inside. Four years of political upheaval have left Thailand divided and disoriented. A split in the army should not come as a surprise. It is still, however, frightening.” (April 15, 2010).

Revolutions often showcase this unique phenomenon: the military is used to crush protestors until soldiers begin to side with the people. Since the military is the ruling class’ watchdog of last resort, its demise marks the crumbling of the existing political-economic system, opening doors for revolutionary struggle.

The people of Kyrgyzstan also overcame a bloody military intervention, with at least 85 killed and hundreds wounded. This bloodshed didn’t have the intended effect and those responsible for the killings are being hunted down by the new government, aided by radicalized troops who served the former government.

But the new government of Kyrgyzstan is not the end of the revolutionary struggle. In fact, many of those who lead it belonged to the former discredited government. However, the working class has its own demands, which they will continue to fight for, so the struggle is far from over. For example, two major demands of the revolution are:

- 1) Closing the U.S. airbase that feeds hundreds of thousands of troops into the Afghanistan war.
- 2) Re-nationalizing industries that were privatized after the fall of theUSSR, marking Kyrgyzstan’s transition to capitalism.

These demands, and others, will constitute the basis of the ongoing revolution in

Kyrgyzstan, until a legitimate workers' government is installed or until the movement is crushed by violence.

Likewise in Thailand, if the revolutionary movement succeeds — and is not drowned in blood as in 1976 or 1992 — and new elections are forced, the struggle of Thai working people will continue. The political leader most associated with the “Red Shirts” is an exiled Thai billionaire, Thaksin Shinawatra, who cannot be mistaken as a revolutionary.

Although the revolutionary movement in Thailand is raising mostly political demands at this point — the return of Thaksin and the dissolution of parliament and the Thai monarchy — economic demands are just beneath the surface: Thaksin did initiate some economic policies that assisted the urban and rural poor and in this respect stands in opposition to the Thai monarchy, which is rightly viewed as the centerpiece of the Thai ruling/corporate class.

To achieve the economic demands of the revolutionary movements of Kyrgyzstan and Thailand, both countries' economies must be radically transformed: away from an economy dominated by the corporate rule of a tiny minority and towards an economy that is run as a public utility, democratically controlled by the majority of the people (as opposed to the totalitarian rule of the former USSR).

If the revolutionary movements in Thailand and Kyrgyzstan are not temporarily halted by state repression, they will strive for higher goals. The recent successes of both movements have shown the people the enormous power they possess, a feeling that does not go away by itself. These realizations have a logic of their own, prompting the masses to work for even bigger victories, at the further political-economic expense of the ruling classes.

<http://www.marketoracle.co.uk/Article18845.html?>

- **Thai PM gives army chief extended powers amid crisis**

Prime Minister Abhisit Vejjajiva on Friday made his army chief the head of national security in a bid to involve the military as anti-government protesters massed in the streets calling for his downfall.

Army chief General Anupong Paochinda will replace Deputy Prime Minister Suthep Thaugsuban, Abhisit said, admitting that efforts to rein in the protests had failed six days after violent clashes killed 24 people.

"Brothers and sisters, I want to insist the government is going forward to solve the problem that we know brings sorrow to Thai people," Abhisit said in a televised address delayed from early afternoon.

"Many operations have failed because there has been a congregation of many people which presents obstacles and limitations to work of security forces ... Sometimes we have

to be patient and sometimes we have to accept the impact of security operations."

The move comes after a failed attempt, ordered by Suthep, to arrest red shirt leaders on Friday, another embarrassing setback for the authorities after last week's failure to clear a protest site in the old part of the city. But it appears to be more about getting the army in, rather than shunting Suthep out.

"The main message is the government is going to keep going while trying to make this into a security problem rather than a pure political problem," said Sombat Thamrongthanyawong of the National Institute of Development Administration. "And he (Abhisit) is emphasizing that it is the army's problem as much as it is the government's."

Abhisit promised to crack down on "terrorism," which the government blames for Saturday's killings, as well as enforce the state of emergency announced on April 7.

Ramkhamhaeng University political scientist Boonyakiat Karavekphan said the appointment would prevent Anupong being aloof. "It should help tackle the problem that the government calls terrorists, some of whom are in the army." Red shirt protesters have gathered at a hotel and shopping center in the middle of the city, now the main protest encampment which they have occupied for a month. Abhisit has been absent from the public eye since Monday.

At least 24 people were killed and more than 800 wounded in Saturday's clashes, Thailand's worst political violence since 1992, which only appears to have hardened the four-year political impasse and raised the possibility of more bloodshed.

#### STOCKS FALL

The risk of further instability sent Thai stocks down 3.25 percent. The market has now lost almost all its gains this year.

"Under the current uncertain situation, we recommend investors to stay along the sidelines at the moment as we could see a possibility of another 5 percent drop in the near term," Julius Baer Research said in a note to clients on Friday. The \$33 million LionGlobal Thailand Fund said it was "positive on the long-term outlook for the Thai market, overweighting the banking sector which is expected to benefit from the domestic economic recovery through higher loan growth and lower loan provisions."

Tourism has taken a hit, with occupancy rates less than a third of normal levels in Bangkok, according to a tour operator body.

Morgan Stanley said in a report that losses to tourism, which accounts for 6 percent of gross domestic product, could clip 0.2 percentage point from economic growth this year.

The government says Thailand's economy could grow 4.5 percent this year, but Finance Minister Korn Chatikavanij warned that forecast could prove optimistic.

Thailand's five-year credit default swaps (CDS), often used as a measure of political risk,

were trading at 111/116.85 against 105/111 bps on Monday, the last trading day prior to a three-day holiday.

The red shirts back Thaksin, who was ousted in a 2006 coup, and want Abhisit to step down immediately and call early elections. The government has offered December -- possibly October -- as poll dates. The powerful military chief this week also suggested early polls to resolve the crisis. Korn told Reuters on Thursday Abhisit would not resign as it would "be very negative for the country."

[http://news.yahoo.com/s/nm/20100416/ts\\_nm/us\\_thailand?](http://news.yahoo.com/s/nm/20100416/ts_nm/us_thailand?)

- **Thinkers: Thailand at crucial junction**

The current political crisis would either lead to the explosion of socio-political norms upheld for the past century, or a painful self-readjustment to maintain the core traditional socio-economic fibre - depending on how the parties involve unwind the stand-off, respected thinkers predicted at a seminar on Wednesday: Thailand Futures in Two Decades. Anuj Abhabhirama, of the Media for Development Foundation, said the Soviet Union was a good example, in understanding why a strong nation was finally broken into 15 states. Once the political economic landscape had changed, new socio-political paths for the people had been conceptualised, but the strong state apparatus had been weakened and was unable to adjust; society would collapse before bursting out into new forms, Mr Anuj said. Asked how soon Thai society could re-align itself to prevent a socio-political explosion, Mr Anuj said no one could foresee how the present political confrontation could be resolved.

There were other global factors also defining the future of Thailand, particularly the global economic crisis, environmental degradation and the drought and other problems impacting farming.

"Within five years, things will be either worse or somehow adjusted. Problems will come sooner rather than later if we're unprepared," Mr Anuj said.

Pornsil Patcharin-tanakul, deputy secretary general of the Thai Chamber of Commerce and of the Board of Trade, said the current socio-political crisis has unveiled underlying causes of social and economic inequity and exploitation of such situations by politicians and bureaucrats.

"We have to accept that unjustified income distribution is the root cause of the problems that bring grievances onto the level that is not cannot be negotiated or be tolerated," Mr Pornsil said, referring to the red-shirt demonstrations.

The political sector, social movements and business corporations were responsible for the bottom-low crisis, which had been aggravated by selfish politicians who have exploited the grievances and loopholes of a flawed system, he said.

Mr Pornsil said the private sector could not come with any new concrete recommendations, as they needed continuity in national administration and the implementation of the economic stimulus package. That was why they opposed a parliamentary dissolution.

Mr Ponsil, a executive member of the Charoen Phokphand Group, said the government made a positive step on Tuesday by endorsing in principle legislation for a business land tax, but they should move forward to other progressive steps, including inheritance tax.

Thailand had come to a turning point: whether to swiftly manage the imperative structural and institutional adjustments, as global-defining factors, such as the shift from multilateralism to regionalism, were affecting all capitalist nations.

While carbon credit was a challenge for industrialists, water usage or scarcity of water in the near future was a crucial factor for the success or failure of the farming sector, and in particular for Thailand.

“We might also have to ask ourselves if democracy remains workable for the changing facets of Thailand and the world. Whether yes or no, what’s next and what will it be to help Thailand address issues such as the impact of the global second industrial and green revolutions,” he said.

The seminar, jointly organised by the Knowledge Network Institute of Thailand, National Science Technology and Innovation Policy Office, APEC Technology Forecast Center, and Thai Public Broadcasting Corporation, presented its annual brainstorming seminar yesterday.

The seminar portrayed three metaphorical pictures of Thailand in the next twenty years — kao lao mai ngok; nam prik platu; and tom yam goong mae nam khong.

Kao lao mai ngok - grave social divisions and prevalent violence from different political viewpoints among different ethnic groups such as stateless and migrant people and the general public. Nam prik platu - a compromising society that accepts social diversity after some historic lessons that made the people ready to usher in constructive change, be tolerant and environmentally alert.

Tom yam goong mae nam khong - a convergence of Thai people in a new regional facet due to economic regionalisation in Asean and Burma’s economic revival, while the southern problem remains alive and likely to be brought into the Asean agenda.

<http://www.bangkokpost.com/news/politics/175339/thinkers-crisis-lead-to-explosion-of-norms?>

- **Geo-Strategic Front**
- **Economic Front**
- **Economic Changes, Former PM Spur Thai Divisions**

The demonstrations that have clogged the Thai capital for weeks reveal deep social rifts in the country. Political analysts say the divisions stem from political changes exploited by former Prime Minister Thaksin Shinawatra, who angered an established elite threatened by his popularity.

The red-dressed protesters who have taken over a large section of central Bangkok are mainly from the rural north. They say the country's elites - royalists, the urban middle class and senior army commanders - have removed democratically elected leaders who favor farmers and the working class.

Many of the protesters twice voted Prime Minister Thaksin Shinawatra into power. He was ousted by the military in 2006 and now lives in exile to avoid jail time for corruption charges.

A controversial figure, Mr. Thaksin was criticized for a war on drugs that led to thousands of extra-judicial killings, a botched attempt to end an insurgency in the south, and for curbing media freedoms. But he won the hearts of the urban and rural poor with low-interest loans and subsidized health care.

Andrew Walker is a professor of politics at Australia's National University. He says Mr. Thaksin took advantage of changes already forming in the countryside. "As controversial as he was, we have to see him as reflecting long-term changes in Thai society. He understood the aspirations of rural people for economic and political inclusion. His policies called populist were a response to that aspiration. That threatened traditional middle and upper class in Bangkok," he said.

A year after the coup, Mr. Thaksin's supporters won national elections, but that led to months of demonstrations by his yellow-dressed opponents. Eventually, politically charged court rulings on election law violations ousted his allies from power.

Thongchai Winichakul is a professor of history at the University of Wisconsin. He says while Mr. Thaksin challenged the elites with his popularity, it was the yellow shirts and their supporters who brought the red shirts to the streets.

"I'm not pro-Thaksin. I criticize him. I say now that he abuses human rights. His policy in the south is bad. His war on drugs was horrible. But, I would not say that he is undemocratic. I would not say that he created a rift in this society. The traditional elites who deny the changes, who deny people's voices, who use all undemocratic methods - the coup - and dubious court rulings to deny people's voices. Those people created the rift," Winichakul explained.

The rift is far from healed. In the past two weeks, thousands of pro-government demonstrators have called for an end to the red-shirt protests. And the yellow shirts threaten to enter the fray if the government fails to end the reds' protests by the end of the

week. There are rising fears that the protests will end in violence. Already, the red shirts and security forces have clashed - on April 10th a street battle left at least 24 people dead and hundreds injured.

Hundreds of armed soldiers now guard a Bangkok commercial district, and commanders vow to stop any red shirt protest in the area, with guns if necessary. The government has warned the public to stay clear of demonstrators.

As tensions rise, so have voices expressing concern that another clash could lead to civil war.

Political analysts say Mr. Thaksin, himself a former policeman, holds sway over much of Thailand's police force. As prime minister, he put those loyal to him in top positions; the current government sidelined many of those commanders.

The divisions in the security forces are visible in apparent leaks to the protesters about the government's plans. Newspapers write of "watermelon soldiers" - who wear the green army uniform but are red supporters in their hearts - and "cantaloupe soldiers" - those favor the yellow shirts.

Pavin Chachawongpongpan is a researcher with Singapore's Institute of Southeast Asian Studies. "A large portion of military men, and some of them are quite high ranking, these people have already defected to the Thaksin camp. Why they defected? Because, I think these people can see that you know ... it's better to create or to build some kind of alliance with the red shirts now. So, that when the red shirts come to power after the election, then you know, then these people can get the benefit," he said.

The government offered to hold elections in nine months and says it is prepared to negotiate. Protest leaders say they are no longer interested in negotiations and demand that the government step down immediately.

Many Thais and political analysts, however, fear that elections will not heal the divisions. Many expect Mr. Thaksin's allies to win a vote, prompting yet another round of yellow shirt protests.

<http://www1.voanews.com/english/news/asia/Political-Analysts-Thailands-Divisions-Stem-from-Economic-Changes-Former-Prime-Minister-91581099.html>

- **Thailand May Put Off Rate Increase as Unrest Worsens**

Thailand's central bank may keep its benchmark interest rate at a five-year low this week, refraining from raising borrowing costs as a political conflict threatens to derail the nation's economic recovery.

The Bank of Thailand will leave the one-day bond repurchase rate unchanged at 1.25 percent for an eighth meeting, according to all 21 economists surveyed by Bloomberg News. The decision is due at 2:30 p.m. in Bangkok tomorrow. At least four analysts

delayed expectations for a rate increase after April 10 clashes between the Thai army and anti-government protesters killed 25.

The threat posed by the unrest was highlighted yesterday by Fitch Ratings, which cut its outlook on Thailand's local-currency credit rating to negative from stable, citing "an escalation in political uncertainty." The violent clashes will affect the economy, central bank Governor Tarisa Watanagase said April 12, two weeks after her deputy said the country will start to "normalize" interest rates as growth recovers.

"The political problem hasn't been solved yet," said Somprawin Manprasert, an economist at Tisco Securities Co. in Bangkok. Tisco changed its forecast from a quarter-point increase to no change after the April 10 clashes. "The overhanging uncertainties will become the central bank's main concern," Somprawin said.

Thailand's inflation isn't yet a concern, the central bank has said. Consumer prices rose 3.4 percent from a year earlier in March after climbing 3.7 percent in February. Core inflation, which excludes fresh food and fuel prices, rose 0.4 percent.

#### Election Demand

Prime Minister Abhisit Vejjajiva is under pressure to put an end to five weeks of demonstrations led by opponents who consider his rule illegitimate and want a new election. Several protest leaders evaded capture last week, prompting him to put the army chief in direct control of imposing order in Bangkok.

Many of the red-shirted demonstrators support exiled former premier Thaksin Shinawatra, who won over the poor by giving them cheaper health care and loans before he was ousted in a 2006 coup. The protesters say Abhisit embodies a privileged class of military officers, judges, bureaucrats and royal advisers that sit above the law.

Thailand's benchmark stock index dropped 6.8 percent last week after the violence, as investors perceived higher risk in holding Thai assets. The baht has pared gains to 0.3 percent this month, the worst performer after the Chinese yuan and Hong Kong dollar, after rising 2.9 percent in the first quarter.

"The strong pace of economic recovery that we have seen earlier may be slowed," said Usara Wilaipich, an economist at Standard Chartered Plc in Bangkok. "Public investment that we hoped will be the key driver earlier may be gone."

#### Spending Plans

Abhisit's government is implementing a 1.3 trillion-baht (\$40 billion), three-year investment program involving transportation, logistics, healthcare and education projects in a bid to boost growth. Thailand spent 116.7 billion baht on training programs, cash handouts and public works in the first half of 2009 to lift the economy out of a recession.

Thailand's \$261 billion economy, Southeast Asia's largest after Indonesia, expanded 5.8

percent in the three months through December from a year earlier after contracting for four consecutive quarters. The government on March 29 raised its economic growth forecast for this year to as much as 5 percent from a previous estimate of as much as 4 percent.

Still, Finance Minister Korn Chatikavanij said last week the April 10 violence, the deadliest in 18 years, may decimate tourism and cut economic growth by one or two percentage points.

#### Tourism Impact

Tourist arrivals may fall by 20 percent this year after the street clashes, the finance ministry said April 12. South Korea, China and Russia were among nations that cautioned their citizens about traveling to Bangkok.

Thai Airways International Pcl said April 12 it filled about 60 percent of its seats in the two days after the violence, from about 75 percent earlier this month. Erawan Group Pcl, which has two hotels in the protest area, said April 9 it may lose 90 million baht a month in revenue from the affected hotels if the demonstrations last for more than a month.

Thailand's benchmark interest rate is at the lowest level since July 2004.

<http://www.bloomberg.com/apps/news?pid=20601068&sid=aBfwfWatzZGA>

- **Thailand: Economic background to political crisis**

The political crisis in Thailand reflects wider economic processes. C. P. Chandrasekhar and Jayati Ghosh analyse the pattern of jobless growth that has generated widespread material dissatisfaction and demands for regime change.

The ongoing political crisis in Thailand has been capturing headlines for some time now, and now even appears to be heading towards some kind of climax. This political instability reflects more than the resistance of the existing establishment to the increasingly vociferous demands of those who have been marginalised from most of the benefits. It also reinforces the significance of (and the need for) democratic legitimacy in a developing country such as Thailand, despite all the known problems with its electoral process.

But the purely political is not all that underlies this current crisis. Indeed, it could be argued that the economic underpinnings of this political crisis are the more significant forces propelling the actions of the anti-government protestors. This reflects the socio-political results of more than a decade in which the neo-liberal economic model, which still drives the policy making of the elite, has been fundamentally exposed among the people.

The conflict between the current Thai government (as well as those elements of the establishment that directly and indirectly enabled this particular political grouping to

rule) and the wide spectrum of anti-government protestors is not simply about certain political processes or about individuals like Thaksin Shinawatra, the exiled former Prime Minister. Rather, it is substantially about economic policy.

#### Thaksin's policies

As Pausk Phongpaichit and Chris Baker have shown in their excellent book on Thaksin, he was (and remains) a larger-than-life figure with only too life-like faults, which have ranged from blatant nepotism to megalomaniac attempts at stifling democracy. So the support for his return is not only (or even necessarily) because of the craving for a strong leader, but much more due to the perception that the economic strategies followed by his government brought at least some relief to the people.

The continued popularity of Thaksin among the peasants and otherwise unorganised workers is largely because of what the Thai elite sniffs away as “populist policies”. This term, a favourite among chattering classes across the developing world, is used to denigrate any economic policies with minimally redistributive impact from the rich and middle classes to the poor.

In Thaksin's case, these included providing peasants and small businesses with access to institutional finance, increasing the share of rural Thailand in public expenditure, providing fiscal transfers down to the village level in the form of untied funds to be used according to the preferences of local communities, and such like.

While these did not contradict or even challenge the basic neo-liberal framework within which corporate industry continued to be favoured, they share some of the spoils of economic growth with those who had hitherto been excluded. They were certainly popular policies, and they played a role in giving to Thaksin and his various political formations a degree of legitimacy among ordinary people that is still unmatched in Thailand.

While many of Thaksin's actions in power (and his own undemocratic tendencies) certainly sowed the seeds of his decline and fall from grace, the coup and various other actions of the Thai establishment could also be seen as the empire striking back. The subsequent inability of the government to capture the political imagination of the masses, or even to achieve basic legitimacy despite trying to continue with some of Thaksin's economic policies, may be due to the growing evidence that even such “populism” is no longer economically sustainable in Thailand.

#### Growth, employment

To understand this, and also to begin to comprehend the extent of general dissatisfaction with the economic regime, it is useful to examine the relationship between economic growth and employment (which determines the material conditions of the bulk of the

Thai population, even the peasantry).

Chart 1 shows how real GDP and total employment have moved over the past 25 years in Thailand. Remember that Thailand, in common with many developing countries, is generally a labour surplus economy engaged in an uneven and unbalanced process of industrialisation. Yet it is evident that aggregate GDP growth rates have run far ahead of aggregate employment growth, even when the measure of employment includes (as it does here) all form of self-employment, casual work and even part-time work.

The period of the Asian crisis occasioned a drop in GDP as well as in aggregate employment, but the subsequent sharp recovery in GDP did not translate in more rapid employment growth, which has tended to stagnate. This pattern is confirmed by Chart 2, which shows annual rates of growth of aggregate employment as well as the unemployment rate.

Employment growth has been volatile within a narrow range, and indicates a trend decline compared to the 1980s. It was negative at several points in the 1990s, not only in the crisis years, and zero in 1999 and again in 2001, reflecting the effects of the global recession.

Subsequently, despite more respectable aggregate GDP growth, the peak rates of employment expansion have been less than 2.5 per cent. Unemployment rates fell somewhat during the 1980s boom but rose again after the crisis and since then have displayed volatility around a higher trend. While these rates may appear low, they are part of an institutional structure that offers no social protection to the unemployed, where the inability to find paid work is therefore reflected in more disguised unemployment in agriculture and petty services.

#### Recognisable pattern

The pattern is a recognisable one. Many developing countries, including those perceived to be the most successful in terms of output growth rates, exhibit this form of jobless growth. This reflects two general tendencies: a shift in production structure across and within sectors, whereby income expansion is associated for demand for goods and services produced in more capital-intensive conditions without generating demand for labour-intensive goods and services; and the associated technological and organisational changes that improve labour productivity.

This pattern is seen once again in the incidence of job less in the formal sector, described in Chart 3. Both in terms of number of establishments and number of workers, termination of work contracts was relatively low in the economic boom that preceded the crisis.

However, layoffs zoomed up during the Asian crisis of 1997-98, and have stayed high in

the entire subsequent period even though the economy supposedly started booming. In fact, the number of establishments adversely affected has grown faster during the 2000s boom, rather than the previous crisis.

Overall, this means a labour market in which workers are clearly worse off, since both external competitiveness issues and internal dynamics have dictated that demand for labour does not keep up with supply.

This reduced bargaining power is indicated by the fact that real wages — which were drastically affected during the crisis of 1997-98 — continued to fall even during the recovery, and then have recovered only slightly. In 2008, real wages were only 5 per cent higher than their level of 2000, while labour productivity had increased by 22 per cent.

Of course these are aggregate figures, and the sectoral pattern is likely to be more complex. But they indicate an economy in which the distribution of national income is clearly shifting away from workers to those who receive profit, rent and interest. The reduced bargaining power of workers is inevitably part of the reduced bargaining power of the peasantry, from whom the ranks of new workers are generally drawn.

This broader context of worsening income distribution is essential to understand the current political tensions in Thailand.

The anger of the anti-government protestors is fundamentally related to this process, and Thaksin is appreciated by this group only because he showed that it is still possible at the margins to improve the lot of the poor using fiscal and monetary policies.

Therefore, to a significant extent, this particular political struggle has gone beyond Thaksin and specific parties to address basic issues of economic and political democratisation. If such a tendency increases in other countries where similar economic patterns are in evidence, such upheavals may become widespread.

<http://www.thehindubusinessline.com/2010/04/20/stories/2010042050760900.htm?>

- **Asean-India talks fire Thai enthusiasm**

WITH continuing growth of the Indian economy, Thailand is planning to forge a resilient partnership in trade and investment cooperation with the revival next year of the Asean-India Business Council (AIBC), after its deliberations have been suspended for nearly four years.

The move is part of closer cooperation between Asean and India following the signing of their free-trade agreement last August.

Trade Negotiations Department deputy director-general Noppadon Sarawasi said the private sector had played a significant role in driving trade and investment between Asean and India. Reviving the AIBC will lead to better opportunities for increasing trade and investment on both sides.

The seventh Asean-India Summit, held in October last year, agreed on the revival of the AIBC and fixed a date for its next meeting -- one day before the Asean-India Business Summit in New Delhi next year. Thereafter, meetings will be held twice a year.

"The private meeting of the AIBC is an efficiency mechanism to strengthen cooperation between the government and private sectors. Private participation will help to eliminate any barriers to trade and investment, while addressing any particular need from the private sectors," Noppadon said. To motivate private-sector participation, the department has asked the country's most powerful private organisations -- the Federation of Thai Industries (FTI), the Board of Trade of Thailand and the Thai Bankers' Association -- to send two representatives each to next year's meeting.

The FTI's principal representative will be Boonpeng Santiwattanatham, a federation committee member concerned with Thai-India, Asean-India, and Bimstec (Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation) free-trade agreement affairs.

He said the private sector was already working on the detail of the negotiation issues, which would focus on investment.

At present, Asean and India are negotiating the liberalisation of investment, and talks are expected to be finalised this year.

Asean and India have already implemented liberalisation of trade in goods since the signing of their free-trade agreement last year. They are expected to reach a conclusion on investment this year and then on services later, turning the FTA into a more comprehensive pact, Boonpeng said. However, due to possible effects on the competitiveness of Thai enterprises arising from investment liberalisation, this issue will be one of the major points raised at the AIBC talks, he said.

Potential areas of investment are agriculture, goods manufacturing, healthcare and construction, while sectors in Thailand concerned about investment liberalisation include steel, automobiles and pharmaceuticals.

Moreover, Thai businessmen want to see progress towards the Thailand-India Free-Trade Agreement, following implementation of the associated early-harvest program.

Boonpeng said bilateral talks between Thailand and India should also be addressed because such talks should benefit Thai traders and investors more than the regional pact.

The AIBC meeting aims to provide a private-sector perspective and feedback on the broadening and deepening economic ties between Asean and India.

It also aims to identify priority areas for enhancing economic cooperation between Asean and India by facilitating, coordinating and promoting private-sector participation.

Thailand has set an ambitious target of boosting two-way trade with India to US\$7.5

billion (Bt242 billion) this year, from \$6 billion last year. India is Thailand's 10th-largest export market. The value of exports to India last year reached \$3.22 billion. In the first two months of this year, exports to India jumped by 114.02 percent year on year to \$777.86 million.

<http://www.thedailystar.net/newDesign/news-details.php?nid=135115>

- **Exports hit 17-month high**

Exports hit a 17-month high last month as the global economic recovery drove overseas demand for Thai goods and purchase orders from the country's traditional key markets resumed.

But value will likely decline this month to about \$12 billion because of the Songkran holidays and disruptions to air traffic in Europe, said Commerce Minister Porntiva Nakasai. Export value rose for a fifth straight month in March, up by 40.9% year-on-year to \$16.25 billion. Agricultural and agro-industrial exports rose by 49.2% to \$2.91 billion, with those of major industrial products up by 36.5% to \$10.9 billion.

Value and volume increases were seen in rice, tapioca, sugar, frozen seafood, canned and processed fruits and vegetables, and frozen and processed poultry. Export growth exceeded 20% for electronics, electrical appliances, automobiles, plastic and rubber products, furnishings and decorations, toys, and gems and jewellery.

Shipments to traditional key markets including the United States, Japan, Europe and Asean rose for the fifth month, with 50.1% growth. Exports to five Asean countries - Singapore, Malaysia, Indonesia, the Philippines and Brunei - increased by 85%.

Exports to emerging markets gained by 33%, the seventh consecutive month to register a rise. Growth of more than 20% was recorded to China, Hong Kong, Indochina, Burma, Australia, India, Taiwan, South Korea, Latin America, Eastern Europe and Canada.

But shipments to Africa fell by 15.2%, mainly because of a drop of 98.5% to Madagascar. Exports to the Indian Ocean island nation surged last year, as Thai contractors in Madagascar accelerated imports of raw materials.

Imports, meanwhile, climbed by 59.7% last month to \$15.09 billion, the fourth consecutive month of gains after a year of contraction, as recovery lifted demand for raw materials and consumer goods. The trade surplus widened to \$1.16 billion from \$440 million in February.

For the first quarter of the year, Thailand's exports grew by 31.6% to \$44.38 billion, while imports rose by 58.1% to \$42.27 billion. Mrs Porntiva said the ministry was maintaining its 14% export growth target for this year from \$152.5 billion last year - a 14.2% contraction from 2008.

<http://www.bangkokpost.com/business/economics/36479/exports-hit-17-month-high?>

- **Mumbai's GDP may exceed Thailand and Hong Kong's by 2030**

India, ranked below war-ravaged Ivory Coast and Sri Lanka for the quality of infrastructure, needs to spend \$2.2 trillion by 2030 on transportation, housing and office space in its cities to accelerate economic growth, according to McKinsey & Co.

Cities, such as Mumbai, could generate 70% of new jobs, produce almost three quarters of gross domestic product and drive a near four-fold increase in per capita incomes in the country in the next two decades, McKinsey said in a report, titled “India’s Urban Awakening: Building Cities, Sustaining Economic Growth”.

Financial capital Mumbai’s gross domestic product may exceed that of Thailand and Hong Kong by 2030, as population in Indian cities surges 74% to 590 million. India’s per capita spending on urban infrastructure is just 15% that of China. Unless the government boosts spending eight-fold it may jeopardise expansion in the world’s fastest growing major economy after China, McKinsey said.

“India has a lot to do to catch up with China and other developing countries on urban reforms,” Shirish Sankhe, lead author of the report said in an interview on Thursday. “If you fix some of these things, we have a very good chance of getting to and sustaining double-digit growth rates.”

India’s per capita spending on city development is \$17 each year, just 15% of what its northern neighbour spends, according to the report. India will have 68 cities with a population of more than one million people, 13 cities with more than four million people and 6 mega cities with populations of 10 million or more, at least two of which will be among the five largest cities in the world by 2030.

“The government is moving at a snail’s pace and needs to do a lot on improving infrastructure,” said NR Bhanumurthy, an economist at New Delhi-based National Institute of Public Finance and Policy. “India needs world-class infrastructure to achieve its goal of double-digit growth.”

Projected investment in docks, cranes and wharves may reach \$8.9 billion in the five years ending March 2012, half the original goal, the Planning Commission said on March 23. Funding for road and bridges was lowered to Rs 2.79 trillion because of fewer available assignments, according to a government document unveiled.

India is ranked 89 out of 133 nations for its infrastructure, according to the World Economic Forum’s Global Competitiveness Index. India’s \$1.2-trillion economy may accelerate to 8.5% in the year starting April 1, as Asia’s third-largest economy rebounds from the global recession, Prime Minister Manmohan Singh said on March 23.

It took India nearly 40 years for the urban population to rise by almost 230 million. It will

take only half the time to add the next 250 million, the McKinsey report showed. India will need to spend \$1.2 trillion in capital expenditure and another \$1.04 trillion on operational expenditure, the report said. "This urbanisation will happen at a speed quite unlike anything India has seen before," the report said.

<http://economictimes.indiatimes.com/news/economy/infrastructure/Mumbais-GDP-may-exceed-Thailand-and-Hong-Kongs-by-2030/articleshow/5846390.cms?>

- **Economic fallout from travel chaos**

Europe on Sunday ordered a probe into billions of euros potentially lost since an Icelandic volcano erupted, prompting the biggest airspace shutdown since World War II. An aircraft with its engines covered with plastic protection is parked in front of the control tower at Geneva International Airport, April 18, as planes are grounded following the volcanic eruption in Iceland. Europe on Sunday ordered a probe into billions of euros potentially lost since an Icelandic volcano erupted, prompting the biggest airspace shutdown since World War II.

The head of the European Union's executive branch Jose Manuel Barroso tasked three of his top lieutenants with assessing the impact on the troubled airline industry -- pegged already at one billion euros (1.35 billion dollars) by one London analyst -- and wider costs to Europe's economy.

Millions of travellers remained stranded across the continent on Sunday, with about 30 countries closing or restricting airspace amid safety fears since the volcano first began spewing out clouds of fiery ash miles into the sky on Wednesday.

European Commission transport boss Siim Kallas, competition regulator Joaquin Almunia and economic affairs supremo Olli Rehn will together "fully assess the impact of the situation created by the volcanic ash cloud on the economy, and the air travel industry in particular," said a statement from Brussels.

The EU's current Spanish chair later added that an emergency meeting by video-conference of the bloc's 27 transport ministers was "envisaged" on Monday, with possible aid for carriers whose cashflow was already squeezed amid recession and rising fuel prices high on the agenda.

The International Air Transport Association has warned that the travel mayhem was costing airlines more than 200 million dollars (230 million euros) a day, prompting anger over safety testing mechanisms and suggestions that companies could require state aid like broken banks.

European air traffic control and safety agency Eurocontrol said that by the end of Sunday, "we expect that more than 63,000 flights in total will have been cancelled since Thursday." Most of Europe remains a virtual no-fly zone.

By way of illustration, Rehn left three days of talks between European finance ministers in Madrid early on Sunday by car heading for Bordeaux in France before taking a train to Paris in a bid to get back to Brussels on Monday.

The Madrid meetings, especially a forum gathering European and Asia-Pacific nations that started on Saturday, were themselves heavily disrupted by the transport chaos with leading EU finance ministers from France, Germany and Italy all bailing out early.

Counterparts from a host of nations including China, Japan, Pakistan and guests Russia were also forced to pull out at the last minute, with European Central Bank chief Jean-Claude Trichet following suit. German Chancellor Angela Merkel had still to make it back to Berlin on Sunday afternoon after being stranded in Lisbon.

Germany's Lufthansa and Air Berlin meanwhile expressed industry anger on Sunday that decisions to close airspace were not based on proper testing and that their aircraft showed no signs of damage after flying through the ash-strewn skies without passengers. "The flight ban, made on the basis just of computer calculations, is resulting in billion-high losses for the economy," Lufthansa spokesman Klaus Walter was quoted as saying.

Nevertheless, European authorities will have to assess the precise costs to the airline industry for themselves before any decisions on granting state aid exemptions to companies can be taken, the EU's Spanish presidency also said in Madrid. "We only have very preliminary estimates and the situation could soon change for the better," Spanish Finance Minister Elena Salgado told reporters. "It will therefore require an evaluation."

Commission expert Francisco Fonseca, speaking alongside Salgado in Madrid, stressed that EU law on possible state aid to airlines is "very clear. In exceptional circumstances, the commission will study the situation, in its own time," he said.

<http://www.bangkokpost.com/breakingnews/175062/eu-probes-economic-fallout-from-travel-chaos?>

- **Asean leaders ponder their future**

Asean would like to see Burma carry out a decent election that is acceptable internationally as it would be a boon to the grouping's credibility as a whole, says Kavi Chongkittavorn

The ongoing political conflict on Bangkok's streets and the bloody clashes on 10 April 10 have rattled the nerves of Asean leaders as they ponder their grouping's future political landscape. Last week, Vietnam was quick in wanting to issue a statement on behalf of Asean on the violence. On the same day, Cambodia immediately stepped in, calling for a special Asean summit to discuss the crisis in its eastern neighbour - unprecedented moves. Both plans were aborted.

Naturally, Thailand blocked the chair's statement. Bangkok felt it was not necessary as

the Abhisit government is still in power and continues to handle the crisis in a transparent manner. Most importantly, Thailand is an open society and the local and foreign media are free to report on the unfolding events on a daily basis. In responding to numerous enquiries, the government reiterated the non-use of forces during the confrontation.

Finally, Vietnam, on its own issued a short statement saying: “As a neighbouring country of Thailand, a member of Asean and concurrently the chair of Asean, Vietnam follows with great attention the current complicated developments in Thailand. Vietnam wants to see the parties concerned exercise restraint, refrain from violence, and peacefully settle issues through dialogue so as to bring about early stability for Thailand.” That much was clear.

Within hours, Vietnam also responded to Phnom Penh's request with a short and crispy message: it is not practical to have such a summit. Putting the two diplomatic moves together, one wonders the reasons why Vietnam and Cambodia were so eager to highlight the Thai political uncertainty. Throughout the political quagmire in Burma, since its admission in 1997, the two members have yet to play any pro-active role at all.

For instance, at the Hanoi summit, the Asean leaders discussed the situation inside Burma, especially the upcoming farcical election. Quite a few countries, including Indonesia, Thailand and Singapore, wanted a strong statement from the chair to express “concern” about the current conditions there. But Vietnam as the Asean chair refused to do so. Therefore, the final statement by the chair contained the lowest denominator of Asean's positions on Burma in a decade. The statement “underscored” the importance of national reconciliation in Burma and the holding of a general election in a free, fair and inclusive manner.

The previous Asean chair's statement on Burma included the call for the release of Aung San Suu Kyi and political prisoners (2003). During the bloodshed in September 2007, Asean expressed revulsion at the violence in Burma and the use of weapons in the crackdown against monks and students. At the Hanoi summit, the leaders told the Burmese that Asean was ready to share its electoral experience to help Burma; they could also send observers. But there was no response from Burma. Deep down, Asean would like to see Burma carry out a decent election that is acceptable internationally as it would be a boon to the grouping's credibility as a whole. For the past 13 years, Asean has been suffocating from the family's rogue member, who is not willing to listen or consider opinions and requests of peers.

Last October, Vietnam and Cambodia (along with Laos and Brunei) did not back Foreign Minister Kasit Piromya's initiative calling for the pardon and release of Aung San Suu Kyi. After months of lobbying, the planned joint Asean appeal finally fumbled.

Obviously as the Asean chair, Hanoi can take an initiative to reflect on any issue as it sees fit. It must be noted that most of the past Asean joint statements made were mainly on common crisis such as food security, financial crisis and recovery, pandemics, among others.

Such is the dilemma of the 43-year-old rule-based organisation. Political division remains as stark as ever. Southeast Asia, now under a single Asean roof, remains the world's only region that comprises all forms of political systems. They range from absolute to constitutional monarchies, one-party dictatorship to one-party cronyism including various shades of socialism-cum-capitalism. Whenever a consensus is needed, Asean members take an extraordinary amount of time to decide, especially on sensitive issues.

Amid all these inconsistencies within Asean, there is one bright spot - Indonesia's democracy, and its further consolidation. The New York-based Freedom House picked Indonesia as the only free country in the region. On the day Vietnam rejected Cambodia's request for a summit on the Thai crisis, President Susilo Bambang Yudhoyono was speaking in front of an international gathering of the Sixth Assembly of World Movement for Democracy with over 600 participants from 110 countries in a downtown hotel. It was a vote of confidence for the 12-year-old democracy, the world's third largest.

In his keynote speech, Yudhoyono declared proudly that democracy in Indonesia is irreversible and a daily fact of life. The home-grown democracy in his country, the President reiterated, showed that democracy and economic development can go hand in hand as it was no longer a zero-sum game. With the third highest economic growth among G-20 countries, after China and India, Indonesia is confident that its democratic development is on the right track. He pointed out that the desire to get rid of corruption, collusion and nepotism came wholly from within.

Thailand's democracy, despite its long 78-year history, is still not taking root and the Philippines continues to struggle to find its own democratic formula. The Filipino public are hoping that the next election would enable a respectable leader offering good governance to emerge. Just imagine the implications on the Asean political landscape if Thailand and the Philippines overcome their political instability and attain a certain degree of democratic maturity. Together with Indonesia, they would represent nearly 70 per cent of the Asean population of 595 million. It could be a new benchmark.

It is extremely significant that Jakarta is taking up the Asean chair next year, changing places with Brunei. First of all, Indonesia's chair automatically pre-empts Burma from resuming its skipped chair in 2005. The earlier fear was that after the scheduled election and a new government in Burma this year, the regime might request Asean to return its

chair. For 2012, Cambodia has already reaffirmed that it would surely stick to the original schedule as the general election is slated for 2013. Burma, under the name of Myanmar, will take up the chair in 2015 when Asean is supposed to become one community.

Finally, this would allow the grouping's biggest member to pursue its broad global agenda as the Asean chair. It remains to be seen how Indonesia can balance its global and regional roles.

[http://www.thestatesman.net/index.php?option=com\\_content&view=article&id=325818&catid=39](http://www.thestatesman.net/index.php?option=com_content&view=article&id=325818&catid=39)

- **Low-cost flight to Bangkok**

Calcutta is scheduled to get a fourth daily direct flight to Bangkok by next year.

Air Asia, a Malaysia-based low-cost carrier, plans to start flights between Calcutta and Bangkok soon. "We have approached the civil aviation ministry in India and expect to start operations by the middle of next year," Tony Fernandes, the group chief executive officer of Air Asia, said in Kuala Lumpur.

The three existing daily direct flights between Calcutta and Bangkok are operated by Jet Airways, Thai Airways and Kingfisher. Air India Express, too, operates flights to Bangkok three days a week while Biman Bangladesh and GMG Airlines fly on the route through Dhaka. Fernandes thinks Air Asia will have an advantage over Indian operators flying to Bangkok because of its "excellent" network. "We have connections from Bangkok to various other southeast Asian destinations, including Singapore and Kuala Lumpur, which others don't have," he pointed out.

Fernandes also announced plans to spend \$200 million for setting up budget hotels in India in the next two years. One such hotel may come up in Calcutta.

Travel industry sources said 800 people on an average flew to Bangkok from Calcutta daily. "For the past several decades, the sector has been drawing the maximum number of tourists from this region," said Anil Punjabi, the chairman (east) of the Travel Agents Federation of India.

[http://www.telegraphindia.com/1100419/jsp/calcutta/story\\_12352496.jsp?](http://www.telegraphindia.com/1100419/jsp/calcutta/story_12352496.jsp?)

- **Thailand: Revitalizing the local economy and helping to end refugee warehousing**

"From a distance, the camps look amazing. You just see hills covered in lush greenery and bamboo roof huts peeking through the trees," said American nonprofit worker Jessica Hansen, recalling her first impression of the cluster of refugee camps along the Thailand-Burma border. "I was awestruck by the natural beauty of the scenery."

But come closer and you see a different picture. You see deforestation, which causes flash floods. You see people dressed in dirty, torn clothes. You see kids covered in mud.

And, as Hansen put it, you see a lot of grown, capable people just lying around because they have no other choice.

"There was a lethargic feeling," said Hansen. "After the refugees have been at the camp for a while without being allowed to work, they become disillusioned. They don't think that the government is going to help them."

Some 140,000 refugees live in camps along Thailand's border with Burma. About one fourth of those refugees, most of whom have fled on-going violence and human rights abuses in Burma, have languished in these camps for over two decades. They are not allowed to leave the camp, seek employment, or otherwise pursue a normal life.

"Warehousing refugees wastes human resources and can have an impact on security," said Veerawit Tianchainan, director of the Thailand field office of the U.S. Committee for Refugees and Immigrants (USCRI). It leaves refugees with little hope and puts them at risk of exploitation, abuse, and human trafficking, he explained.

The infrastructure and housing inside the camps in Thailand are meant to be temporary, despite the fact that most of the refugees have lived there for years. The Royal Thai Government (RTG) prohibits construction of cement houses with roofs, limiting building materials to mostly bamboo and cashew wood. Not only are these homes poorly insulated, they are too fragile to withstand the torrential downpours during the rainy season. As a result, most of the refugees have to rebuild their houses every year.

Sanitation is another major problem—especially during the rainy season. "It's hard to tell the children not to play in the dirty water," said Tianchainan. And when disease strikes, the available healthcare services are minimal and too often inadequate.

The overall quality of education—the only hope for a brighter future for most refugees—is subpar. There is a shortage of teachers and the classrooms tend to be overpopulated. According to a 2005 Education Survey Report by ZOA Refugee Care Thailand, an overwhelming majority of primary- and secondary-level students complained that the classrooms are too crowded and noisy. Opportunities for pursuing higher education are also limited. An initiative to allow young Burmese refugees to attend Thai universities proved unsuccessful because most of the schools in the camps are not accredited, explained Tianchainan. Discouraged by the uncertainty for their future, many students begin to lose motivation and cease their studies.

Not allowed to work or even leave the camp, refugees in Thailand subsist on food rations, which are provided by an alliance of NGOs and include rice, soy beans, fish paste, cooking oil, and a combination of vitamin supplements in powder form known as AsiaMix. A few vendors near the camps sell fruits, vegetables, and meat—luxuries that are rarely available through internationally-supported food assistance. But in order to be

able to purchase these items, refugees have to sell their food rations or illegally leave the camp to earn money, risking arrest and deportation.

"The refugees are not in a position to do anything meaningful. The camp situation doesn't allow them to work or develop themselves. They have to sustain on what's given to them," explained Tianchainan. "By not knowing what's in their future, they don't have any hope for tomorrow or next year." And yet, this mostly hopeless existence for refugees costs millions to maintain.

USCRI is at a forefront of a movement to transition from aid to development in Thailand's refugee camps and the Thailand-Burma border communities. "We're looking at a few alternatives to warehousing," said Tianchainan. USCRI Thailand is geared toward helping refugees integrate into local communities, get jobs, and gain access to Thai education and healthcare.

However, most Thais do not even know that there are refugees in their country. And those who do tend to focus on the negative side effects the refugee camps create, including pollution, soil erosion, and deforestation. Thai communities along the border with Burma consider their living conditions to be just as poor as those in the camps and are unhappy that international assistance only helps refugees. "The local Thai community feels that they are not much better off than refugees. That creates tension and conflict," said Tianchainan. "We have to neutralize the situation before we can have the refugees interact with the Thai community."

Addressing the concerns of the local communities would require integrating services provided to people in the camps with those available to local Thai communities. This would ensure that both the refugees and the communities that host them would benefit from incoming international aid and improve educational and health services in the border area. It would also foster day-to-day interaction between the refugees and local communities, which would help dissipate the negative attitude many Thais have toward refugees.

Recently, USCRI Thailand hosted a competition for graduate and undergraduate university students to create a business plan for economic and social development along Thailand's border with Burma. The Inspector General of the Ministry of Labor of Thailand, Pairat Lumyong, commended this joint effort by the government, academic, and business sectors to revitalize the border community: "Hopefully, the business plans from this competition can be adjusted and implemented in the real world later."

<http://www.reliefweb.int/rw/rwb.nsf/db900SID/RMOI-84H2PC?>

- **Social Front**
- **Southern Thailand and Islamization**

Thailand is faced with many internal problems and the political and economic situation remains fragile because of the ongoing political turmoil. At the same time, it is abundantly clear that the Muslim uprising in the southern provinces is a major concern for not only Thailand but for the wider community throughout the region. After all, the global jihadist network is always looking for new opportunities to spread more mayhem and to maintain military and economic functions.

Therefore, you have two important dimensions in southern Thailand. One, and of course the most important component at the moment, is the ongoing anti-Buddhist campaign whereby Islamists desire a pure Islamic state. The other important component is that if the Thai military loses control and if Buddhists continue to flee southern parts of Thailand, then the Islamic internationalization of southern Thailand will become a regional issue and this notably applies to Indonesia, Malaysia, and the Philippines.

It must be stated that in parts of Indonesia and the Philippines you already have Christian and Muslim tensions and you have several radical Islamic networks in both nations. The most notorious Islamic terrorist networks apply to Jemaah Islamiya (JI) in Indonesia; the Moro Islamic Liberation Front which seeks an Islamic state in the southern Philippines; the Abu Sayyaf Group which is also based in the southern Philippines; and you have other networks which have either loose ties or regional agendas and of course Al-Qaeda have links throughout the region.

In the past the conflict in southern Thailand was mainly an internal struggle between the majority Muslim community of three southern provinces (Pattani, Narathiwat, and Yala) and the government of Thailand. Therefore, for many decades you had the desire for an Islamic state but nationalism was also a core base for demanding independence. However, in recent times it is clear that the Pattani United Liberation Organization (PULO); the Barisan Revolusi Nasional-Coordinate (BRN-C); Bersatu; Gerakan Mujahadeen Islam Pattani (GMIP); and others, desire an Islamic state and they have a jihadist agenda. In the past the Muslim insurgency was aimed at the government and military of Thailand but times have changed. Therefore, since 2001 it is clear that you now have an overwhelming Islamic jihadist agenda and this is aimed at forcing the Buddhists to flee and moderate Muslims are also being killed because they are deemed to be traitors.

Sunai Phasuk, a political analyst at Human Rights Watch, commented that "Buddhist monks have been hacked to death, clubbed to death, bombed and burned to death." Therefore, the Sunni Islamic insurgency is just like radical Islam in Afghanistan and Somalia, to name only a few places in the world.

After all, in Somalia it is clear that Sunni Islamists are intent on killing every last

Christian in this nation and in Afghanistan the followers of radical Islam are even intent on wiping out every trace of Buddhism in this land. Therefore, the past Islamic jihads which destroyed Buddhism in Afghanistan weren't good enough because under the rule of The Taliban they even began to destroy all traces of Buddhism during their year zero campaign.

Therefore, the Sunni Islamic insurgency in southern Thailand is following a familiar path and this applies to the destruction of all non-Muslim elements within society or the complete dhimmitude of all non-Muslims by the rule of fear.

In truth, this is a continuation of what the prophet Mohammed did because he also began the annihilation of Judaism and Paganism in Arabia and on his deathbed he then called for all non-Muslims to share the same fate in Arabia.

Mohammed stated "No Muslim should be killed for killing a Kafir" (infidel). Vol. 9:50 and his dying words were "Turn the pagans (non-Muslims) out of the Arabian Peninsula." Vol. 5:716

Therefore, the hatred which is ongoing in southern Thailand is directly inspired by Mohammed because he stated to "Fight those who believe not in Allah nor the Last Day, nor hold that forbidden which hath been forbidden by Allah and His Messenger, nor acknowledge the religion of Truth, (even if they are) of the People of the Book, until they pay the Jizya with willing submission, and feel themselves subdued." Koran 9:29

Zachary Abuza, author of *Militant Islam in Southeast Asia (Crucible of Terror)* and *Conspiracy of Silence (The insurgency in Southern Thailand)*, and a host of other written materials, highlighted the role of the madrasas (Islamic schools).

Zachary Abuza states that "In their pursuit of the creation of Islamic states, many Southeast Asian jihadis established Islamic schools to indoctrinate, propagate, and recruit. The leaders of many militant groups in Southeast Asia, including the Laskar Jihad, *Kumpulan Mujahidin Malaysia*, and *Jemaah Islamiya*, returned from Afghanistan and established a network of madrasas as the base of their operations and recruitment.

Therefore, while past insurgencies fused the Islamic faith with nationalism, it is clear that this is no longer the case and instead southern Thailand is faced by the forces of radical Islam. This new pattern is intolerant towards any diversity and Buddhists are deemed to be subhuman and compromise is not on the agenda.

In the book by Zachary Abuza called *Conspiracy of Silence* he states that "Execution-style killings have demonstrated a ruthlessness that has never before been seen in southern Thailand. Women, children, monks, and clergy, who in previous iterations of the insurgency would never have been routinely targeted, are now dying in appalling numbers." (Page 141)

Zachary Abuza also states that °The Thai government has always played down the role of the jihadists. It argues that their numbers are very small and their doctrinaire Salafism/Wahhabism makes them ill-suited to the Malay community. A similar refrain was heard in Indonesia, when officials did not want to confront the growing specter of JI. In reality, Thia security forces are unwilling to acknowledge the role of groups with more international aspirations and contacts. A;homegrown, localized insurgency that does not threaten the tourism industry or the national economy is somewhat tolerable. A group with ties to al-Qaeda – a group that cares little about equity or social justice and a lot about eliminating the enemies of Islam (especially allies of the United States) through indiscriminate violence – is altogether a different thing: it is dangerous and threatening.;± (Pages 143-144)

B. Raman (Additional Secretary (retd), Cabinet Secretariat, Govt. of India, New Delhi) states in the South Asia Analysis Group, Paper No. 1501, that °The external inspiration has so far been mainly from Bangladesh and Pakistan, the main motivating organizations being the Harkat-ul-Jihad-al-Islami (HUJI), which has a presence both in Bangladesh and Pakistan, and the Lashkar-e-Toiba (LET), which has a presence only in Pakistan and not in Bangladesh. The extensive media reporting in Pakistan on the presence of foreign students in Pakistani madrasas, which followed the reports of the involvement of three British citizens of Pakistani origin in the London explosions of July 7,2005, has revealed the presence of nearly a thousand Pattanis in the Pakistani madrasas.;±

;±This has been a surprisingly large number. Till the Pakistani media gave an estimate of the number of Thai students in their madrasas, one was under the impression that the flow of Thai Muslims to the madrasas in Pakistan had considerably declined after the arrest of the brother of Hambali, the operational chief of the Jemaah Islamiya (JI), and some other Indonesians and Malaysians from madrasas in Karachi controlled by the LET and their deportation to their respective countries in 2003. Instructions had gone to the Thai Muslims after their deportation to go to Bangladesh thereafter for studies in the madrasas there since the Pakistani jihadi organisations, which are members of Osama bin Laden's International Islamic Front (IIF), were afraid that the Americans might be keeping a watch on the madrasas in Pakistan.;±

In my article which was published in The Seoul Times called Islamic Militants Target Buddhists in Thailand, I comment that °The ongoing Islamic jihad in Southern Thailand could draw in other regional and global jihadists, and this could have dire consequences because you have Christian-Muslim tensions in parts of Indonesia and the Philippines. Also, if the Thai army is forced to retreat or adopt a containment policy then clearly Islamic jihadists will gain because they will have free areas in order to spread their

dangerous ideology and cause further mayhem throughout the region.±

°At the same time the current Sunni Islamic insurgency hopes to cleanse the region of all Buddhists and to destroy Buddhist temples and architecture in yet another re-run of Afghanistan. Therefore, it is clear that the minority Buddhist community in Southern Thailand needs greater protection from radical Islamists.±

°If political leaders in Thailand betray the Buddhist minority then the consequences will be severe. Also, this part of Thailand could become yet another museum where Buddhism is eradicated by Islam?±

Another important factor is that Islamists are always looking for a fresh opportunity to spread their hatred and ideology. Therefore, if America and other allies begin to contain radical Islamic forces in Afghanistan and Iraq, then just like the past they will look for new ventures and areas to cause chaos.

This factor alone means that southern Thailand, Indonesia, and the Philippines could witness further infiltration of international jihadist movements in the future. Added to this is the geopolitical and geographic reality which holds many opportunities for the international Islamic terrorist movement.

Abu Bakar Ba'asyir and JI have a goal and this is to create a super-Islamic state which would incorporate Indonesia, Malaysia, the southern Philippines, Brunei, and Singapore (some would also include southern Thailand). This may seem impossible to most people or an illusion, but an illusion in the eyes of radical Islamists does not hinder insurgencies or international Islamic jihadist movements which enter conflicts when the time is right.

International Islamists have moved freely between Afghanistan, Bosnia, Chechnya, Iraq and a host of other countries. Therefore, failed states, narcotic wars, chaos, ethnic divisions, and other dark forces are grounds for Islamists to create more chaos and often with Saudi Arabian funding.

Denis D. Gray and Vijay Joshi, Associated Press, March 10, 2007, state that °Between 1999 and 2003, Thai students held regular paramilitary sessions in Bandung, Indonesia, with the top "one or two" then sent to Mindanao in the southern Philippines, another region wracked by Islamic rebellion, for more combat training, said Col. Wichai Chucherd, Defense Attache at the Thai embassy in Indonesia.±

°An Indonesian military intelligence report seen by The AP on the Bandung training says the presence of Thai separatists on Indonesian soil is worrying because they could form links with Jemaah Islamiyah members who are now in Indonesia."

°Thai insurgents provided support for frequent visits by Jemaah Islamiyah's alleged operations chief Riduan Isamuddin, also known as Hambali, who was captured in Thailand in 2003 and is now in U.S. custody.±

Turning back to Zachary Abuza he highlights some Islamic leaflets in his book called the Conspiracy of Silence. These leaflets are aimed to intimidate the local community and many are directed towards the Buddhists.

For example Document 22 states ;°Dear every Siamese Buddhist Thai who lives near the police stations;|;|.I;`ll give you three days for you to leave my land. Otherwise, I will kill, burn, destroy all Buddhist Thai property;|;|;|The Buddhist Thai will never live in peace. If you leave the house, travel or go to work, you will die violently. I will wait for you for 24 hours, in every direction.;± (Page 241)

Document 23 states ;°The Islamic warriors of Pattani announce the purpose that we will never stop killing the Siamese kafir (infidel) and will never stop destroying army weapons, the economy, politics, education and the Siamese kafir society until we regain the land of Pattani and establish the state of Pattani Darulslam. I ask for Muslim Malays to be the witnesses.;± (PAGE 242)

Therefore, the ongoing insurgency in southern Thailand may be viewed to be isolated but clearly this area could be used by international Islamists to further their power base and the importance of the Malacca Straits must not be overlooked for international Islamic terrorists. After all, the region is of major strategic significance and terrorist organizations like al-Qaeda desire to cause economic mayhem where possible.

Overall, it appears that Thailand is going from one political crisis to another in Bangkok but for the Buddhists of southern Thailand and moderate Muslims it is one long nightmare. A major Islamic insurgency is ongoing and given the complexities of the region, then links with JI and other Islamic terrorist networks is clearly a cause for major concern.

If the current situation prevails and Buddhists continue to flee because of countless massacres by Islamists then the central government in Thailand will have little power to control southern Thailand in the future. If this happens, then this area will be cleansed of Buddhists and the next fear is that this region will be utilized by international Islamists.

<http://theseoultimes.com/ST/?url=/ST/db/read.php?id=9593>

### **Cambodia**

- **Political Front**
- **Geo Strategic Front**
- **Cambodian troops leave border area**

Cambodian troops have withdrawn from a disputed border areas along the border at Surin after exchanging fire with Thai soldiers on Saturday.Suranaree Task Force commander Chavalit Choonprasarn yesterday negotiated a truce with Joom Sa-Rai, deputy chief of Region 4 Border Affairs Bureau.The two sides agreed to pull back their troops from the

disputed area near Surin's Kap Choeng district where the skirmishes took place.

Col Joom assured Maj Gen Chavalit that no Cambodian troops would trespass on Thai territory. Maj Gen Chavalit also said that an effort would be made to prevent future clashes, an army source said.

Thai and Cambodian troops exchanged heavy fire for almost an hour from 8am on Saturday, 8km east of Chong Chom checkpoint. They also exchanged fire for 15 minutes from about 9.30am.

No casualties were reported. A Thai ranger who had been reported missing after the incident was found by the Suranaree Task Force. He lost his way in dense forest during the clash.

Shooting broke out after Thai troops patrolling the border found Cambodian soldiers had built a village for Cambodians in a disputed area.

Thai troops earlier claimed their Cambodian counterparts opened fire on them when Thai officials ordered them to stop building the houses. Cambodian authorities earlier said their troops were patrolling the border when they came under fire from Thai troops.

Maj Gen Chavalit said Saturday's clash was due to a misunderstanding and the atmosphere along the border was expected to improve after the two sides ironed out their differences. Cambodian and Thai troops were again patrolling the border yesterday, he said.

Senior local officials on both sides will meet for a meal soon to discuss areas of disagreement. Meanwhile, business at the Chong Chom border market returned to normal yesterday after tourists and vendors from the two countries returned.

Relations between Cambodia and Thailand took a turn for the worse in November last year when Cambodian Prime Minister Hun Sen appointed fugitive former premier Thaksin Shinawatra his economic adviser and refused to extradite him to Thailand to serve his prison sentence.

<http://www.bangkokpost.com/news/local/36265/cambodian-troops-leave-border-area?>

- **Somali pirates seize Thai ships**

Ap, Nairobi Somali pirates hijacked three Thai fishing vessels with 77 crew aboard more than 1,200 miles (1,930 kilometres) from the Somali coast, the farthest-off-shore attack to date, the EU Naval Force said yesterday. Pirates have expanded their range south and east in response to an increase in patrols by European and American warships off the Somali shore. The hijacking of the three Thai vessels happened Sunday, said Cmdr. John Harbour, a spokesman for the EU Naval Force. The attack took place well outside the area that the EU force operates in, he said.

The three vessels the MV Prantalay 11, 12, and 14 have 77 crew onboard in total. All the

crew are Thai, Harbour said. The owner of the vessels is PT Interfishery Ltd.

Pirates have increased attacks against shipping vessels over the last year in hopes of netting the multi-million dollar ransoms they can earn.

<http://www.thedailystar.net/newDesign/news-details.php?nid=135203>

- **Economic Front**
- **Cambodian economy to grow 4.5 pct in 2010 -ADB**

Cambodia's economy, one of the fastest growing in Southeast Asia for a decade, may grow 4.5 percent this year after contracting 2 percent in 2009 due to the global economic crisis, the Asian Development Bank (ADB) said.

A pick-up in garment exports and tourism backed that forecast, Eric Sidgwick, the ADB's senior country economist, told a news conference on Tuesday, adding that the economy could grow around 6 percent in 2011. However, he said Cambodia needed to diversify its economy to achieve sustainable growth in future.

"If you look at garments, the corner has now been turned," he said, noting that retail sales in the United States, a big market for clothes made in Cambodia, had risen 5.5 percent in the first quarter compared with a year before.

Tourism was also recovering and the sector had grown about 10 percent in the first quarter of 2010 compared with last year.

"And the good news there is that the Koreans and Chinese are coming back. They are both up around 30 percent in the first quarter," Sidgwick said.

A drop in visitors from those countries last year was offset to some extent by more arrivals from Laos and Vietnam. "But by and large, visitors from Laos and Vietnam spent less and stayed fewer days than counterparts from Korea and China," he added.

Construction was also recovering, although he did not forecast by how much.

Garment exports, tourism and the construction sector, which together account for over a third of GDP, all shrank last year.

In contrast, agriculture, Cambodia's fourth big growth driver accounting for some 30 percent of GDP, grew by about 4 percent because of favourable rain, and that served as a social safety net for many workers laid off in other sectors.

Diversification should involve both new products and new markets, Sidgwick said.

"If the Asian region is going to pick up, Cambodia needs to be able to take part in that to benefit from that," he said.

"You need to diversify the economic base to new areas so this means new products for export and new markets for exports -- not just the U.S. and EU, but hopefully more in the Asian region, where activities seem to be picking up much more."

<http://www.iii.co.uk/news/?type=afxnews&articleid=7849153&subject=economic&actio>

n=article

- **Social Front**
- **UN legal chief calls on donors to help fund Cambodian genocide tribunal**

The United Nations legal chief today called for donors to provide funds to support the UN-backed tribunal in Cambodia trying Khmer Rouge leaders accused of mass killings and other crimes during the country's genocide in the late 1970s.

Under-Secretary-General Patricia O'Brien, the UN Legal Counsel, voiced concern about the financial situation, including the cash flow, of the Extraordinary Chambers in the Courts of Cambodia (ECCC), after holding talks with the country's Deputy Prime Minister Sok An in the capital, Phnom Penh.

Ms. O'Brien and the Deputy Prime Minister issued a joint statement after their meeting in which they urged the international community to provide contributions and pledges to national and international components of the tribunal. The ECCC was set up in 2003 by the UN and Cambodia and is tasked with trying senior Khmer Rouge figures and others responsible for the worst atrocities between 1975 and 1979. It is composed of both national and international judges and staff.

In their statement Ms. O'Brien and Mr. An stressed their continued strong support for the ECCC and their intention to work closely together to ensure that the tribunal is successful. They noted the completion of the trial phase in the case of Kaing Guek Eav, also known as "Duch," who is charged with crimes including torture and premeditated murder while he was in charge of the notorious S-21 detention camp.

"The ECCC has confirmed its ability to conduct complex international criminal trials to international standards, and is living up to the hope for it to be a model court," according to the statement. "The proceedings have attracted unprecedented interest and support, as witnessed by the fact that over 30,000 Cambodians have attended court proceedings since its inception."

<http://www.un.org/apps/news/story.asp?NewsID=34417&Cr=cambodia&Cr1=>

- **Cambodia hopes to contain drug-resistant malaria strain (Feature)**

Next week, teams of health workers will head to 10 of Cambodia's most malaria-infected villages near the western town of Pailin, in a region notorious for its mystifying ability to produce resistant strains of the disease. The purpose of their visit is unique in the country's programme to combat malaria.

Health workers will take blood samples from every villager, lab test for the falciparum malaria parasite, and then provide treatment within days to anyone with the parasite whether or not they are showing malaria symptoms.

This pre-emptive action is one of many the government and donors have taken in a year-

old programme to combat a potential catastrophe: The spread of a falciparum strain that has shown resistance to the world's most important malaria treatment - ACT, which combines artemisinin with other drugs to attack the parasite.

Dr Steven Bjorge, a malaria specialist at the World Health Organization's office in Phnom Penh, said scientific tests have proven that a deadly strain resistant to chloroquine, for example, developed in western Cambodia before migrating to Africa.

'And so the fear is that again the drug-resistant parasite, for example from western Cambodia, will move to Africa, and Africa is a malaria problem many magnitudes worse than anything in South-East Asia,' Bjorge said.

The objective of next week's effort, which follows World Malaria Day on April 25, is to reduce the number of malaria carriers. Should that prove successful, it will be rolled out across the country as part of a wider containment programme, he said.

'And that's going to then reduce the number of parasites that are generally in the population, and then probably reduce transmission,' Bjorge said. Dr Duong Socheat heads the government's National Centre for Malaria Control. When news broke two years ago of the increasing resistance to ACT, health professionals and the government met to map out an urgent course of action. 'The experts were very concerned - how to contain, how to stop the spread of artemisinin-resistance to other areas?' he said. 'So before it spread, we had to take some action.' The resultant containment plan divides Cambodia into three zones. Zone 1, comprising around 5 per cent of Cambodia, is centred in the west around Pailin and is the main initial focus. Zone 2, a buffer zone, expands beyond the first zone and accounts for about half of the country. Zone 3 comprises the rest of Cambodia. The ongoing plan combines prevention, education and treatment.

Duong Socheat said one aspect has been to provide training to private health practitioners, drug manufacturers and importers to ensure they understand the importance of not using one drug to treat the disease - so-called monotherapy. Another is a government crackdown on counterfeit drugs being sold in markets and pharmacies.

'This is a real achievement that people are following our guidelines,' he said. 'Before you could see plenty of counterfeit drugs in the market, but now there are very few.' Other steps include providing bed nets to prevent people being bitten by mosquitoes. WHO figures show Zone 1 now has an average of 1.79 people per bed net.

Another vital step was training at least one volunteer in every Zone 1 village how to use a free kit to provide testing for any villager with fever. In a country where people are often charged for theoretically free health services, a free testing service is key. Duong Socheat said indications show the situation has stabilized in Zone 1, which last year reported zero deaths from malaria. The number of infections was stable too. All 270 deaths from the

disease in Cambodia last year took place in Zones 2 and 3.

WHO's Bjorge said he is 'very, very cautiously optimistic' the containment programme is working. 'We feel that in Zone 1 we are having some success. It's still early in the game and so we're trying to gather the data and evaluate it, but we think that we're having some impact,' he said. Assuming the data shows success, the next step is to expand the containment programme over the next five years to cover Zones 2 and 3, using money provided under the Global Fund, which targets HIV/Aids, tuberculosis and malaria.

Duong Soheat said the government wants zero malaria deaths in Cambodia by 2020. The containment programme is bound to help. He said the most difficult task will be to ensure migrant workers who crisscross Cambodia looking for work do not bring back the resistant form to their home provinces. The more the government can help to improve the economy, the easier that task will be.

'It's very important. When the economy improves, gross domestic product increases and it's easier for poor people to protect themselves,' he said.

[http://www.monstersandcritics.com/news/health/features/article\\_1550655.php/Cambodia-hopes-to-contain-drug-resistant-malaria-strain-Feature?](http://www.monstersandcritics.com/news/health/features/article_1550655.php/Cambodia-hopes-to-contain-drug-resistant-malaria-strain-Feature?)

- **23 indicted in marriage fraud plot in Ky.**

A federal grand jury has indicted 23 people in what prosecutors called a conspiracy to set up sham weddings in exchange for cash, free vacations to Cambodia and sex, according to documents unsealed Tuesday.

The 10-count indictment, unsealed in U.S. District Court in Louisville, alleges a series of efforts to marry American citizens to Cambodians, with the goal of obtaining citizenship for the foreign nationals. An interpreter read the indictment to 12 people in federal court Tuesday afternoon during an initial court appearance for some of those indicted. None spoke during the presentation of the indictment, and court records did not list attorneys for those charged. "Marriage fraud results in an illegal shortcut to U.S. citizenship and poses a concern to our national security," Department of Homeland Security Assistant Secretary for ICE John Morton said in a statement. "All of those involved in these false marriages will be held accountable."

The indictment spells out a scheme starting in January 2000 and lasting through April 2010 in which 12 U.S. citizens were recruited to marry Cambodians, allowing the foreign nationals to obtain visas to enter the United States and gain citizenship or permanent legal status.

In exchange for the wedding, the American citizens were paid anywhere from \$500 to \$1,000, according to the indictment. At least one person received sex with two young Cambodian girls, while others were given discounted service at nail salons in Kentucky

and southern Indiana, the indictment states. In nearly every instance, the indictment states, an American citizen flew to Cambodia, where pictures were taken during an engagement ceremony, at beaches and tourist attractions to give the appearance of an ongoing relationship. Once the pictures were complete, immigration documents were completed and forwarded to the U.S. consulate, where they were processed. Four of the marriages were not completed, while others resulted in divorce within a few years. All 23 people are charged with conspiracy, while others face charges of marriage fraud and fraud and misuse of visas.

<http://www.chron.com/disp/story.mpl/ap/tx/6957154.html?>

## **Vietnam**

- **Political Front**
- **Vietnam's guarded US embrace**

Fifteen years after normalizing diplomatic relations, military cooperation between the United States and Vietnam is evolving bit by bit. Both sides would like to counter China's military buildup and historic desire to dominate the region - including the strategic South China Sea where a quarter of the world's trade transits and where Vietnam, China and other countries contest two island chains believed to contain rich mineral deposits.

While US motives are relatively clear - to deepen contacts with the Vietnamese military and establish areas of cooperation - the Hanoi side is often tied up in knots on how and whether to partner strategically with Washington, its former war adversary. On one hand Vietnam enjoys high-level attention from the US. In October 2008, the two countries initiated an annual security meeting held at the assistant secretary-vice minister level. Referred to officially as "political-military talks" by the US, Vietnamese diplomats advertise the event as a "strategic dialogue", referred to locally as doi thoai chien luoc.

According to a diplomat in attendance, Ambassador Le Cong Phung made the first public announcement of the dialogue while speaking at a Vietnamese embassy function in Washington a month prior, to the surprise of some American guests.

But there are also Vietnamese concerns over the appearance of too close a military relationship. Since 2003, American warships have docked in Vietnam to conduct a range of military-diplomatic exchanges. While welcoming these highly symbolic visits by the US Navy, Vietnam initially limited port calls to one a year and ensured that the Chinese navy enjoyed equal docking rights.

The desire to placate China is reflected in a gamut of policies, from how activities with the US are disclosed in the state-controlled media, to the habit of sending high-level delegations to China coincident with any high-level visit to the US.

In March, a US naval supply ship quietly spent 16 days at Vietnam's newly completed

Van Phong port located in strategic Cam Ranh Bay. This famed deep-water harbor was originally built by the Americans during the Vietnam War and after the communist takeover became a key base for the Soviet Union's Pacific Fleet. The recent port call by the USNS Richard E Byrd was not publicly announced, but the purpose of the visit was supposedly for repairs and resupply under a new comprehensive agreement for logistical support. In December 2009, General Phung Quang Thanh became just the second post-war Vietnamese Minister of Defense to visit Washington. True to form, senior Defense Ministry delegations went to China before and after General Thanh's US visit. This deference to Beijing is reflected in a recent Hanoi white paper on defense policy where territorial disputes with its northern neighbor China are downplayed.

Overall, warming US-Vietnam ties have generated actual and promised results. Vietnam has been invited to observe US military exercises with regional allies, including Thailand. There is also discussion of joint search and rescue operations off Vietnam's coast and of the US training Vietnamese peacekeepers for international United Nations-led missions.

Vietnamese staff officers have also been offered participation in International Military and Education Training (IMET), the American program for developing ties with future military leaders. While none of the exchanges is particularly significant in isolation, each activity represents further cooperation between Hanoi and Washington and facilitates an active US naval presence in the South China Sea.

Friend or friendemy?

Although relations with the US have advanced on many fronts, there is nevertheless a deep ambivalence in Hanoi on proceeding further. And it is just not about sensitivity to China's feelings. Many in Vietnam's leadership dread "peaceful evolution," code for closer ties to the US unleashing forces of political liberalization that the ruling communist party cannot control.

This paranoia is manifested in various ways. Earlier this month, the Vietnamese government refused to grant a visa to US congresswoman Loretta Sanchez, a senior member on the House Armed Services Committee and staunch human rights defender. According to a statement by Sanchez, Vietnam was worried she would highlight the government's well-chronicled and ongoing rights abuses.

The suspicions are sometimes personal. In the fall of 2008, Hanoi would not allow the current US military attache to serve at the US embassy because of his ancestry. Born in Vietnam, Colonel Patrick Reardon was adopted by an American family as a toddler. Vietnamese authorities are known to remain suspicious of overseas Vietnamese, particularly those with political influence.

The deep-seated paranoia also affects decision-making at the highest level. Defense Minister Phung Quang Thanh's trip to the US last December was reportedly postponed twice. According to a Vietnamese source, there were differences in the party politburo over the goals of the visit.

While the defense minister is seen as pro-Western, others within the communist leadership - such as first deputy Defense Minister General Nguyen Chi Vinh - rely on Beijing as a political hedge and are wary of closer ties with the US. The conflicting worldview is reflected in a popular saying now making the rounds in Vietnam: "Too close to China and lose the country. Too close to America and lose the party."

Such is the dilemma in which Vietnam's communist leaders now find themselves. Who knows what the captains and colonels of the People's Army of Vietnam might learn when they attend US staff colleges? While there is momentum for increased US-Vietnam military cooperation, expect ties to cycle hot and cold.

[http://www.atimes.com/atimes/Southeast\\_Asia/LD24Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/LD24Ae01.html)

- **Vietnam strives for nuclear weapon-free SEA: PM**

Vietnam was helping to build a Southeast Asian community free of nuclear weapons, following his country's recent signing of a nuclear energy cooperation agreement with the US, Prime Minister Nguyen Tan Dung said.

Vietnam's top priority is safety and security as it begins to work with nuclear energy, said Dung at the two-day Nuclear Security Summit that began April 12 in Washington DC. He added that the country shared the international community's concerns about the threat of nuclear terrorism.

He said Vietnam had developed and improved its "legal framework and regulatory bodies to control and ensure the safety and security of the use of nuclear materials and radioactive substances. At the same time, Vietnam has acceded to many important international treaties in this area.

"Vietnam strongly supports and actively contributes" to efforts geared towards "nuclear disarmament, non-proliferation and countering terrorism in all forms while promoting the safe and secured use of nuclear energy for the benefits of all nations," said the prime minister. "As Chair of ASEAN [Association of Southeast Asian Nations] in 2010, Vietnam is actively contributing to building a prosperous Southeast Asia free from nuclear weapons."

The prime minister also stressed that the United Nations and the International Atomic Energy Agency must take the central role in speeding up nuclear applications and safeguarding nuclear security.

Nuclear cooperation

During his visit to the Nuclear Security Summit, Prime Minister Dung also met with US Vice President Joseph Biden. Dung has said he hopes US firms would be actively involved in nuclear power projects and the Hoa Lac Hi-tech Park in Vietnam, Sai Gon Tiep Thi newspaper reported April 14. Vietnam and the US on March 31 signed a memorandum of understanding on nuclear energy that could see US firms enter the local sector here.

On March 25, the Japan Atomic Industrial Forum, Inc. (JAIF) established the JAIF Vietnam Office in Hanoi as part of its cooperation toward the introduction of nuclear power in Vietnam. JAIF has actively cooperated with Vietnam in the area of development of nuclear infrastructure ever since 2000, when it concluded a nuclear cooperation memorandum with the then-Vietnam Atomic Energy Commission [current Vietnam Atomic Energy Institute].

On April 13, Dung met with the Japan Prime Minister Yukio Hatoyama, who reaffirmed Japanese interest in Vietnam's nuclear power sector. Dung had met leaders of GE-Hitachi Nuclear Energy Inc. on April 12.

Vietnam has signed nuclear cooperation agreements with Russia, China, France, India, South Korea and Argentina. The National Assembly, Vietnam's parliament, last year approved a project to build two nuclear power plants with the first expected to break ground in 2014 and put into operation in 2020.

<http://www.thanhniennews.com/2010/Pages/20100417220307.aspx?>

- **Beyond Vietnam: A Time to Break Silence**

Editorial note: Martin Luther King's speech on April 4 1967, practically a year before he was assassinated in Memphis, Tennessee, is reprinted here for the simple reason that everything he says here rings truer than ever as we are facing the moral bankruptcy of today's United States.

Looking back on the events of 1967 and considering the strong denunciation of U.S. moral and power hungry decadence so clearly expressed in this speech, it is almost amazing that he was not assassinated long before. Dr. King was such a widely heard voice for justice and anti war and poverty that once his fight for civil rights veered into a general fight against the central problems in the U.S. society, his fate must have been doomed. His audiences were not only American but world wide, and the U.S. rulers could not take a chance on his gathering unstoppable opposition against their sacred credo of world domination. Of course the true reasons why he was killed have never been officially ascertained, but it stands to reason that he was too formidable an enemy of complacency and utterly false values to be allowed to go on assembling hundreds of thousands of listeners to his heartrending and extraordinarily convincing speeches. The

following speech is amazingly relevant today, which is of course the reason why we post it at this time. The complete renewal of values that Dr. King pleads for - "I am convinced that if we are to get on the right side of the world revolution, we as a nation must undergo a radical revolution of values." were on such an obvious collision course with the leading world domination policies of the government in Washington that he just could not be allowed to go on letting his voice being heard county-wide and world-wide. He said: "The image of America will never again be the image of revolution, freedom and democracy, but the image of violence and militarism."

[http://axisoflogic.com/artman/publish/Article\\_59538.shtml?](http://axisoflogic.com/artman/publish/Article_59538.shtml?)

- **China, Vietnam pledge to further promote military ties**

Chinese Defense Minister Liang Guanglie on Thursday pledged to boost military ties with Vietnam when meeting his Vietnamese counterpart Phung Quang Thanh. Liang said bilateral military cooperation was a major component of China-Vietnam comprehensive strategic cooperative partnership.

He called on the two sides to promote sustained, healthy and stable development of bilateral military ties in line with the spirit of enhancing communication, mutual trust and cooperation, which was in the interests of the two peoples and the China-Vietnam friendship.

Thanh said the Vietnam-China relationship was the most important bilateral relationship for Vietnam. Vietnam attached great importance to friendly cooperation with the Chinese armed forces, and was ready to make joint efforts with China to further promote the military ties, he said.

Thanh, on behalf of the Vietnamese government, sent Liang a letter of condolence and 30,000 U.S. dollars in a cash donation for areas affected by the 7.1-magnitude earthquake in northwest China's Qinghai Province.

<http://english.people.com.cn/90001/90776/90883/6960032.html?>

- **Economic Front**
- **Vietnam targets 30 percent cut in energy consumption**

Vietnam aims to cut its energy bill by 20-30 percent in the next ten years, and invites businesses to invest in renewable energy projects, an official said Wednesday.

Green and renewable energy is expected to account for 9-10 percent of total energy use in the country and the target can only be achieved within a proper legal framework, Industry and Trade Minister Vu Huy Hoang said at the First German-Vietnamese Business Conference on Climate Change and Energy in Ho Chi Minh City. The Ministry of Industry and Trade and concerned agencies will propose regulations to encourage more investment into new energy projects, especially from the private sector, he said.

Prices of green energy also need to be considered carefully, he said, noting that wind power prices are high, more than double the prices offered by hydro power and thermal power plants. At the conference, Hoang also announced that Vietnam has been seeking assistance from other countries, including Germany, Finland, Denmark and Japan, in promoting the use of new energy to mitigate the negative impacts of climate change.

<http://www.thanhniennews.com/2010/Pages/20100422125907.aspx?>

- **Vietnam may restrict steel imports to curb reliance on China**

Vietnam may restrict imports of steel products that can be manufactured domestically to curb reliance on China, Japan and Russia, according to a recommendation from the Vietnam Steel Association. Vietnam is able to make products used in construction, such as wire rods, pipes and metallic-coated steel, and is developing factories to manufacture other goods, said Pham Chi Cuong, Hanoi-based chairman of the association, which represents 90 percent of the country's steelmakers.

Limiting overseas purchases of some kinds of steel, Vietnam's third biggest import, will reduce its exposure to rising costs in countries such as China, where benchmark hot-rolled steel prices last week reached an 18-month high. Restricting imports may also help Vietnam to narrow the trade deficit, and limit the impact of a weakening dong. "The government should have measures to limit imports of products such as wire rods, pipes and metallic-coated steel that local factories can produce here already," Cuong said in an interview Wednesday. "Restricting imports will help the government reduce the trade shortfall, curb inflation and boost local production as well as economic growth," he said.

The country's demand for steel products will increase as much as 15 percent this year because stalled construction projects are resuming as economic expansion quickens, the association said.

Vietnam's imports of the metal rose 22 percent in 2009 to 9.63 million tons, according to the statistics office. The dong weakened 5.4 percent last year as the government devalued its currency twice, making imported goods more expensive.

#### Real-estate recovery

"If we can supply these products domestically, we'll be able to save at least \$700 million from paying foreign sellers this year," Cuong said.

Prices for steel used in construction projects have increased about 40 percent from the beginning of the year, said Thai Thi My Hanh, vice chairman of the Saigon Construction and Materials Association, which represents 70 companies, including Saigon Construction Corp. "Should steel prices keep increasing, construction projects may shrink and that will affect the recovery of the real-estate sector, which has been frozen for the last two years," said Le Viet Hai, chief executive officer and chairman of Ho Chi Minh

City-based Hoa Binh Construction & Real Estate Corp., which built campuses for Australia's RMIT University in Vietnam.

Any further increase in prices will also make it more difficult for the government to curb inflation and meet its economic growth target, the association's Hang said.

#### Widening deficit

Construction grew 7.1 percent in the first quarter, and made up for 4.5 percent of Vietnam's economy. Gross domestic product expanded 5.8 percent last quarter from a year earlier. The government is aiming for 6.5 percent growth this year.

The trade deficit widened to \$1.35 billion in March from \$1.33 billion the previous month as imports rose. The year-to-year shortfall was \$3.5 billion, compared with a surplus a year earlier. Inflation accelerated to a one-year high in March, with consumer prices rising 9.46 percent from a year earlier.

Vietnam imported steel worth \$5.33 billion last year, its third-largest product by value after machinery equipment and petroleum, according to the General Statistics Office in Hanoi. Of the products Vietnam imported in the first quarter, about 7 percent can be made locally, said Cuong of the association. The Hanoi-based industry group has about 100 member companies.

<http://www.thanhniennews.com/2010/Pages/20100422130030.aspx?>

- **Vietnam soybean meal imports may rise to record**

Vietnamese imports of soybean meal for animal and fish feed may rise to a record, making the country Asia's biggest importer alongside Indonesia, according to the US government. Imports may expand 5 percent from last year to 2.6 million metric tons, according to a report by the agricultural attaché's office at the US Embassy in Hanoi posted on the website of the US Foreign Agricultural Service.

Soybean meal purchases by Vietnam have tripled since 2002 as the country's imports overtook Thailand, South Korea, the Philippines and Japan.

Purchases are "at a high level because of demand from the pork, poultry and aquaculture feed industries," Nguyen Huong of the agricultural attaché's office said a note dated April 15 and posted yesterday. Seafood was Vietnam's fourth-biggest export in the first quarter this year, with shipments rising 15 percent from a year earlier to \$861 million, according to the General Statistics Office in Hanoi.

Vietnamese cattle meat production almost doubled between 2003 and 2008, while pig meat output rose 42 percent in the same period, according to figures from the Food & Agriculture Organization of the United Nations.

'Fundamental'

"Soybean meal is fundamental to many agriculture-related industries in Vietnam," said

Andrew Speedy, the FAO's chief representative in Hanoi. "There is the potential to expand soybean production here, but there's still no capacity for soybean processing." Vietnamese government plans to increase production of oilseed crops, including soybeans, are being hampered by high input costs and low yields, according to Huong. "Farmers have no economic incentive to expand their production areas," Huong wrote. "The first commercial crushing facility in Vietnam will not begin operating at full capacity until the third quarter of 2011." India and Argentina are the top suppliers of soybean meal to Vietnam. Shipments from India slumped 42 percent last year to 1.01 million tons, while Argentine exports more than doubled to 984,000 tons, according to the US report.

"This shift was due to the combination of cheaper freight rates available from Argentina as ships sought to pick up back-haul cargoes at reduced prices and the higher quality of Argentine meal compared with Indian meal," Huong wrote.

"India will remain the leading supplier of soybean meal because of its shorter transport time, but both the US and Argentina are gaining market share because of quality," the report said.

<http://www.thanhniennews.com/2010/Pages/20100422130638.aspx?>

- **Vietnam PM orders central bank to bring down interest rates**

Prime Minister Nguyen Tan Dung instructed the State Bank of Vietnam on Tuesday to continue its flexible monetary policy and bring down interest rates to ensure a 6.5 percent economic growth this year.

PM Dung said lending rates should be 12-13 percent a year and deposit rates 10 percent.

He asked the central bank lender to strengthen its control over foreign exchange rates and the monetary market to promote exports and restrict imports.

The government lifted limits on short-term lending rates this month after allowing banks to negotiate interest rates on medium and long term loans in February.

The Vietnam Bank Association has asked its members to keep deposit rates stable at around 11.5 percent so that lending rates can be lowered, the Vietnam Economic Times reported on Monday. Stable deposit rates will help ensure benefits for both lenders and depositors, the association said. It also called for commercial banks to stop offering cash bonuses or gifts to customers.

Following the association's request, many banks cut dong deposit rates to 11.5 percent a year on Wednesday from up to 11.99 percent, local news website VietnamNet reported.

<http://www.thanhniennews.com/2010/Pages/20100425155759.aspx>

- **Vietnam may have 400,000 tons of unsold coffee**

Coffee growers in Vietnam may hold as much as 400,000 tons of unsold beans, equivalent to about a third of the nation's latest crop, as the government starts its first stockpiling program to counter falling prices.

The volume of unsold coffee of "between 300,000 and 400,000 tons is pretty high compared with 100,000 to 200,000 tons at the same time in previous years," said Pham Dinh Khai, director of An Giang Coffee Co.'s Buon Ma Thuot branch. "This program is good in general, but a bit late in terms of timing."

Prime Minister Nguyen Tan Dung last week told the central bank to oversee a 200,000 ton program to boost robusta prices that have lost 12 percent over the past year. The beans from the world's largest robusta producer will be held for six months at most, potentially overlapping with the arrival in the global market of output from Brazil and Indonesia. "We should have this program undertaken at the peak of the harvest in November, December," An Giang Coffee's Khai said from Buon Ma Thuot City in Dak Lak, the country's main coffee-growing area. Khai spoke by phone late Wednesday.

The volume of unsold beans remains high, representing about 30 percent of the most recent harvest, according to Bui Hung Manh, head of the business department at Tay Nguyen Coffee Investment, Import and Export Co.

Farmers have accumulated their beans because of falling prices, said Manh from the country's biggest coffee exporter, also known as Vinacafe Buon Ma Thuot. Their holdings come from carryovers from the 2008-2009 harvest as well as the latest crop.

#### Falling prices

Local coffee traded at VND23,700 (\$1.25) a kilo Wednesday compared with about VND25,000 last year, according to figures on the Dak Lak government website.

Under the new, state-led program, banks are required to offer exporters low-interest loans of 6 percent to buy and store beans, the State Bank of Vietnam said in an April 14 statement on its Web site. The companies will buy the coffee from April 15 to July 15 and hold it for a maximum of six months, it said.

The main harvest this year from southern Sumatra, Indonesia's key coffee-producing area, will be delayed to late April or early May due to wet weather, Herve Touraine, executive director of SW Commodities Ltd. in Hong Kong, wrote in a report on April 19. The crop is normally ready in March, Touraine wrote.

Vietnam's coffee output in 2010-2011 may decline because of insufficient rain, Huynh Quoc Thich, head of the cultivation office in Dak Lak's agricultural department, said on March 30. Local authorities sought financial assistance from the central government to help growers with added costs, Thich said. Rainfall in Buon Ma Thuot totaled 23.1 millimeters between April 11 and 20, compared with 62.3 millimeter in the same period

last year, according to figures yesterday from the Dak Lak Hydrology and Meteorology Office.

“The dry weather is still our concern,” Thich said by phone Wednesday. “Even though there were some rains earlier this week, it’s not enough.”

<http://www.thanhniennews.com/2010/Pages/20100423223342.aspx>

- **Vietnam sees bilateral trade with India growing further**

The bilateral trade between India and Vietnam, which has been growing at about 20 per cent on a year-on-year basis, is set to grow further with the signing of the ASEAN-India Free Trade Agreement and a memorandum of understanding between the two countries last year, according to Mr Vu Quang Diem, Ambassador of Vietnam to India.

The bilateral trade in 2009 amounted to \$2.055 billion, of which India's export to Vietnam was worth \$1.635 billion. “With the ASEAN-India FTA and MoU on India's recognition of Vietnam's market economy signed last year, more opportunities and favourable conditions have been provided to promote further economic relations, especially trade and investment between India and ASEAN countries, Vietnam in particular,” Mr Quang Diem said while speaking at an interactive session organised by the Bharat Chamber of Commerce here on Saturday.

While mobile phones, computer, electronic components, spare parts, coffee, ores and other minerals were among the major items of export from Vietnam, cattle feed ingredients, pharmaceuticals, steels, spare parts, tobacco ingredients formed the major export items from India into Vietnam, he pointed out.

Indian companies, Mr Quang Diem said, had invested about \$201.4 million in 41 projects in Vietnam in 2009. There have been a number of successful business delegations to Vietnam from India, he said. He added, “The business delegates from India who came to Vietnam have expressed interest in various areas such as mining, steel, carbon black, real estate, herbal medicine and infrastructure finance among others,” he pointed out.

<http://www.thehindubusinessline.com/2010/04/25/stories/2010042551540400.htm?>

- **Vietnam should not rush for growth: ADB**

Vietnam should not “rush” ahead and should focus instead on economic stability and efficiency, says Ayumi Konishi, Asian Development Bank Country Director for Vietnam. Improving the efficiency of its economic system is an important task in order for Vietnam to deepen its integration into the regional and global value chain, he said.

“Without enhancing the efficiency of the country’s economic systems, attempts to achieve a higher economic growth rate will inevitably invite the return of high inflation, and people’s concern over inflation will result in the pressure on Vietnamese dong.

“Inflation will make the poor suffer the most, and the devaluation expectations will

discourage the continued inflow of foreign direct investment,” Konishi said at a press conference held in Hanoi on Tuesday to launch the bank’s Asian Development Outlook 2010 report.

The economy’s stability and efficiency “will be the engine of Vietnam’s sustainable economic growth, and it is not the time to rush [for growth],” he said.

By the end of 2009, rapid growth of money supply and a depreciation of the exchange rate stoked inflation again, and by March 2010 the consumer price index was rising at a year-on-year rate of 9.5 percent, the report said. Bank credit to the economy expanded by 39.6 percent in 2009.

Many banks started experiencing a shortage of liquidity in late 2009, partly a result of a slowdown in growth of deposits due to expectations of rising inflation.

#### Single digit inflation

The report said inflation in 2010 would accelerate to average about 10 percent on account of the rapid growth of money supply last year, the dong devaluations, and projected pickup in economic activity and world commodity prices in 2010.

Assuming monetary and fiscal policies are tightened this year, inflation could ease to about 8 percent in 2011, it said. In fact, fiscal policy has been tightened somewhat, as the 2010 budget targets a narrower overall fiscal deficit of 8.3 percent of gross domestic product (GDP).

In addition to the increase in the central bank’s base interest rate in late 2009, the authorities have set a credit growth target in 2010 at 25 percent, below the actual growth rate of 39.6 percent last year. The central bank also removed interest rate caps on medium- and long-term loans in February 2010, enabling banks to raise lending rates.

#### Economic prospects

ADB said Vietnam’s GDP growth is projected to accelerate to 6.5 percent in 2010 and to 6.8 percent in 2011. Expected increases in remittance inflows and incomes will speed up growth of private consumption. Improvement and consolidation of global financial conditions will bring about an upturn in foreign direct investment inflows and foreign-financed investment. At the same time, growth of public consumption and domestically financed investment will moderate due to the decline in budget spending and tighter bank credit, the report said.

It said exports will pick up in 2010 as external demand strengthens. Tourism and remittance flows are projected to rise in line with improvements in the performance of industrial economies. However, imports will rise more than exports because of the projected acceleration of domestic growth and higher import prices. The current account deficit is forecast to widen slightly to 7.6 percent of the GDP in 2010.

“Shortages of foreign exchange in the formal market, which undermine confidence in the currency, fuel inflation, and hurt investment, should be addressed through a combination of tighter monetary policy and increased exchange-rate flexibility,” the report advised. Vietnam’s estimated foreign exchange reserves were around \$15 billion by the end of 2009, ADB said. At the end of 2008 they stood at about \$23 billion.

It will be important to improve the legal and institutional framework for monetary policy over the medium term. Maintaining price stability should be the primary goal of monetary policy, and the central bank should be given enough operational autonomy to pursue this goal effectively, the report note

<http://www.thanhniennews.com/2010/Pages/20100418131712.aspx?>

- **Environmental Front**

### **Singapore**

- **Political Front**
- **S'pore completes command of anti-piracy task force in Gulf of Aden**

Singapore has successfully completed its three-month command of the multi-national Combined Task Force. This was part of the international counter-piracy efforts in the Gulf of Aden.

Rear-Admiral Bernard Miranda from the Republic of Singapore Navy handed over command to Korea in a ceremony on board a Korean destroyer. Singapore said the coalition has made good progress in the counter-piracy operations in the Gulf of Aden and Somali Basin. And the task force command team, liaison officers, and ships from all participating navies, worked well together to disrupt pirate attacks.

The Singapore Armed Forces will deploy a second task group from June to October this year.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1051735/1/html>

- **Economic Front**
- **Singapore, China vow to further enhance bilateral ties**

Singapore and China reaffirmed on Saturday their sound bilateral relations and vow to bolster cooperation in various areas. Li Yuanchao, Minister of the Organization Department of the Communist Party of China (CPC) Central Committee, paid a visit to Singapore from April 15 to 17 at the invitation of the Singapore government.

Li, who is also member of the Political Bureau and the Secretariat of the CPC Central Committee, met separately with Singapore President S R Nathan and Minister Mentor Lee Kuan Yew. Li said that China highly values the bilateral ties between the two countries. Cooperations in areas such as politics, economy, education, science and technology, culture and tourism have been deepened in recent years, while collaborations

in human resource training, city development and environment protection have also been fruitful. This year marks the 20th anniversary of the establishment of diplomatic relations between the two countries, Li said, adding that China is willing to make joint effort with Singapore to raise the bilateral ties to a new level. The Singapore leaders stressed that the bilateral relations have been developing smoothly since the establishment of diplomatic ties. The bilateral Free Trade Agreement, the Suzhou Industrial Park, and the Sino-Singapore Tianjin Eco-City have served as good examples of sound bilateral cooperations, which not only benefit people from both sides, but also contribute to the peace, development and prosperity in the region. Singapore hopes the mutually beneficial cooperation could be further enhanced in the future.

Both Nathan and Lee also expressed their sympathies and condolences to the victims of devastating earthquake in China's Qinghai province.

Li also attended the Singapore-China Forum on Leadership with Singapore's Senior Minister Goh Chok Tong, Acting Prime Minister Teo Chee Hean. Li also met with Singapore Deputy Prime Minister Wong Kan Seng. He also visited Singapore's ruling People's Action Party headquarters and the Housing and Development Board (HDB) Hub, National University of Singapore and Nanyang Technological University.

<http://english.cpc.people.com.cn/66102/6954981.html?>

- **Singapore has reported a rise in exports of more than a quarter as shipments of electronic goods to the rest of Asia jumped sharply.**

Non-oil exports in March rose by 26.6% compared with a year earlier, faster than analysts had expected. Exports of electronics goods rose by 39.4%. Analysts say the figures bode well for Singapore's economic growth prospects this year.

<http://www.radionz.co.nz/news/stories/2010/04/17/1247fe385d92?>

- **S'pore wants Nuclear Non-Proliferation Treaty strengthened & updated**

Singapore has expressed concern that the Nuclear Non-Proliferation Treaty (NPT) regime is now under stress and remains weak in enforcement. In a statement ahead of the Non-Proliferation Treaty Review Conference in May, the Ministry of Foreign Affairs (MFA) said it is useful to reflect on where the world stands 40 years after the treaty went into force. On disarmament, Singapore said more efforts need to be put into the issues before achieving the goal of a world without nuclear weapons.

In this regard, Singapore feels that the recent conclusion of the Strategic Arms Reduction Treaty (START) between the US and Russia is a positive development.

However, the size of the global nuclear arsenal remains large as there are about 20,000 nuclear warheads in the world. Many of them are still on trigger-alert.

On the important pillar of non-proliferation, MFA said that while the treaty has

successfully limited the number of Nuclear Weapon States, the international community continues to face serious proliferation concerns. In fact, the risk of proliferation had increased.

Singapore stressed that three key states, which are not part of the treaty, have or are strongly believed to have nuclear weapons. They are India, Pakistan and Israel.

Moreover, a country that is part of the treaty has been suspected by the International Atomic Energy Agency of pursuing a nuclear weapons programme.

Singapore is also concerned that as interest in nuclear energy grows due to the rising costs of traditional fuel as well as the concerns over climate change, nuclear technology will continue to spread without checks. These would include activities that could be used for a nuclear weapons programme. Non-state actors, particularly terrorists groups, are believed to be keen on acquiring nuclear material and nuclear weapons to launch terrorist attacks. Hence, the international community faces the dilemma of seeking to strengthen the non-proliferation regime while acknowledging the right of countries to pursue nuclear energy and technology for peaceful uses. MFA stressed that the international community must come to an understanding that while Article Four of the treaty highlighted the right to the peaceful uses of nuclear energy and technology, this right carried with it responsibilities and obligations.

To achieve this, Singapore said Nuclear Weapons States should be committed to their Non-Proliferation Treaty obligations. Countries must also find a mechanism to encourage those with nuclear weapon capability which are outside the treaty to abide by the same international rules and safeguards and find a way to bring them in.

North Korea should be encouraged to return to the global non-proliferation regime. To strengthen the non-proliferation regime, a more robust global export control regime to guard against the illicit trafficking of nuclear weapons and their delivery systems should be established. Singapore said the Non-Proliferation Treaty regime was conceived in a different time and age to deal with very different challenges. It is important that the treaty be brought up to date and further strengthened. Singapore hopes that all could take the opportunity of the upcoming Review Conference to begin this process. It said the process is necessary but will not be easy. Singapore warned that it will be disastrous if the Review Conference ends up in shambles again.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1050968/1/.html>

- **Regulation should focus on sustaining economic recovery: MAS**

Regulation should focus on sustaining economic recovery and maintaining flexibility if Asia's financial sector is to resist the next crisis.

This is the view of Singapore's top central banker Heng Swee Keat, who was speaking at The Asian Banker Summit 2010 in Singapore on Monday.

Observers said Asian regulators have a rare opportunity to co-operate on a regional level, with the relative resilience of institutions in Singapore during the crisis.

The global financial crisis in 2008 appears to be another living memory for now. But Singapore's central bank said it is important for Asia's regulators to go beyond just making sure it does not happen again and meet the needs of a fast-growing regional economy. Heng Swee Keat, managing director, Monetary Authority of Singapore (MAS), said: "Given the economic changes and challenges ahead, how do we make the global financial system more resilient, and at the same time support economic restructuring and sustainable global growth? "It is, therefore, crucial to get the nexus between the global financial system and the real economy right."

Mr Heng told a banking conference that to do it right will need regulations to target institutions themselves - like improving corporate governance to reduce risk taking, and requiring firms to regularly assess the quality of directors. Speakers at the summit added that given the resilience of Asia's financial systems through the crisis, regulators here now have the extra breathing room to harmonise rules and policy on a regional level.

Ian Johnston, chief executive, Asia Pacific, SWIFT, said: "Asia is much more diverse, and I think we're going to see the need for regulators within Asia, probably starting in ASEAN, to be communicating more and agreeing on what the standards should be as far as regulations for financial institutions (are concerned)." But the speakers stressed that with old and emerging sectors rising at the same time in Asia, institutions and regulators would need to remain flexible to match fast changing market needs.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1051221/1/.html>

- **Global economic recovery better than expected, says SM Goh**

Singapore Senior Minister Goh Chok Tong says the global economic recovery is better than what most people had expected. In an interview with New Century Weekly in Boao, Hainan Province, published on Monday, he said the stimulus packages put in place by all the countries affected by the crisis were effective. In the United States, for example, the recovery was much earlier than people expected.

The stimulus package which China put in had also sustained China's economic growth.

There was also tremendous cooperation and information sharing. Mr Goh said through all these measures, a very much feared global recession similar to that in the 1930s had been avoided. He said he wouldn't worry about a double dip now.

SM Goh admitted that the debt crisis in Greece does cause some worry. That's because at this stage it's not known if one or two other countries in Europe could also be in a similar

problem. But Mr Goh expressed confidence that it's unlikely that the situation would degenerate to the extent of a double dip recession. He noted that the European countries and International Monetary Fund (IMF) had to move in very quickly to help Greece.

Likewise, if another country runs into similar problems, Mr Goh thinks the European Union and the IMF will have to move in very quickly to help the country having the debt problem. Mr Goh was also asked about Singapore giving competition to Hong Kong in the tourism space with its integrated resorts. To this he replied that it's not a zero sum game.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1051087/1/.html>

- **Social Front**
- **New survey shows 60% of Singaporeans want to retire by 60**

A new survey showed that 60 per cent of Singaporeans want to retire by the time they reach 60 years of age. However, only 40 per cent have developed - or intend to develop - a proper retirement plan. The survey was commissioned by Russell Investments, a global financial services firm. The aim is to show how Singaporeans are preparing for life after work. The company said that less than 20 per cent have accessed professional financial advice when it comes to retiring.

More than 500 fully-employed Singaporeans aged between 35 and 55 participated in the poll conducted in December 2009 and January 2010. A big fear for more than half the respondents is that they will outlive their money.

In fact, around 70 per cent said they are "very likely" to indulge in part-time employment when they retire.

"Singaporeans are actually preparing themselves for a decline in their quality of living during retirement - no wonder the majority of locals aren't looking forward to their retirement years," said Edmund Teo, Regional Director, Sales and Marketing at Russell Investments.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1051789/1/.html>

- **No Singaporeans affected by Batam shipyard riot: MFA**

Singapore's Foreign Ministry said no Singaporeans have been affected by the riot that broke out at a shipyard in Batam on Thursday afternoon. However, it will continue to monitor the situation.

Thousands of furious Indonesian factory workers set fire to cars and dockyard buildings on Thursday after an Indian company executive called them "stupid", police and media reports said. Nine people were reportedly injured when about 5,000 workers went on the rampage at a factory belonging to PT Drydock World Graha in Batam city, a special economic area south of Singapore, police said.

Around 400 police officers were called to the scene and they evacuated 41 unidentified foreign staff from the seaside factory in boats. Up to 20 cars were set alight, along with a warehouse and two other buildings belonging to the company.

Local police commander Leonidas Braksan addressed the crowd through a loudspeaker and appealed for calm. "I am on your side. I want you all to keep working well. Your families are waiting for you and your salaries at home," he said, according to Antara news agency.

He said any foreigner who had insulted Indonesia should leave the country, bringing cheers from the workers who also sang the national anthem and other patriotic songs.

"The workers spontaneously burned cars as they felt offended and angry after a company executive, who is an Indian national, called Indonesian people stupid," national police spokesman Zulkarnain told AFP. "The situation is now under control and we escorted the protestors outside the company's complex." The shipyard, owned by a Dubai conglomerate, has been temporarily shut.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1051982/1/.html>

- **Increasing public trust important to social harmony: Singapore minister**

Singapore Senior Minister Goh Chok Tong on Friday stressed the importance to rebuild trust in public institutions and leaders in the post-crisis landscape. Speaking at the Singapore-China Forum on Leadership held here on Friday, Goh said that with the recent economic recovery, government and corporate leaders share a general sense of relief that economies had pulled back from the brink of financial abyss, but they still have a huge task in rebuilding the trust in public institutions and their leaders.

Goh said that rebuilding this trust is an important aspect of leadership. "In my mind, this trust lends more legitimacy to a government than its legal authority," he said. Goh outlined core principles that Singapore has adopted to ensure a strong social compact.

First, remain incorruptible and maintain the moral integrity of the government. Second, speak the truth and do not cover up unpleasant facts or developments. Third, give equal opportunities to every community, and in fact, everyone, to learn, acquire skills and perform. Fourth, do what is right for the country in the long term, not what is popular or politically expedient. Finally, understand the aspirations of the people and paint a vision of the future which they can share. He said that while there are differences in basic circumstances between China and Singapore, there are also similarities in the challenges that the two countries face. Hence both countries can learn from each other's experiences in addressing the issue of developing leadership and a harmonious society.

Themed "Harmonious Society and the Development of Leadership," the two-day forum is attended by about 80 officials from both Singapore and China.

<http://english.people.com.cn/90001/90777/90851/6954417.html?>

- **Singapore leader vows to attract more educated immigrants**

Singapore's Minister Mentor Lee Kuan Yew on Saturday stressed the need to attract more educated immigrants.

Speaking at the Indian New Year celebrations, Lee said that with the economy in a buoyant mood after the Singapore government upgraded growth forecast this year, the city state needs to grow as an attractive hub for international trade, investment and talent to sustain long-term growth.

"We benefited from being open to immigrants from around the world, especially China, India and the region. Throughout history, Singapore has welcomed migrants," he said.

Lee said that Singaporeans must recognize that with a declining population, the city state needs immigrants, including those who have studied or worked in the United States and Europe. Educated immigrants will make Singapore more competitive and dynamic, he said, adding that the challenge is to integrate newcomers into the society and an event like this Indian New Year celebration is a good example of how integration can be done.

<http://english.people.com.cn/90001/90777/90851/6954636.html?>

## **Laos**

- **Political Front**
- **Geo-Strategic Front**
- **Economic Front**

- **Lao education sector is low quality and demands more investment**

Laos is facing low quality of education if compared to neighbouring countries?, which is an emerging issue of most anxiety to overcome.

The low quality of the education system partly stems from the current agricultural system. Many rural pupils do not go to school because they have to help their parents in the fields during the growing and harvesting seasons from October to December.

On the other hand, other factors that hinder the development of education are attributed to the shortage of teachers, and no inspiration to spur on quality graduates identified to become teachers at their birthplace in rural areas. The statement was made by the Deputy Minister of Education, Mr Lytou Bouapao in his report on Lao education development to the World Bank recently.

According to the statement, the development was hampered by other problems ranging from insufficient supply of educational materials, delayed payment of monthly salary from time to time, a high rate of class repetition at primary school and a delayed reduction of adult illiteracy. Despite the afore mentioned problems, Mr Lytou has also highlighted the previous achievement of education sector that the foundation of the

country started from scratch in 1975 which recorded less than 10 per cent of literate people out of the total population. But currently the number of literacy has increased to 78 per cent among adults aged above 15.

The number of primary schools has jumped to 1,123 from 754 since the government launched a big revolution movement in the education sector in 2001, and the rate of students aged between 6 and 10 rose by 91 per cent from 79 per cent and that of primary students from 53 per cent to 68 per cent.

However, in general it is noticed that the quality of education between urban and rural areas still leaves a big gap, Mr Lytou has continued. As we have seen the rate of enrolment in Vientiane Capital reached about 90-95 percent while in other provinces as Xiengkhouang, Luang Namtha, Phongsaly and Saravane the rate stands at 40-50 per cent only. To fulfill the millennium development goal we have to encourage all children to complete primary school by 2015.

To ensure the realisation of the goal, it is therefore necessary to encourage the state and private sectors to invest in education development and work seriously? he added.

The Education Sector Development Framework (ESDF) (2009-2015) has recently been approved by the Prime Minister.

The World Bank has provided financial support to Lao education sector through the ongoing Second Education Development Project (EDPII) which has received US\$15 million additional fund from the International Development Association. This fund is part of grant and a long term loan from the WB. The EDPII will further carry out its success which started in 2004, by focussing on increasing the rate of attending primary school of students and the graduation at primary education in 19 poorest districts of six target provinces.

This project will also strengthen the development of policy and strategy to monitor and inspect as well as to manage the primary education for the Ministry of Education.

<http://www.kplnet.net/english/news/newsrecord/19.04.2010/edn4.htm>

- **Influx of overseas tourists drives GDP upward**

More than two million foreign tourists came to Laos last year, driving the Gross Domestic Product (GDP) of Laos upward by 5 per cent, according to the Lao National Tourism Administration (LNTA).

The LNTA President Somphong Mongkhonvilay has disclosed that last year ASEAN countries welcomed more than 63 million overseas tourists, 2,008,000 of whom visited Laos. Mr Somphong's disclosure came last week during the presentation of certificates for ASEAN green hotels in Laos. Last year's tourism income reached US\$263 million, which led the GDP growth by 5 percent, went on Mr Somphong. However, the tourist

service of Laos should be further improved, including the services of guesthouses and hotels, and facilities to attract more tourists," he added.

Recently, 20 hotels in the country have received the ASEAN green hotel awards. Lao hotels started to apply for membership in the ASEAN green hotel awards programme in 2008. In the same year, 10 won the award.

The standard of awarding given to the hotel winners takes into account of environmental protection, communal participation, the use of green produces, human resource development, waste water treatment, energy saving, good management of chemical and air pollution.

The awards will be given every two years after authorities of ASEAN concerned sectors inspecting the hotel environments. The influx of overseas tourists in Laos tends to rise every year due to her attractions of unspoilt and rich nature and fine culture of ethnic

<http://www.kplnet.net/english/news/newsrecord/19.04.2010/edn8.html>

- **Social Front**
- **Road death toll rises**

More than 40 people were reportedly died of road accidents during the last week's celebration of Lao New Year "Pimai", higher than the previous year's toll. A total of 340 road accidents occurred countrywide from 11 to 18 April, according to Monday's report of the Department of Traffic Police, Ministry of Public Security.

The report said the road accidents killed 43 lives, put 75 in critical injuries, and injured 569. It also went on that 354 vehicles were damaged, 365 were considerably damaged and 14 were badly damaged. The death toll was noticed that it rose by 23 persons compared to last year's same period. In Vientiane Capital it was reported that there were seven deaths, 25 critical injuries and 66 injuries from 90 road accidents, which damaged 178 vehicles.

Drink drive was still blamed as the main cause of the road accidents, followed by fast driving and violation of traffic rules.

<http://www.kplnet.net/english/news/newsrecord/20.04.2010/edn3.htm>

- **Central Bank donates 345 million kip to Ketsana flood victims**

The Bank of Lao PDR has donated 345 million kip to flood-affected victims who suffered from the Ketsana tropical storm in the southern provinces of Saravane, Sekong and Attapeu. The money was handed over by Mr. Phouphet Khamphounvong, Governor of the Bank of the Lao PDR together with the bank's high-ranking officials to representatives of the three provinces, last Saturday.

Each province has received 115 million kip to be spent on necessities and consumer goods to relieve the flood victims hit by Ketsana late last year. The fund has been raised

from a golf competition for the Standing Deputy Prime Minister Somsavat Lengsavat's trophy.

<http://www.kplnet.net/english/news/newsrecord/20.04.2010/edn8.html>

- **Government, provincial administrations review important issues for 2010**

An annual meeting for 2010 between the government, provincial governors and Vientiane mayor was opened in Vientiane yesterday under the chairmanship of Prime Minister Bouasone Bouphavanh. The four-day meeting is aimed to review and assess the implementation of the socio-economic development plan and budget plan made in the past six months and discuss the direction for future works.

The meeting has heard a report and discussed a number of issues relating to the tasks of national defence and construction. The meeting also discussed about the socio-economic development for 2010-2011 fiscal year, the seventh five-year plan for socio-economic development

2011-2015. During the meeting, the participants also had a chance to discuss a number of issues to be further submitted to the meetings of the cabinet and the National Assembly in May and June.

The meeting also heard a report and shared their points of views on some documents concerning the roles and duties of state agencies at central and local levels. At the meeting, the participants will also discuss and consider some documents which are the policy and mechanism to spur on the implementation of the socio-economic development plan such as: the division for state investment management, the determination of fund for state investment, the determination for normal public expenditure and the management and utilisation of pensions. The discussion will also cover issues about the policy on tax exemption in poorest districts and the instruction on the implementation of the decree No 135/PM, dated on 25 May, 2009 about state land leasing and concession.

Reports on measures to control the slash-and-burn cultivation, the promotion of commercial production and poverty reduction plan, and a future co-operation strategy between Laos, Vietnam and China will also be on the agenda.

<http://www.kplnet.net/english/news/newsrecord/21.04.2010/edn2.htm>

- **Lao and Chinese discuss investment in Bokeo**

Over 100 representatives from 91 companies of Laos and China met last Wednesday in Bokeo province to discuss investment opportunities in Bokeo province and the golden triangle special economic zone.

The Lao side was led by Deputy Minister of Planning and Investment, Mr. Thongmy Phommaysay and the Chinese side was headed by Board of Directors Chairman of the Golden Triangle Special Economic Zone, Mr. Chao Wei. Law on investment promotion

in the Lao PDR was also learned at the meeting. The participants were informed that tourism, agriculture, light industry, education, health and the exploitation of the Mekong River have high potential of investment. "This is the first time for both Lao and Chinese business people to meet and discuss investment in the province," said Vice Chairman of Board of Directors of Golden Triangle Special Economic Zone, Mr. Ousavanh Thienthepvongsa.

<http://www.kplnet.net/english/news/edn7.htm>

- **Business people invest in 99 projects in Oudomsay**

Over the past five years there have been 99 investment projects with an investment of USD 114.7 invested by both domestic and foreign companies in Oudomsay.

These include 38 projects invested by domestic companies with an amount of over USD 21 million, equivalent to 18 per cent of entire investment in the province meanwhile the foreign-direct investment (FDI) over the past five years in 54 projects is evaluated at USD 86.9 million kip. Over USD 37 million has been invested in agriculture and forestry sector, USD 65.9 million in processing industry, handicraft production and mining, USD 8.3 million in service and USD 3.19 million in culture.

The investment by local and foreign companies has contributed to the development of economic infrastructure in the province and promote the living condition and poverty reduction of local people.

<http://www.kplnet.net/english/news/edn8.htm>

- **Environmental Front**

## **Brunei**

- **Economic Front**
- **BIBD plans Islamic Finance academy**

Building on its achievements over the past year, BIBD plans to strengthen overall HR development including the setting up of an academy to train future Islamic Finance experts.

BANK Islam Brunei Darussalam (BIBD) plans to become the main financial services provider in Brunei, focusing on Islamic banking and strong human resources development, said the Minister of Industry and Primary Resources (MIPR), Pehin Orang Kaya Seri Utama Dato Seri Setia Hj Yahya Begawan Mudim Dato Paduka Hj Bakar, at the bank's Annual Dinner yesterday.

In his first speech since his appointment to the position of BIBD Chairman in February, Pehin Dato Hj Yahya touched on a number of significant plans for 2010. He envisioned the establishment of an "academy" for BIBD staff, which he said would provide

management and leadership training in Islamic Finance leading to "cooperation with international institutions". Pehin Dato Hj Yahya also elaborated on improving the bank's "Talent Management System", which would enhance the management of human resources for strategic planning, with a focus on incentives and rewards, as well as "Succession Planning" to identify and develop its staff to fill key organisational positions within the organisation. In addition, Pehin Dato Yahya said that he hoped these efforts would make BIBD 'the' preferred institution for job hunters in the country. He also praised the strength and dedication of the bank's employees, as a key ingredient of BIBD's success.

In his speech, Acting Managing Director of BIBD Javed Ahmad echoed these sentiments, saying that the bank's success was a direct result of their teamwork and that they were an institution not just focused on "selfish profit", but one that was looking to help national development. He praised BIBD's major successes in 2009, with reference to the bank's appointment as 'Joint Lead Manager' for Islamic Development Bank's (IDB) US\$1.5 billion sukuk programme. In a previous statement, Javed said that BIBD's selection was due to its "ability to distribute the bonds to the widest possible institutional investor base in Asia".

The creation of a "Direct Sales Team" to improve and increase products and services in 2009, had been another initiative by the financial institution to bring BIBD to the forefront of consumer's banking choice. Pehin Dato Hj Yahya noted in his speech that strengthening the sales culture within the bank had been a priority in 2009, and with less than 10 people on its "Direct Sales Team", BIBD had still managed to achieve its sales targets. This was measured by the success of sales for their products such as "Account A plus", a financial product aimed at students, home financing, and savings in the form of the BIBD "Wish Campaign".

Building on their achievements, especially positive developments over the past year, the chairman said he hoped that BIBD will achieve its vision of becoming the main financial provider in the country, especially in the Islamic banking sector.

BIBD's Annual Dinner was held at the Bridex Conference Hall, Jerudong. Sixty-five recipients of BIBD received awards for their services to the bank, some having served with the institution for over 20 years. Minister of Industry and Primary Resources (MIPR), Pehin Dato Hj Yahya was guest of honour. The Brunei Times

<http://www.bt.com.bn/en/business-national/2010/04/25/bibd-plans-islamic-finance-academy>.

- **Social Front**
  - **283 granted Brunei citizenship**

SOME 283 individuals were granted citizenship of Brunei Darussalam yesterday bringing to 30,105 the total number of those granted Sultanate's nationality since 1962, the Minister of Home Affairs said yesterday.

Pehin Orang Kaya Johan Pahlawan Dato Seri Setia Hj Adanan Begawan Pehin Siraja Khatib Dato Seri Setia Hj Mohd Yusof , in his remarks during the 28th presentation of citizenship certificates ceremony at the Rizqun International Hotel, told the new citizens to be grateful towards His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam for consenting to their citizenship which was "an award which cannot be valued". Among the requirements to become a citizen of Brunei, was the need to have a good command of the country's official language, Malay, as inscribed in the national institution, the minister pointed out.

Applicants are required by law to pass a written and oral Malay test in order to become a citizen. Pehin Dato Hj Adanan stressed that Malay represented the nation's identity and unify the population.

"The Malay language should not only be used merely in the preparation prior to the Malay language test or to acquire the citizenship, but rather you all should be aware that it has to be used in everyday conversation and communication at all levels of society," the minister advised the new citizens. He added that citizens are required "sacrifice, commitment and a high spirit of patriotism in presenting their undivided loyalty to king, race and country".

The minister also stressed that they should also uphold the national philosophy, Melayu Islam Beraja or Malay Islamic Monarchy (MIB), even when abroad. He also urged them to contribute to development of the country's socio-economy and progress. During the ceremony, the 283 new citizens stood to recite the oath of allegiance, in which they swore to sever and renounce all loyalty to any country, state or sovereign and vowed their true allegiance to His Majesty and his successors.

Sixty-nine-year-old Hj Gomban Ludin had waited more than a third of his life to become a citizen. He said that he still remembers the date he applied for citizenship, some 24 years ago. "I applied on September 14, 1986," he told The Brunei Times. Hj Gomban said that his family originally hails from Limbang but migrated to Temburong for work. He now has six children, three of whom were born here and hold Brunei citizenship status while the three that were born in Malaysia were still waiting for their applications to be granted. "Hopefully, we will all be Bruneian citizens soon," he said.

It was an entirely different story for Luyah Anak Kaling. Hailing from deep in the forests of Kg Sukang in the interiors of Belait District, he said that he and his tribe were the "original" Bruneians, indigenous to the country. "If you really take a look at it, we are the

original Bruneians. We have lived on this land for a very long time," said the more than 80-year-old man. Luyah said that his wife, "many children and grandchildren" were still waiting for their citizenship to be approved back in Sukang, where more modern amenities were still being brought in by boat due to the remoteness of location.

Under the Brunei Nationality Act, any person born in the Sultanate "who is commonly accepted as belonging to one of the following indigenous groups of the Malay race, namely, Belait, Bisaya, Brunei, Dusun, Kedayan, Murut or Tutong is a citizen by operation of law.

In November last year, 300 people were welcomed as new Bruneian citizens as they swore an oath of allegiance and undivided loyalty to the country and His Majesty during a mass ceremony.

<http://www.bt.com.bn/en/news-national/2010/04/25/283-granted-brunei-citizenship>