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Summary

At political Front

- Indonesia

The Golkar Party said Sunday it would continue to fight for higher parliamentary threshold of 5 percent to reduce the number of political parties at the House of Representatives. Speaking after Golkar's national meeting at the Ritz Carlton hotel, Golkar Party executive Priyo Budi Santosa said a higher threshold was needed to streamline the country's party system. PPP secretary Romahurmuzyi said earlier the current 2.5 percent threshold had already exclude representatives voted by 18 million voters. Priyo denied allegation that the higher parliamentary threshold aimed to bar small parties from getting seats at the House. He noted that even the current big political parties may not be able to pass the 5 percent threshold. "Let the people decide, whether certain parties need to merge with other parties, that should be a natural process, and that's a democratic process," Priyo said

- Philippine

Several groups on Saturday urged president-elect Benigno "Noy" Aquino III to certify as urgent the Freedom of Information (FOI) Act after members of the 14th Congress failed to ratify the measure due to infighting and lack of quorum.

Akbayan party-list Rep. Walden Bello said there is a good chance that the FOI bill will be ratified under the new administration since Aquino is a firm believer in the proposed legislation. Quezon Rep. Lorenzo Tañada added that Aquino even voted for the bill in the Senate.

The 50-year-old bachelor who achieved one of the most emphatic election wins has termed a fast-growing budget deficit as one of the most pressing issues "I am a little anxious, a little eager to solve the problems that are besetting our countrymen," Aquino told reporters in his first public remarks shortly after the proclamation

- Thailand

Rights group Amnesty International called on Thailand's prime minister Saturday to ensure an independent and impartial investigation into recent unrest and to lift a state of emergency immediately. Premier Abhisit Vejjajiva has commissioned an inquiry led by a former attorney general into the loss of 90 lives after recent clashes between armed troops and anti-government "Red Shirt" demonstrators.

Thailand's tourism industry is limping, emergency provisions are in force and the media is subject to controls. But the Kingdom's first minister says democracy is the best form of government, even if conditions in his country suggest otherwise, and he "cannot accept

that the Thai people are not ready for democracy”. For now, Vejjajiva sits on a chair of thorns, although he claims polls show 80 per cent of Thais support what his government wants to do. “We are serious”, he said, “about reconciliation, we have no intention to drag our feet. It is the Opposition’s demands that keep changing, escalating.”

- Singapore

Singapore's Elections Department is looking at some 1,400 premises island wide for use as polling and counting centers for the next general election and Presidential Election. Responding to MediaCorp, a spokesman said the department will use mainly community centres, HDB void decks and schools as polling stations. Some government buildings have also been earmarked for such use.

At Geo-strategic Front

- Indonesia

Indonesia plans to increase the number of its submarines over the next two years to defend its territory as well as protecting international shipping lanes, its defence minister said Saturday. Indonesia set aside 42 trillion rupiah (Dh17 billion) in 2010 for defence spending, but most would be spent on operating expenditures of its 550,000 strong military force.

The country plans to boost its defence spending up to 1.5 per cent of the country's gross domestic product by 2014 from about 0.7-0.8 per cent in 2010, among the lowest in the region.

At economic Front

- Indonesia

The world's top economies scrapped plans for a universal global bank tax on Saturday, giving countries plenty of wiggle room over how to make banks pay for their bailouts in future.

Finance ministers from the Group of 20 countries ended a two-day meeting to review progress on a string of initiatives agreed last year to make the financial system safer and protect taxpayers from having to pay for bank rescues again.

Attempts to introduce a global bank levy were finally ditched in the face of opposition from Japan, Canada and Brazil whose banks needed no public aid during the worst financial crisis since the 1930s.

Indonesia is yet another emerging market to have exploded out of the gates of the last recession. Over the last year, Indonesia’s ETF is up 45%. As with any developing market, there’s risk, but Indonesia is laying out the canvas for a bright future. Indonesia is blessed with a few characteristics that position it for a bright economic future.

Indonesia’s population is young and growing.

Indonesia has no plans to take any loans from the International Monetary Fund (IMF), Vice President Boediono's representative said Friday during a visit by IMF deputy managing director Naoyuki Shinohara.

"Indonesia is grateful that it does not yet need any assistance from IMF, meaning that [Indonesia's economy] is healthy. We keep in communication with the IMF so we can cooperate if something happens,"

- Malaysia

Malaysian Prime Minister Najib Razak set out yesterday a five-year plan to cut subsidies and accelerate investment but outlined few measures to boost competitiveness, reinforcing doubts about his reform agenda.

In the blueprint, Najib said the government would reduce its fiscal deficit and gradually phase out subsidies while aiming for average 6 percent annual economic growth. "This plan is critical to make sure our ambition to become a fully developed country by the year 2020 succeeds," the prime minister said when presenting the plan in parliament.

"The target to reach six percent growth needs a massive leap in investments, especially more robust private sector investment." He gave few clues on how the government would attract more investment apart from a plan for it to partner private firms in 63 billion ringgit of "high-impact" projects including building highways, a new financial district in the capital and coal electricity generation plants.

Malaysia needs an average 115 billion ringgit (\$34.66bn) in private investment annually to achieve its target of growing investment by 12.8 percent a year, the plan said. Investments grew only two percent on average between 2006-2010. The government should create strategies that will excite the market in order to achieve the proposed 12.8 per cent growth in private investments as envisaged in the 10th Malaysia Plan (10MP), said Professor Datuk Dr Mohamed Ariff.

"They got to look at disincentives embedded in the system. It's not about questions of offering more incentives for them to come in. It's about when the reforms got to come into play.

"There are some mechanisms here and there in the plan but there isn't any mechanism spelt out for private investment and this is worrying." "If we don't achieve the 12.8 per cent within five years, we may not be able to achieve the six per cent growth we are targeting for," said Dr Mohamed, distinguished fellow at the Malaysian Institute of Economic Research (MIER).

- Singapore

A new survey has found that Singapore and Hong Kong have the least complex, most consistent and predictable tax policies in the region. Transfer pricing refers to the pricing

of assets and funds transferred within an organisation. And the accounting firm expects transfer pricing to be an area of focus for tax jurisdictions in the region.

Over 1,000 respondents from at least 16 economies took part in the survey, which was conducted by Deloitte's Asia Pacific International Core of Excellence (ICE).

- Philippine

JAPANESE investors are looking at the Philippines as an alternative to China and Vietnam, the managing head of the Board of Investments said. During last month's Japan-Philippines Economic Partnership Agreement second sub-committee meeting on the improvement of the business environment, Japanese investors complained of the long-delayed refund of their tax credits.

Rapid population growth, corruption and bad governance are the roadblocks that derail the Philippines' bid to meet the eight Millennium Development Goals (MDGs) set by the United Nations by 2015, a UN official said on Wednesday.

The Philippine government may raise its economic growth target for this year to between 5.9 per cent and 6.9 per cent, possibly the fastest expansion since 2007, following strong first-quarter figures, a government source said. Manila is also considering narrowing its current 2010 budget deficit target of 293.2 billion pesos (S\$8.9 billion), equivalent to 3.6 per cent of GDP, since a fast-growing economy would mean higher tax revenues for the government. Economic planning chief Augusto Santos told reporters the DBCC would approve revisions to the 2010 economic targets on Tuesday.

- Cambodia

Donors pledged the largest aid package in Cambodian history this week while at the same time scolding the country for failing to implement various reforms. Donors pledged US\$1.1 billion in aid for this year - up from last year's \$950 million - during a two-day conference ending on 3 June. Cambodian Prime Minister Hun Sen insisted his government would use the funds effectively, calling reform a "life-or-death issue for Cambodia".

But rights groups say donors should take a tougher stance to weed out corruption; the country was last year ranked the world's 22nd most corrupt by Transparency International.

- Vietnam.

A large number of fish were found dead in farmer Vu Thi Lieu's raft in Dong Nai River on Tuesday. At least 23 tons of assorted fish were found dead in Dong Nai River in the province of the same name from Sunday to Tuesday, and industrial sewage could be the culprit, authorities have said. Fish raised in cages under rafts on the river have continued to die, the provincial Department of Natural Resources and Environment said Tuesday.

Twelve global companies have joined with the Government of Vietnam to launch a public-private task force to advance sustainable agricultural growth in the country, the World Economic Forum announced today. Developed through discussions of the Forum's New Vision for Agriculture Initiative, the task force will take an innovative approach to improve food security and agricultural sustainability nationwide.

- Brunei

At Social Front

- Philippine

Muslim militants killed two villagers after fatally shooting three hostages, apparently to avenge the deaths of comrades in a government assault in the southern Philippines, a military commander said Sunday. Government troops have mounted an offensive in and around Sumisip in Basilan, a predominantly Muslim island about 550 miles (880 kilometers) south of Manila, amid intelligence reports that a number of militants allied with the Southeast Asian militant network Jemaah Islamiyah have taken refuge in Abu Sayyaf encampments

- Indonesia

A Muslim cleric in Medan, North Sumatra, warned candidates in regional elections not to use Islam to support their political agendas. "Islam is not a political commodity," said Rizal Mahaputra, chair of the Islamic organization Az-Zikra, as quoted by Antara. He said he was concerned that many of fellow clerics in the province had used religion to support the candidates that they favored, and to smear candidates that they opposed.

"Please do not bring sectarian issues into politics," he said.

- Malaysia

Umno vice-president Datuk Seri Hishammuddin Hussein is sceptical of PAS' move to allow, with conditions, non-Muslim candidates to contest under its symbol in the next general election.

Hishammuddin, who is also Home Minister, said he hoped it would not work "because people will only decide (to contest) based on temporary short-term political considerations". "The people know PAS' track record. The very people who are proposing it now are the same people who would never before even dream of doing so. They will have problems within their own party." Inconsistencies, just to accommodate political expediency, are not going to help PAS in the long run. (In the case of) BN, Umno, good or bad, at least we have been consistent," he told a press conference here Friday.

PAS today announced that the party would allow non-Muslim candidates contesting on a PAS ticket to use the party symbol in the next general election, but with conditions.

- Thailand

Thailand's premier yesterday named a former attorney general to head an investigation into recent deadly street violence, sparking a row with the opposition, which said it feared a whitewash. Prime Minister Abhisit Vejjajiva said Kanit Nanakorn would set up an independent panel to probe clashes between armed troops and "Red Shirt" anti-government protesters that left almost 90 people dead, mostly civilians. Kanit will appoint the other panel members within 15 days, Abhisit said. "This committee must be impartial so that everyone has confidence and cooperates and participates in the process to shed light on events," the premier told reporters.

Detailed News Monitoring Report

Indonesia

- **Political front**
- **Golkar fights for higher parliamentary threshold**

Golkar Party deputy chairman Theo L Sambuaga delivers his speech during a closing ceremony of the party's national coordination meeting for its legislators in Jakarta, on Sunday. One of the meeting's recommendation was to support the government's plan to double parliamentary threshold to five percent of the vote in the 2014 legislative election. Around 1,026 of Golkar legislators across the nation joined the meeting. Antara/Widodo S. Jusuf

The Golkar Party said Sunday it would continue to fight for higher parliamentary threshold of 5 percent to reduce the number of political parties at the House of Representatives. Speaking after Golkar's national meeting at the Ritz Carlton hotel, Golkar Party executive Priyo Budi Santosa said a higher threshold was needed to streamline the country's party system.

"Let's aim for a consolidated party system," Priyo told tempointeraktif.com. The United Development Party (PPP) expressed its opposition to the higher threshold, arguing that it would exclude small parties from sending their representatives to the House.

PPP secretary Romahurmuziy said earlier the current 2.5 percent threshold had already exclude representatives voted by 18 million voters. Priyo denied allegation that the higher parliamentary threshold aimed to bar small parties from getting seats at the House. He noted that even the current big political parties may not be able to pass the 5 percent threshold. "Let the people decide, whether certain parties need to merge with other parties, that should be a natural process, and that's a democratic process," Priyo said <http://www.thejakartapost.com/news/2010/06/06/golkar-fights-higher-parliamentary-threshold.html>

- **Geo-strategic Front**
- **Indonesia to buy more submarines**

Indonesia plans to increase the number of its submarines over the next two years to defend its territory as well as protecting international shipping lanes, its defence minister said Saturday.

Purnomo Yusgiantoro also told Reuters that Indonesia was discussing buying 10 more C-130 military transport aircraft with Lockheed Martin but had not come to any agreement. Current fleet Indonesia, the world's largest archipelago with more than 17,000 islands, lies across shipping lanes between the Indian and Pacific oceans as well as between Asia and Australia, heavily used for transporting commodities and energy. It currently has two

submarines.

"We have several countries that we think are able to supply them. We want to make sure that it would be compatible to our needs as well as our sea (conditions)," Yusegiantoro said in an interview on the sidelines of the Shangri-La Dialogue security conference in Singapore. "They are very important in order for us to guard sea lanes. We are going to have that in a couple of years," he said, without giving further details.

Yusegiantoro also said the government had earmarked funds in this year's budget to modernise some of its 32 C-130 transport planes, manufactured by Lockheed Martin, and was planning to buy another 10 units.

"We need the C-130 because we can use that not only to bring troops, but also to use it for humanitarian missions. We are ready to buy but we are still in discussions with the seller."

Operating costs

Indonesia set aside 42 trillion rupiah (Dh17 billion) in 2010 for defence spending, but most would be spent on operating expenditures of its 550,000 strong military force.

The country plans to boost its defence spending up to 1.5 per cent of the country's gross domestic product by 2014 from about 0.7-0.8 per cent in 2010, among the lowest in the region.

<http://gulfnews.com/business/shipping/indonesia-to-buy-more-submarines-1.637219?>

- **Economic Front**
- **G20 scraps plans for universal bank tax**

The world's top economies scrapped plans for a universal global bank tax on Saturday, giving countries plenty of wiggle room over how to make banks pay for their bailouts in future.

Finance ministers from the Group of 20 countries ended a two-day meeting to review progress on a string of initiatives agreed last year to make the financial system safer and protect taxpayers from having to pay for bank rescues again.

Attempts to introduce a global bank levy were finally ditched in the face of opposition from Japan, Canada and Brazil whose banks needed no public aid during the worst financial crisis since the 1930s.

"There is no agreement to proceed with an ex ante bank tax," said Canadian Finance Minister, Jim Flaherty. The G20 said it recognised there was a range of policy approaches and that it will approve a set of principles later this month in Toronto on how to protect taxpayers.

British Finance Minister George Osborne reiterated his pledge to introduce a UK bank tax regardless of what other countries do and will spell out his plans in a budget report on

June 22. "Different countries will do different things but to have it under the umbrella of the G20 is going to be helpful," Osborne told reporters.

Britain was forced to shore up the banking sector and rescue several individual firms. The meeting did not agree any new regulation or alter deadlines for implementing steps agreed last year.

But ministers sought to keep plans for tough new Basel III bank capital and liquidity rules on course for implementation by the end of 2012 despite deep-seated concerns among several countries. "We are on track to deliver the proposals at the Seoul summit in November. Ministers are fully engaged in finding the right compromises," Financial Stability Board Chairman, Mario Draghi, told reporters.

Several finance ministers signaled that a lengthy phase-in for Basel III beyond 2012 was now inevitable. Draghi, who oversees implementation of the G20's financial reform pledges, said Basel was not expected to take full effect by that deadline. "The key thing is to start the implementation in 2012. Then we will kind of find out what are the most appropriate transition times," Draghi said.

Banks warn that piling on tougher requirements too soon will force them to raise fresh capital at the expense of being able to lend to aid economic recovery. Draghi said two percentage points of higher capital requirements would halve the probability of systemic risk.

Osborne said there was "some room for variation" over a tougher definition of bank capital but "everyone understands this is the absolute central part of creating a safer and better regulated global banking system." The G20 also agreed to speed up introduction of measures to improve transparency, regulation and supervision of hedge funds, credit rating agencies, bank pay and off-exchange traded derivatives. "We are also committed to improve the functioning and transparency of commodities markets," the G20 statement said. Some policymakers have accused speculators of abusing commodities markets.

Draghi played down expectations that the G20 will usher in a slew of additional measures beyond what it agreed last year. "We have a priority, it's to move forward on Basel III," Draghi said.

Despite the failure to make headway on a universal bank levy and slippage in full Basel III roll-out, policymakers noted that the United States is expected within weeks to approve the most sweeping reform of financial rules since the 1930s that will introduce the bulk of G20 reform pledges.

The European Union is also well advanced in adopting new rules on supervision and hedge funds, with a draft law on derivatives regulation due next month.

Elena Salgado, economy minister of EU president Spain said more EU regulation was

needed for credit ratings agencies, which lacked transparency and accountability.

“To have a European credit ratings agency is another issue; perhaps it would be good, but it's something that cannot be done from one day to the next,” Salgado told Reuters.

<http://www.thedailystar.net/newDesign/news-details.php?nid=141511>

- **Petronas unit to construct Indonesian gas line**

Pertronas exploration unit Petronas Carigali Sdn. Bhd. plans to build a 200-km pipeline to Indonesia’s Tambak Lorok electric power plant in East Java from the Kepodang gas block off Central Java, according to a senior government official.

Indonesia’s upstream oil and gas regulator BPMigas Deputy Chairman Hardiono said the pipeline, which is expected to come on stream by 2013, will have 120-200 MMcfd of gas capacity. In February, PLN and Petronas agreed to a gas supply deal for the Tambak Lorok power plant, aiming to begin supplying the 1,358-Mw plant near Semarang in Central Java province in an unspecified “near future.”

Petronas said it would supply the plant with 100 billion btu/day of gas from the Kepodang field under a 10-year contract, as long as BPMigas agreed the volume, price, and other aspects of the arrangement. At the time, reports said the gas would be transported through a 120-km pipeline.

The deal was agreed soon after PLN formalized separate agreements covering 780 billion btu/day of gas with state-owned PT Pertamina and PT Perusahaan Gas Negara. PLN reportedly wanted to run all of its existing and planned gas-fired plants on gas instead of oil beginning in September 2011.

In May, however, PLN also said it would call a tender for the procurement of 1.3-1.5 million kl/year of high-speed diesel oil to meet the needs of its power plants in seven locations, among them Tambak Lorok.

PLN’s Primary Energy Director Nur Pamudji said the seven power plant locations, apart from Tambak Lorok, included Belawan in North Sumatra, Muara Tawar in West Java, Tanjung Priok in Jakarta, Muara Karang in North Jakarta, Grati in East Java, and Gresik in East Java.

Nur said the contract period was for 2010-14 and that the volume of the contract for the procurement of the fuel was 1.3-1.5 million kl for the seven plants. According to Nur, PLN’s need for fuel was estimated to reach 7.6 million kl this year.

At the time, Nur said PLN expected its oil-based fuel use this year could exceed its original target of 6.3 million kl by 21% because of a gas shortage.

“Our gas supply is being cut by 12.5% to 280 bcf from 320 bcf. So we have to offset this with fuel at our power plants,” said Nur, who blamed the cut in the gas supply on inadequate infrastructure.

“If we ask for supply from Total EP, they say okay but how to channel the gas,” said Nur, who explained that a pipeline and floating receiving terminal had been planned to transport gas from Kalimantan to Java.

But Nur also said the facilities would be insufficient and that distribution pipes were still needed to bring the gas to the end users. “PLN, therefore, has to buy oil fuel for which it will need 7.6 million kl/year,” he said.

In January, reports said that Indonesia had unveiled a long-term oil and gas management plan to attract \$32 billion in investments for oil and gas facilities in 2010-14.

At the time, Indonesia said it plans to construct five natural gas plants in 2011: Blok A in Nanggroe Aceh Darussalam, Jambi Merang in Jambi, Randublatung in Central Java, Gajah Baru in Natuna, and Kepodang in East Java (OGJ Online, Jan. 18, 2010).

http://www.ogj.com/index/article-display/4124105751/articles/oil-gas-journal/transportation-2/pipelines/construction/2010/06/petronas-unit_to_construct.html?

- **Indonesia: Is Growth in the Pocket?**

Indonesia is yet another emerging market to have exploded out of the gates of the last recession. Over the last year, Indonesia’s ETF is up 45%. As with any developing market, there’s risk, but Indonesia is laying out the canvas for a bright future. Indonesia is blessed with a few characteristics that position it for a bright economic future.

Indonesia’s population is young and growing.

Jakarta, the nation’s capital, is expected to be the largest city in the world within two decades, reports Berni Moestafa of BusinessWeek.

Domestic consumption makes up two-thirds of the economy. That has helped shelter Indonesia from the last recession that rocked the more developed and/or export-dependent nations.

Low inflation has allowed the central bank to keep rates at a record low of 6.5%. Inflation averaged 3.8% in the first five months of this year.

As a result, the IMF has forecast that Indonesia will grow 6% this year, up from 4.5% last year. Trade Minister Mari Pangestu believes the country can grow exports at 7% to 8.5%, reports Jason Folkmanis of BusinessWeek. European demand remains a concern, but so far, the fallout in Europe has not seemed to affect Indonesia’s exports too much. Exports grew 19.6% in the first quarter compared to last year.

According to Gita Wirjawan, chairman of the Investment Coordinating Board of Indonesia, 6% to 7% growth is “pretty much in the pocket.”

<http://seekingalpha.com/article/209413-indonesia-is-growth-in-the-pocket?>

- **Govt says no to IMF loans**

Indonesia has no plans to take any loans from the International Monetary Fund (IMF),

Vice President Boediono's representative said Friday during a visit by IMF deputy managing director Naoyuki Shinohara.

"Indonesia is grateful that it does not yet need any assistance from IMF, meaning that [Indonesia's economy] is healthy. We keep in communication with the IMF so we can cooperate if something happens," Boediono's spokesman Yopie Hidayat said, as quoted by Antara. Yopie was responding to a question that asked if Indonesia would request assistance from the IMF to limit the impact of Europe's economic crisis in Indonesia.

Indonesia has not been greatly affected by Europe's current economic crisis as the country's export and banking industries were relatively unconnected to the region, he said. "The effect of the European crisis on Indonesian banks is very small, because our banks are very conservative and do not depend too much on overseas loans," Yopie added. However Finance Minister Agus Martowardojo said the European crisis might create difficulties for Indonesia in finding overseas financing. "The crisis will minimally affect risk perception. There will be demand for higher risk premiums [from investors] and this may affect developing countries' efforts to find financing," he said.

<http://www.thejakartapost.com/news/2010/06/11/govt-says-no-imf-loans.html>

- **Editorial: Perfect Time for Bold Moves on Economy**

As the fallout from the 2008 global financial crisis continues to reverberate around the world, newly installed Finance Minister Agus Martowardojo has warned that Indonesia also needs to be wary of the effects of the ongoing European debt crisis.

This is no time for complacency, especially with Europe reeling and uncertainty growing daily. Markets and investors everywhere are on edge after the collapse of the Greek economy, and now Spain looks vulnerable. The finance minister is absolutely correct in noting that perceptions of weakness could damage Indonesia's economy. Given the jitteriness, investors will panic at the first sign of perceived trouble.

Indonesia has so far done relatively well in the face of the global financial crisis. Our economy is growing steadily and our banking sector remains healthy and robust. Lending is strong and most corporations are posting profits. So far so good, and as International Monetary Fund deputy managing director Naoyuki Shinohara says, Indonesia may have escaped the worst because it is not as trade-dependent as other regional economies.

But the effects have been felt nonetheless. The central bank said in its June monthly monetary-policy review last week that the European crisis had put pressure on currencies in emerging Asia, including Indonesia, curbing the rupiah's strong advance this year.

This is why the government and the country cannot rest on its laurels. Standing on the sidelines and feeling lucky to have escaped the latest trouble could be a path to real trouble. The possibility of the contagion effect spreading to Asia should compel us to

redouble our efforts to deregulate the economy further, reform the bureaucracy and push vital expansion of infrastructure. This is a perfect time for the government to be bold in its approach, as it would be a disaster if it chose to be too cautious.

We therefore welcome Jakarta's plan to build the country's most modern bus terminal to replace the old and shabby Pulo Gadung facility in East Jakarta. The terminal, which will be integrated with a shopping complex, will be able to handle nearly 3,000 arrivals and departures a day — both city and provincial traffic — as well as house a separate 18,000 meter parking space for private vehicles.

Such large-scale and bold infrastructure projects are critical to our ability to compete on a regional and global scale. The government must push ahead with more such projects, including the long-delayed Mass Rapid Transit system in Jakarta.

In line with objectives for better public transportation, the city administration is looking to set age limits for public-transport vehicles. With Jakarta's air quality often at dangerous levels because of the smoke belched by many doddering public buses, we could not agree more with such a policy. If the city follows through with this plan, it will not only improve air quality but lessen the chronic congestion on our roads.

<http://www.thejakartaglobe.com/opinion/editorial-perfect-time-for-bold-moves-on-economy/380123?>

- **Indonesia plays down impact of Euro crisis: minister**

Indonesia remain on guard against liquidity risk stemming from the Euro debt crisis that may trigger capital outflow, but the impact could be handled as the country has strong economic fundamentals, a minister said.

"If there are any impacts, they will be in form of risk perception and liquidity risk because financial institutions in Europe may want to consolidate or temporarily withdraw their portfolios from Indonesia. But as long as the monetary and fiscal conditions are well and the macro conditions are healthy, God willing we can deal with these," Indonesian Finance Minister Agus Martowardojo was quoted by the Jakarta Post as saying. The minister said that the country's macro-economy, and monetary and fiscal condition, are sound.

Agus said Indonesia's fiscal conditions were healthy as indicated by the 2.1 percent budget deficit set in the 2010 state budget revision, or 133.7 trillion rupiah (some 14.44 billion U.S. dollars).

The government plans to issue 178 trillion rupiah (about 19.22 billion U.S. dollars) in bonds to cover the deficit, 54 percent of which have been issued as of May 27, director general of debt management Rahmat Waluyanto said last week.

He also said investors had turned to Indonesia again after selling the nation's bonds in

April and May. But negative sentiment concerning the Euro debt crisis continued to shadow investors.

The global investors pull out over 40 trillion rupiah (some 4.32 billion U.S. dollars) in May, decreasing the foreign exchange reserve to 74.6 billion U.S. dollars from 78.6 billion U.S. dollars at the position at the end of April, deputy governor of the central bank Darmin Nasution said last week. The government expects the economy to expand at 6 percent this year, and up to 6.4 percent next year.

Minister Agus also said that at the G20 meeting Indonesia stated there should be standby loans as a cushion to protect developing countries from the Euro debt crisis but without burdensome requirements.

<http://english.people.com.cn/90001/90778/90858/90863/7017568.html?>

- **Social front**
- **Jakarta helps stop terrorists**

INDONESIAN police have moved to treat all asylum-seekers passing through the country on their way to Australia as potential terror suspects.

The new approach comes with help from the Australian Federal Police, who have helped Jakarta to build a computer database that can cross-check illegal immigrant and terrorism arrests. The database was expected to be operational by next month, the country's most senior police officer in charge of transnational crime told The Australian.

Brigadier General Saud Usman Nasution said at least one recent people-smuggler arrest in Indonesia had suggested a direct link to international terrorism, possibly al-Qa'ida.

The arrest was in the Sumatran city of Medan and the smugglers involved were still being held in custody, General Nasution said. "From their communication, from their phone numbers, we opened their phones and then there was some talking about terror," he said. "We tried to follow from their phones. We tried, with the AFP, to open this communication, and we are sharing the information with the AFP."

He said the case was the first time people-smugglers in Indonesia had been clearly linked to international terror networks, and warned that the development was ominous. "I think they (terrorists) will always change their modus operandi, and will come to areas with a new cover as an asylum-seeker," General Nasution said. "If they come as an asylum-seeker, it's not easy for us to arrest them, because we have no data about them."

He said terrorist agents could have already made it to Australia as asylum-seekers.

General Nasution said the AFP was helping to build the database, which could cross-match fingerprints, photographs and testimonies of all foreigners arrested in Indonesia. It would be accessible at 16 provincial police headquarters deemed the most likely crossing-points for asylum-seekers heading to Australia. General Nasution said the system

was designed to be able to share data with the countries of origin of illegal immigrants detained in Indonesia.

Although Australia had been helpful in its short-term approach to dealing with the asylum-seeker issue, the longer-term threats to Indonesia's security remained worrying, he warned. Any prospect of Australia turning asylum-seeker boats around on arrival could never be supported by Indonesia. "In the UN convention, it mentions we cannot refuse for asylum-seekers to come to our country - and this includes Australia."

Jakarta is not a signatory to the UN convention, but a tacit agreement with the world body allows it to process refugee applications in-country and then transfer successful applicants to third-country signatories to the convention, including Australia.

<http://www.theaustralian.com.au/news/nation/jakarta-helps-stop-terrorists/story-e6frg6nf-1225876208039?>

- **Don't exploit Islam for political gains: Cleric**

A Muslim cleric in Medan, North Sumatra, warned candidates in regional elections not to use Islam to support their political agendas. "Islam is not a political commodity," said Rizal Mahaputra, chair of the Islamic organization Az-Zikra, as quoted by Antara. He said he was concerned that many of fellow clerics in the province had used religion to support the candidates that they favored, and to smear candidates that they opposed.

"Please do not bring sectarian issues into politics," he said.

Indonesia is guided by Pancasila and is not an Islamic state, he added.

<http://www.thejakartapost.com/news/2010/06/08/don039t-exploit-islam-political-gains-cleric.html>

- **At Environmental Front**

Malaysia

- **Political Front**

- **Malaysia v. Israel**

Nations from France to Brazil have leaped to condemn Israel for lawfully defending its security by raiding a terrorist-backed flotilla heading for Gaza, but at least there are dissident political voices in those countries. Not so in Malaysia.

Over the past week, Prime Minister Najib Razak and opposition leader Anwar Ibrahim have, if anything, competed to denounce the Middle Eastern democracy. Mr. Najib didn't even wait to find out the .

[http://online.wsj.com/article/SB30001424052748703302604575293891771722502.html?#mod=todays_asia_opinion.](http://online.wsj.com/article/SB30001424052748703302604575293891771722502.html?#mod=todays_asia_opinion)

- **PAS Allowing Non-Muslims To Use Its Symbol In General Election Scoffed**

Umno vice-president Datuk Seri Hishammuddin Hussein is sceptical of PAS' move to

allow, with conditions, non-Muslim candidates to contest under its symbol in the next general election.

Hishammuddin, who is also Home Minister, said he hoped it would not work "because people will only decide (to contest) based on temporary short-term political considerations". "The people know PAS' track record. The very people who are proposing it now are the same people who would never before even dream of doing so. They will have problems within their own party." "Inconsistencies, just to accommodate political expediency, are not going to help PAS in the long run. (In the case of) BN, Umno, good or bad, at least we have been consistent," he told a press conference here Friday.

PAS today announced that the party would allow non-Muslim candidates contesting on a PAS ticket to use the party symbol in the next general election, but with conditions.

On the 12 National Key Economic Areas (NKEAs) under the 10th Malaysia Plan, Hishammuddin said the ministry's role would be in terms of determining the number of foreign workers required.

"Now that we have identified the NKEAs, there are certain sectors that perhaps do not require that many foreign workers." "Secondly, it is important to set up a system to ensure they will be screened before they come, monitored when they are here and our enforcement to ensure they leave the country when it's time to do so."

Hishammuddin said the ministry would be looking at all aspects and coordinating the different agencies involved, including the task force on terrorism, Immigration Department and the task force on drug trafficking. "So, the ministry will, not too long from now, be able to spearhead and coordinate activities against international cross-boundary crime. This is an area which the ministry should have the expertise and be able to lead.

"Really, it is quite an exciting period where while we're looking at the NKEAs, we are balancing the economic needs of the country and the security risks involved," he added.

The NKEAs - oil and gas, palm oil and related products, financial services, wholesale and retail, tourism, information and communication technology, education services, electrical and electronics, business services, private healthcare, agriculture and Greater Kuala Lumpur - have been described as having great potential to generate high income for the nation.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=505406>

- **Malaysian opposition politician cleared of sedition**

Karpal Singh was charged in March last year for questioning the right of the sultan of Perak to appoint a new state leader and his threat to sue the royal ruler over the move.

Sultan Azlan Shah had controversially handed power in the state to the Barisan Nasional

coalition, which rules nationally, in January 2009 after defections upset a local balance of power.

Malaysia's nine royal rulers who mainly have a ceremonial role still hold the right to appoint and dismiss elected state governments. His lawyer says the verdict underlines the right of Malaysians to question the decisions of the hereditary rulers as provided for in the constitution.

<http://www.radioaustralianews.net.au/stories/201006/2925469.htm?>

- **At Geo Strategic Front**
- **Economic Front**
- **Malaysia & India To Seal Economic Cooperation Agreement By Year-End**

The Malaysia-India Comprehensive Economic Cooperation Agreement (CECA) will be concluded this year, said Deputy Minister of International Trade and Industry, Datuk Jacob Dungau Sagan. "With the signing of the CECA, Malaysia and India will embark on an extensive liberalisation of services and investments.

"Both areas are not covered under the present Asean-India Free Trade Agreement (FTA)," he said. Speaking at the Business Conference on Emerging Opportunities for India-Malaysia Business Engagement here on Friday, he highlighted that the agreement is expected to further enhance bilateral and trade ties between both countries.

He was representing the Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed. Jacob said among the areas that Malaysia and India's business community should leverage on is the services sector, including health and tourism.

"There is much we can do to increase our trade in manufacturing and other high value added goods," he explained. He also pointed out that the services sector, earmarked as Malaysia's engine of growth, accounted for 57.4 percent of the gross domestic product (GDP).

Meanwhile, the ministry's Deputy Secretary General for Trade, Datuk Dr Rebecca Fatima Sta Maria said, representatives of both parties will meet at the end of June for another round of negotiations. "We hope to conclude negotiations by September 2010," she added. She also stated that both countries want to make the respective investment regimes more predictable. The CECA is expected to be the highlight of Indian Prime Minister Manmohan Singh's official visit to Malaysia later this year.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=505242>

- **Malaysia to cut subsidies and boost investment**

Malaysian Prime Minister Najib Razak set out yesterday a five-year plan to cut subsidies and accelerate investment but outlined few measures to boost competitiveness,

reinforcing doubts about his reform agenda.

In the blueprint, Najib said the government would reduce its fiscal deficit and gradually phase out subsidies while aiming for average 6 percent annual economic growth. “This plan is critical to make sure our ambition to become a fully developed country by the year 2020 succeeds,” the prime minister said when presenting the plan in parliament.

“The target to reach six percent growth needs a massive leap in investments, especially more robust private sector investment.” He gave few clues on how the government would attract more investment apart from a plan for it to partner private firms in 63 billion ringgit of “high-impact” projects including building highways, a new financial district in the capital and coal electricity generation plants.

Malaysia needs an average 115 billion ringgit (\$34.66bn) in private investment annually to achieve its target of growing investment by 12.8 percent a year, the plan said. Investments grew only two percent on average between 2006-2010.

The government will cut its subsidy bill to 15.7bn ringgit in 2015 from 18.3bn ringgit this year, according to the plan. But the plan avoided thorny issues such as dismantling a four-decade old race-based policy in favour of the politically dominant Malays, a change that analysts say is crucial for Malaysia to compete with other economies.

Financial markets want to see more aggressive reforms after a recent string of government policy reversals cast doubt on Najib’s commitment to open up the economy to more competition. The stock market was little changed after the announcement.

Malaysia’s economic planning minister, Nor Mohamed Yakcop, said the government would continue with its pro-Malay “Bumiputra” policy. “The agenda will continue, but it’s not that it’s either or; the government will also help other communities,” he said in an interview after the plan was announced.

Intended to bridge the gap between poorer Malays and richer ethnic Chinese, critics say the policy has resulted in wealth being concentrated with a small elite and eroded competitiveness. Analysts hope the upcoming New Economic Model (NEM) will reform Malaysia’s race-based policy, which favours ethnic Malays in jobs, business and education. Amirsham Aziz, who heads a body that is formulating the NEM, said the framework to implement the model would be announced in August. Most of the NEM’s measures have been included in the 10th Malaysia Plan, he said.

<http://www.thepeninsulaqatar.com/business-news/53370-malaysia-to-cut-subsidies-and-boost-investment.html?>

- **Economists: 10MP objectives ambitious but achievable**

The 10th Malaysia Plan (10MP) will see many of the usual suspects as potential beneficiaries, among which are the land transportation, logistics infrastructure,

construction and education and training sectors. “The immediate beneficiaries from this plan is a reprise of the old ones (under the 9MP),” Kenanga head of research Yeonzon Yeow said. He added that many of the objectives under the RM230bil plan were “ambitious” and that achieving them would be “challenging”.

Under the plan, 12 national key economic areas or NKEAs which have potential to generate high income have been identified. They are oil and gas, palm oil and related products, financial services, wholesale and retail, tourism, information and communications technology, education services, electrical and electronics, business services, private health care, agriculture and “Greater Kuala Lumpur”.

In line with the “Greater Kuala Lumpur” NKEA, the Government said it would further enhance the public transportation network in the city – identified as one with great potential to drive the economy, hence its inclusion as a NKEA – with the implementation of the high-capacity 150km Mass Rapid Transit system.

Resumption of deferred jobs such as the electrified double track rail project from Gemas to Johor Baru to complete the entire Padang Besar to Johor Baru track line, estimated at RM8bil, will also be implemented.

Public-private partnerships are also expected to drive the high income economic agenda under the plan.

To date, 52 high-impact projects worth RM63bil have been identified for implementation. Among the notable projects identified are seven highway projects at an estimated cost of RM19bil and two coal electricity generation plants estimated to cost RM7bil.

The private sector will also be able to work on projects led by government-linked companies and these include the KL Strategic Development by 1Malaysia Development covering the Sungai Besi airport area, according to the plan.

To help the private sector finance projects, a Facilitation Fund of RM20bil will be set up and this is expected to attract investments worth at least RM200bil during the 10MP period. For road and rail projects, Kenanga’s Yeow has selected MMC Corp Bhd, Gamuda Bhd and Malaysian Resources Corp Bhd as among key beneficiaries and for logistic infrastructure, IJM Corp Bhd, Muhibbah Engineering Bhd, Fajar Baru Builder Group Bhd and WCT Bhd, given their track record and experience.

Others such as UEM Builders Bhd and Scomi Group Bhd also stand to benefit for the same reasons. For education services, Yeow chose HELP International Corp Bhd and Masterskill Education Group Bhd for their wide reach.

AmResearch before the release of the plan also named some of possible key beneficiaries, among which were Sarawak outfits – infrastructure company Naim

Holdings Bhd and construction firm Hock Seng Lee Bhd given the strong emphasis on the development of Sarawak's growth corridor under the 10MP.

Among corporate players, Alam Maritim Resources Bhd managing director Azmi Ahmad said the inclusion of the oil and gas sector as a NKEA would be good for the sector as it would allow it to "be more competitive and grow further". "With the special focus on the sector, the Government might want to revisit some of the pending issues such as tax exemption consideration for the industry," he said.

Masterskill chief executive officer Datuk Seri Edmund Santhara welcomed the move to prioritise education and training under the plan, saying that it was the right move towards becoming a high-income nation.

RAM Holdings Bhd group chief economist Dr Yeah Kim Leng said if there was a concerted effort from all parties across sectors, the objectives under the 10MP would be achievable. <http://biz.thestar.com.my/news/story.asp?file=/2010/6/11/business/6445437&sec=business>

- **Government Should Create Strategies To Achieve 12.8 Per Cent Private Investment Growth**

The government should create strategies that will excite the market in order to achieve the proposed 12.8 per cent growth in private investments as envisaged in the 10th Malaysia Plan (10MP), said Professor Datuk Dr Mohamed Ariff.

"They got to look at disincentives embedded in the system. It's not about questions of offering more incentives for them to come in. It's about when the reforms got to come into play.

"There are some mechanisms here and there in the plan but there isn't any mechanism spelt out for private investment and this is worrying. "If we don't achieve the 12.8 per cent within five years, we may not be able to achieve the six per cent growth we are targeting for," said Dr Mohamed, distinguished fellow at the Malaysian Institute of Economic Research (MIER).

Speaking at a dialogue on the 10MP, organised by Malaysian Economic Association (MEA) here Friday, he said the government should look into reinventing the economy as the period ahead was very challenging. "The market has to buy into the plan and I don't think the market will buy into it as it stands today. It (the plan) is very nice in terms of ideas and statements but what is missing is the strategies to get there," he added.

Prime Minister Datuk Seri Najib Tun Razak tabled the 10th Malaysia Plan at the Dewan Rakyat Thursday.

Dr Mohamed, who is also Professor Emeritus, Faculty of Economics and Administration, University of Malaya, said there were many distortions in the market that needed to be

removed

"To me what I'm looking for is not so much of the targets but the strategies. There are so much distortions in the market and the 10MP is not addressing that.

"The 12.8 per cent target is very ambitious against the current backdrop of sluggish foreign direct investments," he said, adding that in the 9th Malaysia Plan, private investments only grew by two per cent.

He urged the government to continue liberalising the services sub-sector as the market was on a look out for such announcements to further facilitate reforms started by the Prime Minister. Touching on subsidies, Dr Mohamed said it was important to make a distinction between subsidies that can be removed immediately and gradually.

However, he reiterated, the government must continue providing subsidies for the health and education industry. Meanwhile, President of the Malaysian Economic Association Tan Sri Mohd Sheriff Mohd Kassim said the government would implement most of the recommendations contained in the New Economic Model.

"We hope the implementation of the 10MP will be done in a market-friendly manner based on inclusiveness, transparency and accountability." The plan shows the government is doing everything possible to achieve the high-income nation objective.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=505390>

- **Malaysia to boost economic growth**

Malaysia on Thursday unveiled a 69-billion-dollar plan intended to spur growth and attract much-needed foreign investment as it faces increasing competition from regional neighbours. The country is aiming to become a high-income economy by 2020 rather than continuing to rely on its low-cost structure to make it attractive.

The 2010-2015 Tenth Malaysia Plan is Prime Minister Najib Razak's first since taking office last year, where he also set new targets under the five-year blueprint to raise growth and trim a ballooning fiscal deficit. Malaysia is aiming for 6.0 percent growth this year but as the region powers back to health, it is facing competition from Southeast Asian neighbours such as Thailand, Indonesia and Vietnam that erode Malaysia's attractiveness.

"The global economic landscape today has changed significantly and Malaysia can no longer depend on a low-cost structure to remain competitive internationally," Najib said in a speech in parliament.

"Globalisation, liberalisation and the emergence of countries such as China, India, Brazil, Russia, the Middle East and countries in the region have intensified the competition. The export-dependent country forecast average annual economic growth of 6.0 percent over the five years, and targeted to reduce its fiscal deficit from 5.3 percent of gross domestic

product in 2010 to 2.8 percent in 2015.

Malaysia's budget deficit widened to 7.4 percent of GDP in 2009 after the government introduced two stimulus packages worth 67 billion ringgit last year to pump-prime the economy as the downturn dried up demand for its exports. Under the five-year plan worth 230 billion ringgit (69 billion dollars), Najib pledged the government would boost spending on infrastructure. He said the government would partner private firms in 63 billion ringgit of "high-impact" projects that include the construction of seven highways and two coal-powered electricity plants.

<http://www.dailynews.lk/2010/06/11/wld01.asp?>

- **PM: M'sians must work together to compete globally**

Prime Minister Datuk Seri Najib Tun Razak said Saturday Malaysia needed proper implementation, coordination and execution of programmes to ensure the nation could compete globally. To achieve that, all Malaysians must be united and work together while embracing the 1Malaysia concept, where people were given priority in all government programmes, he said.

"When I took over as the prime minister in April last year, I decided to build a new Malaysia on the spirit of 1Malaysia where we must be united and be part of a large family and combine the best of each community.

"This will enable each Malaysian, irrespective of ethnic background, to realise his or her maximum potential as a Malaysian," he said when opening the Seri Murugan Centre (SMC) at the Vivekananda Secondary School in Brickfields here.

"That is why we have undertaken this change, this transformation, this journey towards transforming our country to be a new Malaysia that is stronger, more prosperous -- a new Malaysia that is not only confined to physical intellectual boundaries but one that can meet global challenges.

"We must not have any fear and instead possess a great sense of confidence to become a great nation. And this can be done if we are united," he said.

Najib also stressed that the government would continue to increase the allocations for all communities.

"I am committed to helping all Malaysians because this is our family. This country, Malaysia, can be a great one," he said.

Najib also asked Federal Territories and Urban Wellbeing Minister Datuk Raja Nong Chik Raja Zainal Abidin to ensure that the "Little India" development project in Brickfields was completed according to schedule in November.

"I have a good relationship with Indian Prime Minister Manmohan Singh and he is

planning to visit Malaysia in November when 'Little India' will be launched.

"So, the minister has promised me that 'Little India' will be ready in November. If it is not ready, we will ask them to explain," he said.

At the launch, the prime minister presented 1Malaysia Development Berhad (1MDB) academic grants to 50 SMC students to further their studies in local universities. The students had excelled in their Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Pelajaran Malaysia (STPM) examinations under the guidance of the SMC. Each received RM15,000.

<http://thestar.com.my/news/story.asp?file=/2010/6/12/nation/20100612164044&sec=nation>

- **Najib to Halve Malaysia Deficit Under Five-Year Plan**

Malaysia aims to almost halve its budget deficit in the next five years as the government cuts subsidies, widens the tax base and reduces expenses under a plan to make the economy more competitive. The ringgit rose.

"We can no longer rely on past strategies and approaches that had previously driven our economic growth," Prime Minister Najib Razak said in today's 10th Malaysia Plan report. "Failure to transform the economy puts the nation at risk of relative decline, as many developing nations are fast catching up."

The country plans to cut the budget shortfall to 2.8 percent of gross domestic product in 2015 from a revised estimate of 5.3 percent this year, according to the five-year plan unveiled by Najib in Kuala Lumpur today. It earlier projected a 5.6 percent deficit for 2010. The reduction will come even as the federal government plans 230 billion ringgit (\$70 billion) of development spending for 2011-15.

Narrowing the budget gap would help Malaysia, which sold debt overseas in May for the first time in eight years, avert the confidence crisis that has engulfed Europe as nations from Greece to Portugal struggle to contain deficits. As the economy rebounds from last year's recession, Najib has announced plans to trim state subsidies for consumers and roll back policies favoring the country's biggest ethnic group.

"It's an ambitious plan and it should be good for the country and its ratings," said Jason Chong, who helps manage 2.5 billion ringgit of assets as chief investment officer at Manulife Asset Management (Malaysia) Sdn. in Kuala Lumpur. Still, "the key is its implementation," he said.

Ballooning Deficit

The ringgit advanced from near a two-week low, reversing losses after the five-year plan was released. The currency strengthened 0.3 percent to 3.3065 per dollar as of 3:23 p.m.

in Kuala Lumpur, according to data compiled by Bloomberg. It earlier fell as much as 0.3 percent.

The nation's deficit ballooned to a 22-year high of 7 percent of GDP last year as the government unveiled 67 billion ringgit of stimulus measures under two packages in 2008 and 2009 to help resuscitate growth during the global slump. That's bigger than the Philippines' 3.9 percent and compares with 13.6 percent for Greece, 11.2 percent for Spain and 9.4 percent for Portugal.

Malaysia last month sold a \$1.25 billion global Islamic bond, which was assigned ratings of A- by Standard & Poor's and A3 from Moody's Investors Service, their fourth-lowest investment grades. The country's debt rating is the highest in Southeast Asia after Singapore.

Growth Accelerates

Southeast Asia's third-largest economy expanded 10.1 percent last quarter, the most in a decade, allowing Malaysia to join the Group of 20 in shifting focus to deficit reduction. In a statement released after their talks ended June 5, G-20 officials replaced an endorsement of budget stimulus with a pledge to pursue "credible, growth-friendly measures to deliver fiscal sustainability."

Malaysia needs to achieve average annual growth of 6 percent during the next five years if it is to meet its target of becoming a high-income nation by 2020, today's report showed. The economy grew an average 5.8 percent from 1991 to 2010.

Growth momentum has slowed over the last decade due to "lackluster" private investment, which has fallen to an average of about 10 percent of GDP from close to 25 percent in the 1990s, the government said in the report.

Brain Drain

To spur growth, the government will promote higher value and knowledge-intensive industries, focusing on skills development, venture-capital funding and innovation, and providing incentives for research and development, Najib said in the report.

The plans include a Talent Corporation to help reverse a brain drain, a 20 billion-ringgit Facilitation Fund to spur investment on a public-private risk-sharing basis, a review of Malaysia's bankruptcy law to give entrepreneurs a second chance and ensure more efficient processing of insolvency, and a new Competition Law.

There will also be competitive bidding for future toll- roads and power plants, the government said, and a shift from building and operating public services toward buying them from the private sector.

Najib reiterated a pledge to make state assistance for the ethnic-Malay majority and other indigenous people more merit- based, and to sell stakes in more state-owned companies.

Help for the so-called bumiputeras, which means sons of the land, “will need to be market-friendly, merit-based, transparent and needs-based,” according to the five-year plan.

Affirmative Action

Under a New Economic Model for Malaysia outlined in March, Najib had said the country will revise its affirmative action policies to target the nation’s poorest across all ethnic groups, moving away from 39-year-old race-based measures that the government now says may impede growth.

Implementing the changes won’t be easy. Already, Najib has had to delay a revamp of the country’s fuel subsidy system, which keeps gasoline and diesel prices below market rates for all Malaysian consumers. His government is also still mulling how to introduce a goods and services tax, scheduled for after 2011 according to Second Finance Minister Ahmad Husni Hanadzlah.

Malaysia will maintain its target of achieving 30 percent corporate equity ownership at macro level for the country’s bumiputeras, Najib said in parliament today. The government will establish a real estate investment trust to help them invest in commercial and industrial properties, he said.

Subsidy Cost

The country spends about 73 billion ringgit a year on subsidies on essential items ranging from fuel to flour, Najib said in April, calling the amount “not sustainable.” This represents a fiscal burden to the government equivalent to 4.7 percent of GDP, or about 12,900 ringgit per household each year, according to today’s report. Subsidies and price controls will be “gradually” rationalized to reflect market prices, according to today’s report.

Najib forecasts a 49 percent increase in state revenue over the next five years, to 183.1 billion ringgit in 2015. That would help cap the budget deficit even as the government boosts development spending by 23 percent to 142.4 billion ringgit in 2015, with investments in roads, ports and railways.

The government has identified 52 high-impact projects worth 63 billion ringgit to implement, Najib said today. They include seven highway projects at an estimated cost of 19 billion ringgit and two coal electricity generation plants at a cost of 7 billion ringgit, he said.

<http://www.bloomberg.com/apps/news?pid=20601009&sid=aN4uBOFkHCKY>

- **Malaysia aims to halve deficit**

. Malaysia yesterday unveiled a slew of incentives to woo skilled foreign workers and pledged to spend \$72 billion on economic development and other programmes.

Malaysia aims to almost halve its budget deficit in the next five years as the government cuts subsidies, widens the tax base and reduces expenses under a plan to make the economy more competitive. The ringgit rose.

"We can no longer rely on past strategies and approaches that had previously driven our economic growth," Prime Minister Najeeb Razzaq said in yesterday's 10th Malaysia Plan report. "Failure to transform the economy puts the nation at risk of relative decline, as many developing nations are fast catching up."

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Narrowing the budget gap would help Malaysia, which sold debt overseas in May for the first time in eight years, avert the confidence crisis that has engulfed Europe as nations from Greece to Portugal struggle to contain deficits.

As the economy rebounds from last year's recession, Najeeb has announced plans to trim state subsidies for consumers and roll back policies favouring the country's biggest ethnic group.

<http://gulfnews.com/business/economy/malaysia-aims-to-halve-deficit-1.639526?localLinksEnabled=false>

- **Social Front**
- **A New Assesment On Bringing Relief To Gaza Has To Be Made, Says Dr Mahathir**

A new assesment on the effectiveness of shipping humanitarian relief aid to Gaza has to be made to ensure the aid reaches the people of Gaza, said former Prime Minister Tun Dr Mahathir Mohamad.

He said: "We have to make an assesment first as to the effectiveness of the method of bringing relief to Gaza. This is not just a propaganda." "We are very worried that the cement for example is not allowed by the Israelis to be imported into Gaza. They (Palestinians) may make use of it to build military bunkers to fight against them (Israelis), but without the cement they (Palestinians) cannot build the houses," said Dr Mahathir when asked on the next move of the Perdana Global Peace Organisation (PGPO) to bring aid to the Gazans following the hijacking of the relief vessels by Israel's navy.

He was speaking to reporters after launching the inaugural charity fund to raise funds for the development of a new Kiblah Education Complex, which will comprise a secondary

school, a tahfiz centre and a linguistics centre, under the patronage of Yayasan Kebajikan Nusantara (Yakin). Dr Mahathir is the chairman of PGPO, a non-governmental organisation involved in relief missions.

It was involved in the Gaza Aid Flotilla mission to bring humanitarian aid to Gaza this past week but the Israeli's refused to let the ships in to go to Gaza but instead diverted them to Ashdod Port in Israel. The Israeli's also attacked one of the ships in the convoy, causing nine deaths which sparked an international outrage and demands that Israel lift its blockade of Gaza.

The new Kiblah Education Complex will be built in Jenderam Hilir, Sepang.

When asked whether humanitarian aid can be transported by air, he said that he did not think so, and added that "it might be by land". "If Egypt opens its border with Raffah in Gaza, they want to examine everything and every item that we take and that may cause delays, and also they may consider certain things as dangerous," he said.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=503920>

- **Environmental Front**

Philippine

- **Political Front**
- **Aquino urged: Prioritize Freedom of Info Act**

Several groups on Saturday urged president-elect Benigno "Noynoy" Aquino III to certify as urgent the Freedom of Information (FOI) Act after members of the 14th Congress failed to ratify the measure due to infighting and lack of quorum.

Akbayan party-list Rep. Walden Bello said there is a good chance that the FOI bill will be ratified under the new administration since Aquino is a firm believer in the proposed legislation. Quezon Rep. Lorenzo Tañada added that Aquino even voted for the bill in the Senate.

"I would like him to certify it as urgent," he said.

For its part, the National Union of Journalists of the Philippines (NUJP) challenged the incoming administration to prioritize the passage of the key measure.

"On the very first day you take over the reins of government, send an unequivocal signal to the 15th Congress to make the speedy passage of the freedom of information bill its first priority. Anything less than this will signal that we are in for another six years of lip service and empty platitudes. We will be watching," the group said in a statement.

The FOI bill ensures the public's right to information and promotes the state policy of full public disclosure of all its transactions. It lays down a process allowing journalists and ordinary citizens to access public documents. This includes a deadline for responding to requests for information, limited exceptions that can be used to deny requests, and

sanctions for non-compliance.

Advocacy groups earlier said passage of the FOI Act would be historic, being only the third such law in Southeast Asia.

Hypocrites

Several lawmakers, meanwhile, continued to criticize their colleagues in the House of Representatives for failing to ratify the bicameral report on the FOI bill before the 14th Congress adjourned sine die on Friday.

Manila Rep. Bienvenido Abante Jr. branded his fellow congressmen "hypocrites" for promising to pass the bill into the law, only to back down at the last minute due to fears that the measure would be used against them.

In a public forum, Abante revealed that several congressmen had planned to question the quorum during Friday's plenary session to prevent the passage of the bill. Only 128 lawmakers were present in the plenary hall, but 135 were needed for a quorum.

He said House Speaker Prospero Nograles and House Deputy Majority Leader Neptali Gonzales II also wanted him to make a manifestation that the new law would only operate "prospectively" and not "retrospectively." This means that the new law cannot be used to investigate possible government irregularities that occurred in the past, before the bill was passed. Abante said he had agreed to make the manifestation since it would have no binding effect. He said he was surprised when Camiguin Rep. Pedro Romualdo Jr. questioned why the bill did not undergo plenary debates. "We have a bunch of hypocrites in Congress. They're playing with us. They ought to realize that they are playing with fire," he said.

Corrupting Congress

Abante, who is a known supporter of President Arroyo, also warned his fellow congressmen not to join an immoral leadership.

For his part, Bello said the blame rests solely on the shoulders of House Speaker Nograles. "Speaker Nograles acted true to form as he has always acted, as a lapdog and puppet of Malacañang. He is probably one of the worst Speakers our Congress has had. This man has corrupted Congress," he said.

The NUJP, meanwhile, said Friday's session showed that Nograles never had any intention to ratify the measure.

"Even in his last moments as Speaker, the political expediency that characterized the outgoing administration continued to trump our long suffering people's hopes for good governance and an end to corruption," it said.

Nograles earlier apologized for failing to get the FOI approved but said getting the congressmen to show up at the session hall was "beyond his power."

"It's absolutely false to claim that I wanted this to happen. We wanted to close the 14th Congress with a positive note. I don't have the power to control the mind of my fellow congressmen. I can only persuade them and I don't think that I was remiss on that aspect. It's not my fault that these co-authors decided to be elsewhere because I don't have any magical power to make them appear instantly in the plenary." With a report from Maricar Bautista, ABS-CBN News

<http://www.abs-cbnnews.com/nation/06/05/10/aquino-urged-prioritize-freedom-info-act?>

- **Congress proclaims Aquino as president**

The 50-year-old bachelor who achieved one of the most emphatic election wins has termed a fast-growing budget deficit as one of the most pressing issues

Philippines President-elect Senator Benigno 'Noynoy' Aquino III (second from right) and Vice President-elect Jejomar Binay (second from left) raise their arms with Senate President Juan Ponce Enrile (left) and House of Representatives Speaker Prospero Nograles during proclamation rites at the Philippine Congress in Quezon City, east of Manila yesterday

Benigno Aquino was proclaimed the next president of the Philippines amid joyous celebrations yesterday, but he struck a sombre tone as he warned the impoverished nation was in crisis.

The 50-year-old bachelor achieved one of the most emphatic election wins in the Southeast Asian nation's history last month after promising to tackle the endemic graft and pervasive poverty that have long afflicted the country.

To wild cheers and applause from a gallery packed with supporters wearing his family's trademark yellow, parliament proclaimed Aquino the next president with over 15.2mn votes, or nearly 42%, of the total.

However, the son of two democracy heroes immediately sought to focus on the problems facing the sprawling archipelago of more than 90mn people, which has for decades lagged behind its fast-developing Asian neighbours.

"I am a little anxious, a little eager to solve the problems that are besetting our countrymen," Aquino told reporters in his first public remarks shortly after the proclamation.

"I can't say (I feel) totally joy at this time."

Aquino, who will take over from the highly unpopular President Gloria Arroyo on June 30, said a fast-growing budget deficit was one of the most pressing issues.

"Immediately, I have a crisis to deal with," Aquino said of the deficit, which he forecast would hit 400bn pesos this year. "We have many problems that we have inherited, contrary to the propaganda of our predecessors."

Aquino crushed his rivals largely on his promise of clean government, following nine years of rule under Arroyo that has been tarnished by allegations of massive corruption and vote rigging. He also drew on the enormous public support for his parents, who remain revered for their efforts in ending the 20-year dictatorship of Ferdinand Marcos.

His father, Benigno “Ninoy” Aquino, was shot dead in 1983 at Manila airport as he returned from US exile to lead the democracy movement against Marcos.

His mother, Corazon Aquino, took over from her slain husband and led the “People Power” revolution that eventually toppled Marcos in 1986.

She then served as president for six years, a reign that is looked back upon by many Filipinos as one of the least corrupt of recent times.

Her death from cancer last August triggered a massive outpouring of support for the family that turned the son from a low-key senator to presidential front-runner.

After the proclamation, the governments of the US, Britain, Canada, China and Japan all sent Aquino messages of congratulations. Former president Joseph Estrada finished well behind Aquino in second place with nearly 9.5mn votes.

The 73-year-old Estrada held the record for the biggest election win when he triumphed in the 1998 elections with 39% of the total vote.

The former action-movie star was ousted three years later, half-way through his term, amid allegations of corruption for which he was later convicted.

“I sincerely offer my congratulations to my good friend and worthy opponent,” Estrada said in a speech read by his son before the parliament, minutes before Aquino was proclaimed. Parliament also proclaimed Jejomar Binay, who was Estrada’s running mate, as the nation’s next vice president. Aquino’s Liberal Party could be hamstrung in its efforts to implement reforms after its choice for the vice presidency, Mar Roxas, lost.

However, Binay said yesterday he would not be a destabilising force. “I am a team player and I am willing to work with the president. Whatever is asked of me (I will do),” Binay said. The Liberal Party will also not have a majority in either house of parliament.

Arroyo’s Lakas Kampi CMD coalition will remain powerful in parliament, and the outgoing president won a seat in the lower house, where she could lead opposition to Aquino. AFP

<http://www.gulf->

[times.com/site/topics/article.asp?cu_no=2&item_no=367215&version=1&template_id=45&parent_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=367215&version=1&template_id=45&parent_id=25)

- **PM greets President-elect of Philippines on his election as President**

Prime Minister Syed Yusuf Raza Gilani has greeted the President-elect of the Republic of Philippines, Benigno Simeon “Noynoy” C. Aquino III on his election as the President of

the Republic of the Philippines. In his message of felicitations to the President-elect of the Republic of the Philippines the Prime Minister said: "It gives me great pleasure to convey to Your Excellency my warmest congratulations on your election as the President of the Republic of the Philippines.

Your Excellency's election is, indeed, a testimony of the high trust that the people of the republic of the Philippines have reposed in your leadership and an acknowledgment to the contributions made by your family in strengthening the roots of democracy in the Philippines. I firmly believe that under your wise and inspiring leadership, the Philippines and its people will continue to enjoy peace and prosperity."

The Prime Minister said that relationship between Pakistan and Philippines is based on common values and shared objectives and expressed the hope that these cooperative relations would continue to grow to the mutual benefit of the two countries.

"Please accept, Excellency, the assurances of my highest consideration," the Prime Minister said.

http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=105927&Itemid=38

- **Arroyo: 'New Philippines ready for new gov't'**

President Gloria Macapagal Arroyo on Saturday expressed her readiness to hand over a "new Philippines" to a new government. "I know much work remains to be done, but I am determined to turn over to a new government a new Philippines--one that is ready for the challenges of bringing the nation to the verge of the First World in 20 years," President Arroyo said.

During her speech on the occasion of the 112th Philippine Independence Day celebrations, Mrs. Arroyo detailed the efforts of her government to bring the country back on the global map.

The Philippines, she said, was in a dismal situation before she took over the helm of being the country's president. "Internationally, the Philippines has fallen far, far off the radar screen. It had forfeited its strategic importance, weakened its alliances in the region and the world, and taken itself out of consideration by investors as a place to invest," she said.

Mrs. Arroyo maintained that she "did not seek the office of the president in 2001." Instead, she said, "It was thrust upon me. Rather than shirk on the onerous task, I rolled up my sleeves, determined to turn the Philippines around." Her government's priority then was the economy.

"We put the economy first, raised revenue, and invested in physical and human infrastructure. These actions would form the building blocks of a turnaround that will

deliver 37 quarters of uninterrupted growth even against the headwinds of a global recession,” she said. She added: “We put the Philippines on the map when the call center and business process outsourcing sector changed Manila's skyline with modern skyscrapers. We brought development to the provinces, and connected the nation from north to south, east to west with the roll-on-roll-off transportation system.”

The President also mentioned the recent conduct of the first automated polls in the country that “will change the face of politics in this nation forever.” Furthermore, Arroyo asserted that the government’s dire financial situation which her administration inherited from the previous predecessor is now “in a much healthier position today than 9 years ago.”

“Revenues are up. The debt to GDP (Growth Domestic Product) ratio is down. Our debt servicing is more manageable than before. This has resulted in an improvement in our credit ratings and today we are debt-free from the IMF (International Monetary Fund),” she said. According to Mrs. Arroyo, the Philippines under her administration was able to forge new relations with the world. “In the era of international relations, the Philippines is back. No longer the laggard, the Philippines has been a steady climber in Asia and the world,” she said.

She also cited China as the Philippines’ leading economic partner. The US, she said, continues to “stand shoulder-to-shoulder” with the Philippines and aids the country’s economy and security, while Europe and the Muslim world “are strong allies of the Philippines”. “Improved foreign relations have opened the doors of economic opportunity for those Filipinos who have chosen to go abroad. Diplomacy has helped protect the interest of hardworking Filipinos in every corner of the globe,” she said. She admitted having taken heavy political risks to broker peace in Mindanao.

“We will reach within the affected communities to change the peace paradigm. We have brought together an amazing international consensus to aid the process from the outside-- Japan, Australia, the US, England, the OIC (Organization of Islamic Conference) nations, Malaysia and so many others--who now have a vested interest in peace in Mindanao,” she said. She likewise mentioned the government’s efforts to end the culture of lawlessness and kidnapping and to remain a leader in the fight against global terrorism.

“So we will leave a legacy of hard work, a strong and stable economy and renewed global engagement, and major investments in healthcare, education and physical infrastructure,” Mrs. Arroyo said.

<http://www.abs-cbnnews.com/nation/06/12/10/arroyo-new-philippines-ready-new-govt>

- **Economic**
- **Japanese investors eye Philippines as alternative to China, Vietnam**

JAPANESE investors are looking at the Philippines as an alternative to China and Vietnam, the managing head of the Board of Investments said.

Trade Undersecretary Elmer Hernandez told reporters that an official of a Japanese bank relayed that “Japan is looking very seriously at Southeast Asia, specifically the Philippines and Indonesia,” as prospect investment destinations.

Hernandez last week met with Takashi Muraoka, the managing executive officer of the Bank of Tokyo-Mitsubishi UFJ Ltd. The bank sponsors the board trade promotion activities in Japan, he said. Hernandez said Japanese investors who find doing business in China and Vietnam problematic would likely turn to the Philippines.

Japanese businessmen in Vietnam are reportedly having problems due to lack of qualified manpower as well as the fast turnover of workers, the board official said. The rising costs of production and manpower in China are also discouraging some Japanese investors, he said. Hernandez said the Philippines’ edge remains the quality of its workforce, with feedback from the Japanese indicating they would continue to invest in the Philippines when they see that the government is determined to address investors’ concerns. “The Philippine government should not just recognize the issues raised by investors; more importantly, it should resolve them,” he said.

During last month’s Japan-Philippines Economic Partnership Agreement second sub-committee meeting on the improvement of the business environment, Japanese investors complained of the long-delayed refund of their tax credits. The Japanese had a 58-percent share of foreign direct investments infused into the Philippines last year.

<http://www.manilatimes.net/index.php/business-columns/18907-japanese-investors-eye-philippines-as-alternative-to-china-vietnam?>

- **Population growth hinders development – UN official**

Rapid population growth, corruption and bad governance are the roadblocks that derail the Philippines’ bid to meet the eight Millennium Development Goals (MDGs) set by the United Nations by 2015, a UN official said on Wednesday.

Minar Pimple, the UN Millennium Campaign Regional Director for Asia and the Pacific, was referring to the time-bound, concrete and specific goals that 189 world leaders committed to achieving by 2015 at the United Nations Summit in September 2000. These goals include ending extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability and developing a global partnership for development.

Pimple underscored that population growth, corruption and bad governance have resulted in 33 percent of Filipinos still living on less than P46 a day, 5.2 million children of school

age staying out of school, 11 mothers dying each day from pregnancy-related causes and the increase of incidence of HIV/AIDS by five-fold from 41 in 2007 to 218 in 2009 as per UN data. With those dismal facts, the Philippines remains off track with more than 40 percent of the 21 development indicators as stated in the Asia-Pacific Regional Report for 2009-2010.

“Now that the election fever has died down, we see this as the perfect time to remind the new president that there is a lot of work to be done, and the people have the right to demand from the new administration a renewed commitment to the MDGs, better policies, and more decisive action,” Pimple pointed out. The UN official made the statement with barely three months left before the September MDG Summit in New York City where world leaders, including President-elect Benigno “Noynoy” Aquino 3rd, will be asked to present their MDG Breakthrough Plans for the accelerated achievement of the goals by 2015.

Congress partly to blame

Leonor Magtolis Briones, lead convenor of Social Watch Philippines (SWP), which formulates and lobbies for alternative budget proposals toward increased allocation for the MDGs through the Alternative Budget Initiative, noted that the Philippines was not able to make enough progress toward the millennium goals during the past two presidential terms because the House Committee on Appropriations has consistently impounded funds for basic services in recent years.

Briones said that the impounded funds included those for health and agriculture projects. “Billions of pesos of people’s money were either impounded or realigned and transferred to overall savings. This has caused delay and non-implementation of critical socioeconomic programs, which translated to millions of Filipinos plunging below the poverty line with no job, no education, no healthcare and no food on their tables,” she added.

Briones challenged Aquino to streamline the flow of existing funds into MDG-related projects while Congress legislates more budget to support sustainability and fast-track the achievement of millennium goals.

Pimple, however, stressed that there is still time to stir the Philippines to development. “We may have already lost ten years’ worth of opportunities to work toward the MDGs, but it’s not too late. With committed leadership, the right policies and resources, the Philippines can still achieve the goals by 2015,” the UN official said.

<http://www.manilatimes.net/index.php/top-stories/19181-population-growth-hinders-development--un-official?>

- **Manila may raise GDP target for 2010**

The Philippine government may raise its economic growth target for this year to between 5.9 per cent and 6.9 per cent, possibly the fastest expansion since 2007, following strong first-quarter figures, a government source said.

Officials have previously said the government would study an increase in its growth target this year after the South-east Asian economy grew at its fastest in 22 years in the March quarter on seasonally adjusted basis. The new target was proposed by the economic planning agency in Tuesday's meeting of the technical working group of the inter-agency Development Budget Coordination Committee (DBCC), which sets the government's macroeconomic targets, the government source told Reuters.

Asked to comment on the revision, Dennis Arroyo, head of policy planning at the economic planning agency said in a mobile text message: 'It's among the scenarios, we're working on others . . . Some scenarios are still seen to be too high. We're still discussing,' Mr Arroyo said.

Manila is also considering narrowing its current 2010 budget deficit target of 293.2 billion pesos (\$8.9 billion), equivalent to 3.6 per cent of GDP, since a fast-growing economy would mean higher tax revenues for the government. Economic planning chief Augusto Santos told reporters the DBCC would approve revisions to the 2010 economic targets on Tuesday.

But all revisions to Manila's macroeconomic targets would be reviewed by the new government set to take over on June 30. Senator Benigno Aquino III emerged as winner of the presidential race based on the official vote tally and is expected to announce members of his cabinet soon.

Mr Aquino has said he wants to prioritise the fight against corruption to raise the government's perennially weak revenue. He also wants to review the state budget to cut unnecessary spending. -- Reuters

<http://www.businessstimes.com.sg/sub/news/story/0,4574,389836,00.html?>

- **Social Front**
- **UNHCR helps improve life for Filipino victims of climate change**

Tossed by one typhoon after another, Maria Teresa Cawili is now grateful for small mercies – like having a space of her own after spending months in crowded evacuation centres for victims of the Philippines' many recent natural disasters.

Cawili is among 1,000 people relocated recently to a dusty hill at San Jose village in this Catholic pilgrim town of Our Lady of Good Voyage in Rizal province, about 30 kilometres from the capital, Manila. They were victims of violent back-to-back storms last year in what meteorologists described as a preview of more devastating winds that are likely to hit the country as a result of climate change. The Pacific churns out a score of

typhoons annually toward the archipelago, but storms Ketsana and Parma last September and October were particularly fierce.

For now, the evacuees in Antipolo are huddled in tents under a scorching summer sun as the government and aid agencies draw up plans to construct shelters of corrugated iron roof, thatched bamboo and hollow blocks in 40-square-metre plots before the onset of the rainy season this month.

"It will be a dream come true," says Cawili, a 46-year-old mother of five girls, and a camp leader whose family received linoleum, mattresses, blankets, thermos flasks, kettles and buckets from UNHCR last December. Before moving to this site a few weeks ago, her family and the other evacuees received underwear, towels, detergent and shampoo from the UN refugee agency.

She was at home in nearby Cainta town on September 26, 2009, when Ketsana dumped a record amount of rainfall that sparked the worst flooding in the Philippine capital in memory.

The raging torrents swept away her ramshackle hut and about a thousand squatter shanties at a riverside flood spillway the following day. Her prized possessions – a TV set and DVD player – disappeared in the flood. All told, Ketsana and Parma, which struck a week later, left 1,000 people dead and destroyed a quarter-of-a-million houses. The Department of Social Welfare and Development, along with local government units and the armed forces, mobilized resources to deal with the catastrophe.

"They did an extremely good job helping their citizens," said Bernard Kerblat, head of the UNHCR emergency team who joined relief operations in the disaster zones following an appeal for assistance by the cash-strapped government.

State agencies and aid organizations are still assisting about a million people displaced by the storms eight months later, tens of thousands of them crammed in makeshift camps in the hard-hit provinces of Rizal, Zambales, Tarlac, Pangasinan and Benguet.

The government has banned the evacuees from returning to their flood-prone villages. The San Jose relocation site, where UNHCR is providing support, is the first for the thousands of homeless storm victims in encampments on Luzon island.

For Cawili, it's a welcome change from the crowded gymnasium at Cainta where she and her family had stayed for six months – and from the nearby school where they stayed for several weeks before that. But like the 30 million other Filipinos living on just a dollar a day – the poverty threshold defined by the World Bank – Cawili is just trying to survive. "We need to earn a living," she says. UNHCR and its implementing partner, the Community and Family Services International, are helping the evacuees cultivate gardens

to provide extra food. They are also asking government technicians to conduct training on organic farming.

The refugee agency is purchasing three motorized tricycles to be operated by the community to transport commuters on a dirt road up to the national highway.

UNHCR also has identified malnourished children, the elderly and the sick at the site for special assistance, and is providing psychosocial counselling against gender violence.

The refugee agency is providing toys for a daycare centre where Cawili's children play, and basketball and volleyball tournaments have been organized for older children at the site. UNHCR has had to take money for these activities from its emergency reserves. "We certainly can do a lot more," says Kerblat. "There's a lot to be done."

<http://www.reliefweb.int/rw/rwb.nsf/db900SID/EGUA-86BQ9J?OpenDocument>

- **Abu Sayyaf gunmen in Philippines kill 2 villagers after slaying 3 hostages**

Muslim militants killed two villagers after fatally shooting three hostages, apparently to avenge the deaths of comrades in a government assault in the southern Philippines, a military commander said Sunday.

The bodies of the hostages and the villagers were found separately Saturday by residents in a mountainous hinterland near Sumisip township on Basilan island, where the al-Qaida-linked Abu Sayyaf group has long been blamed for kidnappings, bombings and other attacks, Rear Adm. Alex Pama said. Despite years of U.S.-backed offensives, nearly 400 Abu Sayyaf fighters have survived in Basilan and on nearby Jolo island and the Zamboanga peninsula. They remain a major security concern as part of a decades-long Muslim insurgency.

The Abu Sayyaf, founded in Basilan in 1991, is believed by U.S. and Philippine security officials to have received funds and training from Osama bin Laden's network.

The hostages — all rubber farm workers — were kidnapped by the militants on May 27. Their bullet-riddled bodies were found near Sumisip after their families failed to pay a ransom, Basilan military commander Brig. Gen. Eugenio Clement said. Pama said the same group of gunmen, led by wanted militants Puruji Indama and Pasil Bayali, opened fire on three villagers in a nearby mountain community, killing two and wounding one who managed to run to safety.

The killings, which took place Friday, may have been in revenge for the deaths of three Abu Sayyaf fighters, including two relatives of Bayali, in a clash with elite army Scout Rangers in Sumisip earlier that day, Pama told The Associated Press.

He said the wounded villager told military officials that he and his companions went out to retrieve their water buffalo from a mountain farm when they met the Abu Sayyaf

gunmen, who opened fire without provocation."They were seething with anger," Pama said, adding troops have been deployed to secure a number of Sumisip communities that could come under attack.

Government troops have mounted an offensive in and around Sumisip in Basilan, a predominantly Muslim island about 550 miles (880 kilometers) south of Manila, amid intelligence reports that a number of militants allied with the Southeast Asian militant network Jemaah Islamiyah have taken refuge in Abu Sayyaf encampments.

Among the militants is Malaysian Zulkifli bin Hir, also known as Marwan, a U.S.-trained Malaysian engineer accused by Philippine authorities of involvement in a number of deadly bombings in the Philippines.

The United States has offered a \$5 million reward for Marwan's capture

<http://www.baltimoresun.com/news/nationworld/world/wire/sns-ap-as-philippines-abu-sayyaf,0,3335852.story?>

Thailand

- **Political Front**
- **Democrats play down election results**

The Democrat Party is seeking to play down speculation that its strong showing in the weekend's Bangkok district councillor election will translate into a similar result at the next general election.

The head of the Democrat MPs for Bangkok, Ong-art Klampaibul, said yesterday the success in the local elections had no bearing on people's voting for members of parliament. Bangkokians' voting patterns change frequently in accordance with the situation and time.

Mr Ong-art, the new PM's Office minister, said Democrat deputy leader Apirak Kosayodhin was elected the new Bangkok governor in 2004, but not long after his victory the party won only four seats in the House of Representatives from Bangkok in a national election.

Prime Minister Abhisit Vejjajiva said on the sidelines of the World Economic Forum meeting in Vietnam on Sunday that he might call an early election if all sides could work to translate the government's reconciliation plan into action.

It was too soon to read too much into Sunday's election result where the Democrats beat the Puea Thai Party by scooping all seats in 10 of the 14 districts contested, including some districts where the Democrats had performed poorly in the past, Mr Ong-art said.

The hard work of the Democrat candidates and a good mix of experienced and young people forming the teams of district councillors were key factors behind the success. And "the political crisis has also partly caused people to vote for us", Mr Ong-art said.

Mr Abhisit has spent the past two months struggling to lead a coalition under siege from the opposition Puea Thai-backed red shirt protests, which ended in mayhem. Election Commission chairman Apichart Sukhaggonond said yesterday the EC would be ready to hold a general election when it was called, and it was its duty to ensure that it was fair.

<http://www.bangkokpost.com/news/local/38359/democrats-play-down-poll-showing?>

- **Thai turmoil was no 'class war'**

We have seen the recent unrest in Thailand, with soldiers in the streets and protesters clamoring for democracy, before in South-East Asia. But was this really a clash between the "the haves" and "have-nots" as depicted by an almost unanimous chorus of foreign media?

As battles between anti-government protesters and the military killed 85 people and injured 1402, a Western academic claimed that "the farmers of Thailand have stood up". It was supposed to have been a more or less spontaneous uprising by society's poor and disadvantaged against the urban elite in Bangkok.

Superficially the scenes may have looked similar to the 1988 protests for democracy in Burma or perhaps even the 1998 uprising in Indonesia, which led to the fall of Suharto. But there are fundamental differences between those events and Thailand's "Red Shirt" protest movement — the popular name for the grouping officially known as the United Front for Democracy against Dictatorship (UDD). The list of casualties speaks for itself. Of those killed, 11 were soldiers and policemen, as were 411 of the wounded. Unlike pro-democracy movements elsewhere, the UDD had its armed units and was far from the "non-violent" force it purported to be. The UDD also became infamous for its attacks on the media. Several journalists, both Thai and foreign, were threatened by UDD members and, on May 19, staff at a local television station had to flee for their lives when a mob set fire to their building, apparently "dissatisfied" with the coverage they were getting.

<http://www.brisbanetimes.com.au/opinion/politics/thai-turmoil-was-no-class-war-20100607-xped.html?>

- **Thai PM's choice to head probe sparks row**

Thailand's premier yesterday named a former attorney general to head an investigation into recent deadly street violence, sparking a row with the opposition, which said it feared a whitewash. Prime Minister Abhisit Vejjajiva said Kanit Nanakorn would set up an independent panel to probe clashes between armed troops and "Red Shirt" anti-government protesters that left almost 90 people dead, mostly civilians. Kanit will appoint the other panel members within 15 days, Abhisit said. "This committee must be impartial so that everyone has confidence and cooperates and participates in the process to shed light on events," the premier told reporters.

“He is a capable person and suitable for the job and he’s ready to work. The government will give him full cooperation. Nobody wants to do this job because it’s very high pressure,” Abhisit said, when asked why he had chosen Kanit.

The opposition Puea Thai party, however, called for international watchdogs to take the lead in the inquiry, saying a probe headed by Kanit would probably be a “whitewash”.

“It’s difficult to accept Kanit as chairman of this committee as he’s very close to government figures and was selected by Abhisit, who ordered troops to crack down on protesters,” said spokesman Pormpong Nopparit.

“If the government wants all groups in Thailand and worldwide to accept the findings, it should invite international organisations to act as investigators.”

Kanit, 73, is the dean of law at Dhurakij Pundit University.

He headed a probe into alleged extrajudicial killings of 2,500 people during a war on drugs under ex-premier Thaksin Shinawatra, who was ousted in a 2006 coup and is idolised by many Red Shirts.

The Reds’ rally, broken up on May 19 in an army assault on their vast encampment in the heart of Bangkok, sparked outbreaks of violence that left 89 people dead, including two foreign journalists, and nearly 1,900 injured.

The government has defended the use of armed troops, saying they were only authorised to fire live ammunition as warning shots, in self-defence or against “terrorists” whom it has accused of inciting the unrest.

The Red Shirts were campaigning for elections they hoped would oust the government, which they view as undemocratic because it came to power with the backing of the army after a court ruling threw out the previous administration.

Abhisit said Sunday that he wanted somebody who was sympathetic to the Red Shirts in the panel “to make sure that all sides can be confident of the neutrality of their work”. He has pledged to accept the findings of the probe.

UN human rights chief Navi Pillay called last week for an independent investigation into the deadly unrest and for “all those found responsible for human rights violations are held to

account”.

[http://www.gulf-](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=366981&version=1&template_id=46&parent_id=26)

[times.com/site/topics/article.asp?cu_no=2&item_no=366981&version=1&template_id=46&parent_id=26](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=366981&version=1&template_id=46&parent_id=26)

- **Thaksin slams Anupong for crackdown on red shirts**

In his Twitter message, Thaksin lashed out at Army chief Anupong Paochinda for serving Prime Minister Abhisit Vejjajiva and Deputy Prime Minister Suthep Thaugsuban and causing much bloodshed. "Just take good care of yourself before retirement by saving the money earned from the plight of the reds," he said, insinuating about Anupong's

monetary rewards gained by crushing the red shirts.

He was critical of Anupong for turning his back on two administrations, under Samak Sundaravej and Somchai Wongsawat, and choosing to back the Abhisit government.

Anupong tried to make shallow excuses for not dealing with the yellow shirts by saying Samak and Somchai did not involve the soldiers in crowd control even though he was fully in charge of the then state of emergency, he said. He also said Anupong had no shame in trying to portray him [Thaksin] as not a royalist, arguing that as fellow graduates of Pre-Cadet Class 10, they ran together each day in the cadet formation shouting their loyalty to the nation, the religion and the monarchy.

In a related development, Noppadon held a press conference to criticise the government for paying lip service to the cause of reconciliation but having an ulterior motive to persecute its opponents before outlining plans for peace talks.

Thaksin and Noppadon timed to air their remarks just a day ahead of the government schedule to unveil details of how the reconciliation road map would be implemented.

Noppadon said the government was manipulating the emergency rule to frame its opponents by freezing more than 106 bank accounts.

Noppadon said the government alleged it had detected Bt60 billion in suspicious financial transactions linked to the red shirts but this was impossible because no one could have been that rich or would have spent that much money to finance political activities, he said.

He said Abhisit appeared insincere to bring about reconciliation because he was trying to frame Thaksin on a terrorism charge.

"The arrest warrant issued for Thaksin might cause some problems but not a deterrence for travelling and in the end, the press and the international community would understand the litigation was just a political game," he said.

He urged the government to enter into the peace talks with Thaksin instead of trying to persecute him, which he said would be in vain.

Thaksin was genuinely interested in mending fences and had no intention to harm Thailand even though he might not like the government, he said.

He rejected the allegation that Thaksin was hiring a number of international lawyers aimed at inflicting damage on the country, arguing the legal battle was directed at the government and not the state.

The five-point road map for reconciliation was a gimmick, he said, noting the point on media reform was just a pretext to gag critical views against the government.

"I still believe peace talks can happen if the prime minister will stop dominating and

allow a truly neutral panel to take charge," he said. He called for the government to directly make an overture to Thaksin in order to convince him to take part in the reconciliation process. The government's one-sided efforts to bring about reconciliation would not be successful, he said, demanding the government step aside instead of taking the lead role in the process.

Vice Foreign Minister Panich Vikitsreth had a meeting with United Arab Emirates Ambassador Mohammed Ali Ahmed Omran Ali Shamsi. Speaking following the meeting, Panich said the UAE repeated its pledge not to allow Thaksin to use its territory for any political activities.

Thaksin's whereabouts are presently unconfirmed and the authorities are moving ahead to try and bring him back to face the legal proceedings, he said. He is known to travel around several countries, including the UAE and Montenegro. He said he thanked the UAE for lifting its travel restriction to Thailand following the end of the unrest.

<http://www.nationmultimedia.com/home/2010/06/10/politics/Thaksin-slams-Anupong-for-crackdown-on-red-shirts-30131271.html>

- **Thai government tells US it's in charge**

A special envoy from Thailand has sought US support in the country's political crisis, discouraging the kingdom's longtime ally from trying to mediate in the wake of bloody street protests. A Thai soldier is seen standing guard at the Government House in Bangkok. A special envoy from Thailand has sought US support in the country's political crisis, discouraging the kingdom's longtime ally from trying to mediate in the wake of bloody street protests.

Prime Minister Abhisit Vejjajiva dispatched Kiat Sitttheeamorn to Washington to make the case that so-called Red Shirt protesters who occupied central Bangkok for weeks included armed and Marxist elements.

Kiat, who met with members of Congress and President Barack Obama's administration on Friday, said that the Thai government welcomed US "suggestions" but was pursuing its own reconciliation plan. "We ourselves also see some difficulties in negotiating and discussing with the Red Shirts," Kiat told AFP. "If the US extends a helping hand, I don't know if it will have different results."

"There is also the risk that it might complicate the issue even further," said Kiat, who is Thailand's trade negotiator. Kiat recalled Thailand's reaction to the September 11, 2001 attacks when "our friends were in trouble."

Did "we have concern that from now on we should advise our people not to come to the United States? Are we concerned that the United States government cannot handle the situation? Certainly not," he said.

"We always respect the decisions of any government; it's their right. But obviously it would be nice to see that... when your friends are in difficulties, we get all the support you can," he said. The army broke up the Reds' rally on May 19 after weeks of protracted negotiations broke down. The clashes left 89 people dead.

During the crisis, Thailand summoned the US ambassador to protest after Kurt Campbell, the assistant secretary of state for East Asia, met Red Shirts on a brief visit to Bangkok.

Kiat said that while "the intention of Mr. Campbell is good," he believes that the State Department has since gained a "better understanding" of the situation.

Scot Marciel, Campbell's deputy in charge of Southeast Asia, told Congress that the United States has engaged all sides in Thailand and supported Abhisit's plan for reconciliation. "The United States can be a source of support as the Thai work to resolve the issues that still divide them, but it is the Thai people themselves who must make the difficult choices on how to proceed," Marciel said. The reconciliation plan includes early elections, although Kiat said they were unlikely to be held this year. Marciel admitted that in 25 years working on Southeast Asia, "I'm not sure I've encountered a situation as complex as the one in Thailand right now in terms of trying to understand the politics."

The Red Shirts include rural Thais who say they are disenfranchised by the political system. Some 36 buildings were torched in the mayhem last month, including the stock exchange.

Kiat said that some Red Shirts had "legitimate grievances," but they did not constitute a "straight-forward demonstration" as they included armed groups and "Marxist-Leninist ideologists."

Senator Jim Webb, who heads the Foreign Relations subcommittee on East Asia, recently visited Thailand and agreed that aspects of the Red Shirts were "classic Marxist."

"You had the incitement of people based on poor versus the rich in a country that has made enormous advances over the last 30 years," Webb said.

Thailand is one of the oldest allies of the United States and assisted during the Vietnam and Iraq wars.

Catharin Dalpino, director of the Thai studies program at Georgetown University, said the United States had a stake in Thailand's stability but needed to exercise restraint.

Unlike many other countries since the Cold War, Thailand transitioned to democracy without foreign involvement, she said.

"The current political situation is still highly charged and extremely complex and high-profile attempts by an external actor to change the dynamic are likely to be counter-productive. Moreover, it runs counter to Thai sensitivities," she said.

<http://www.bangkokpost.com/news/asia/181007/thai-government-tells-us-it-in-charge?>

- **Yes to democracy, but no elections now: Thai PM**

Thailand's tourism industry is limping, emergency provisions are in force and the media is subject to controls. But the Kingdom's first minister says democracy is the best form of government, even if conditions in his country suggest otherwise, and he "cannot accept that the Thai people are not ready for democracy".

Speaking exclusively to a select group of senior editors from Asia News Network newspapers in his office Friday (June 11), Thailand's suave, 45-year-old Prime Minister Abhisit Vejjajiva admitted there was a "difference of opinion on where the democratic deficit is" but said this was because, as with every society, Thailand's too "has to go through a learning process". Badly scarred by a face-off last month between the so-called "red shirts" owing allegiance to deposed Prime Minister Thaksin Shinawatra and government forces that led to nearly 90 deaths, Thailand today is a country in shock, and sharply polarised between its elite, whose poster boy Vejjajiva is accused of being, and rural folk, whose cause Shinawatra claims to espouse.

The red shirts describe Vejjajiva's regime as a spurious one, and lacking a mandate. They demand early elections to resolve the conflict. But the Prime Minister is emphatic that there can be no early elections until the process of reconciliation in Thai society is complete. Just on Thursday (June 10), he had outlined his roadmap to reconciliation with televised announcements of two panels, one to inquire into last month's deaths, and another to review the Constitution. He had also announced mechanisms to address social inequality and reform mass media. But these announcements were immediately greeted with skepticism, even suspicion, not just by political opponents but by academics and civic leaders.

On Friday, Vejjajiva told editors it was "unlikely we (can) create a stable and peaceful environment (for elections) this year". Elections could be early only if "they" (the opposition) resolve issues; if not, they would be held when the term of the present Parliament ends next year.

He admitted that his two objectives - of dealing firmly with law enforcement and reaching out to everyone, including the protesters - seemed contradictory. There are some who believe "political parties should have more absolute power... that the majority (can) decide on everything. They may have a point in believing that institutions sometimes frustrate the will of the rural people." But the majority does not, Vejjajiva maintained in an unambiguous reference to Shinawatra, give "a mandate that puts people above the law".

Indeed, the former Prime Minister, now living in exile and believed to hold Montenegrin citizenship, remains the bugbear of the Thai establishment. Widely believed to have

orchestrated the protests - and the violence here last month - Shinawatra now faces charges of terrorism in connection with the protests to add to serial accusations of corruption (including one where he was sentenced in absentia to jail for two years), tax evasion, lese majeste, selling national assets to international investors, treason, authoritarianism and muzzling of the Press. In February, his assets worth 46 billion baht (US\$1.4 billion) were seized on orders of the Supreme Court, after it found him guilty of possessing abnormal wealth.

Vejjeviva made it evident that the schism between Shinawatra and the ruling establishment is so wide as to be unbridgeable. He wondered if the former PM's supporters were genuinely supportive of early elections; "in this very room, they agreed to my proposals", but two days later recanted on instructions from Shinawatra. Now they say they want a national government with an unelected PM. "Some groups of people, particularly the former PM, reject whatever the government proposes."

And worse, in a society where the 82-year-old monarch, King Bhumibol Adulyadej, is held in reverence, Shinawatra is accused of having cast a stain on royalty. "The monarchy," Vejjeviva said, "is above partisan politics" but now some people are "trying to drag the monarchy into the conflict". "Sometimes they say the Palace is involved, now they want the Palace to intervene," Vejjeviva said in a clear reference to an interview given by Shinawatra to a television channel where he asked the King to intervene in the process of reconciliation. The former Prime Minister's supporters have been accused of conspiring to overthrow the monarchy; indeed the severity of last month's crackdown was explained by a military spokesman earlier this week as part of action on people plotting against the crown.

While life in this beleaguered city is limping back to normal, the scars - and scares - are strongly in evidence. International tourist arrivals have dropped sharply, forcing GDP growth forecasts to drop by at least one percentage point and hotels to drop tariffs, in some cases by half. Meeting ANN editors separately, finance minister, Korn Chatikavanij, estimated that the troubles have caused direct losses of "tens of billion" baht and opportunity losses of hundreds of billion baht.

For now, Vejjeviva sits on a chair of thorns, although he claims polls show 80 per cent of Thais support what his government wants to do. "We are serious", he said, "about reconciliation, we have no intention to drag our feet. It is the Opposition's demands that keep changing, escalating."

<http://www.asianewsnet.net/news.php?id=12471&sec=1>

- **Thai premier offers road map to reconciliation**

Addressing the nation three weeks after a military crackdown on protesters, Prime

Minister Abhisit Vejjajiva presented what he called a "letter to the Thai people" on Thursday, calling for reconciliation in a country shaken and divided by months of turmoil and scores of deaths. "It's time to rebuild our home together," he said. "Hatred and vengeance can't build our future."

The prime minister's speech introduced a five-point road map to "national reconciliation," although he did not explain it in detail. The plan, as he described it earlier, seeks to address social and economic disparities that are at the root of Thailand's divisions.

It also seeks to control the news media, which the government asserts instigated much of the recent turmoil. It will discuss constitutional reform, uphold the honor of the monarchy and investigate the violence that killed at least 88, he said.

The prime minister made it clear that these steps were only a beginning and that he understood that Thailand's problems ran deeper than the confrontations in the streets that ended May 19.

[http://www.sfgate.com/cgi-](http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/06/11/MNNL1DTF6K.DTL&type=politics#ixzz0qfHrpFZ6)

[bin/article.cgi?f=/c/a/2010/06/11/MNNL1DTF6K.DTL&type=politics#ixzz0qfHrpFZ6](http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/06/11/MNNL1DTF6K.DTL&type=politics#ixzz0qfHrpFZ6)

- **Thai gov't to seek arrest warrants against 100 on terrorism charge**

The Justice Ministry's Department of Special Investigation (DSI) of Thailand plans to seek arrest warrants against 100 suspects on a terrorism charge, DSI director-general Tharit Pengdit said Friday, the Thai News Agency (TNA) reported.

These suspects are also seen to get involved with an act of threatening state, armament, and injuring innocent people, the DSI director-general said.

It will take some more time for DSI investigators to collect evidences prior to applying with a court for the arrest warrants against these 100 suspects, he said.

Though the anti-government protests ended on May 19, the Thai government has still maintained its enforcement of the state of emergency in order to ensure security for the public. The state of emergency has been imposed from April 7, 2010, in 24 provinces of Thailand's 76 provinces, empowering police and army to control the then anti-government protests. The death toll from a series of violent clashes between the "red-shirt" protestors and government troops during March 12 to May 19 stood at 88 as some 1,885 others were wounded.

<http://english.people.com.cn/90001/90777/90851/7022752.html?>

- **Economic front**
- **ADB lends \$77 million for highway expansion in Thailand**

The loan will support ongoing efforts to boost travel, tourism and trade in the Greater Mekong Subregion (GMS), while reducing traffic accidents fatalities.

ADB's loan, from its ordinary capital resources, covers 43 per cent of the total cost of

\$179.4 million for the GMS Highway Expansion Project. The civil works will expand 178 kilometers of two-lane national roads in north and central Thailand into four lane highways. The highways form part of the GMS corridor road network transport arteries crisscrossing the region which are helping to connect countries, spurring growth and new economic opportunities. The project will upgrade and expand the Phanom Sarkham to Sa Kaeo highway in central Thailand and a stretch from Phitsanulok to Lom Sak in the north, helping to reduce passenger and freight operating costs by 10 per cent and travel times by 15 per cent, as well as spurring new trade and economic growth.

[http://www.nationmultimedia.com/home/2010/06/11/business/ADB-inked-\\$77-million-loan-with-Thailand-to-expand-30131373.html?](http://www.nationmultimedia.com/home/2010/06/11/business/ADB-inked-$77-million-loan-with-Thailand-to-expand-30131373.html?)

- **Global economic recovery - not Yuan - bigger worry for BOT**

Thai financial authorities believe the stepped-up US pressure to revalue the yuan will have only a slight effect on the baht, while raising more concerns about the fragile global economic recovery which could have a severe impact on the Thai economy.

"The baht has strengthened slightly since early this year, but the appreciation is not too high or volatile that it restricts business. The baht strengthened this week, which is in line with regional movement," Bank of Thailand Deputy Governor Bandid Nijathavorn said.

US Treasury Secretary Timothy Geithner said in testimony to the Senate Finance Committee that China's currency policy prevents a balanced global recovery and called for a stronger yuan.

Money market rates climbed after government reports this week showed that exports rose the most in more than three years in May, while inflation rose faster than economists estimated.

Based on the forward rate on Friday, the yuan is projected to rise 1.1 per cent from the spot rate of 6.8323 per dollar and reached 6.7375, the strongest level since May 28. The baht yesterday rose 0.4 per cent from a week earlier to 32.47 per dollar in Bangkok, its biggest gain since the five days ended March 19.

The central bank expressed concern about the global economic recovery. It expects greater recovery this year, but this is hindered by some obstacles, particularly the public debt of some European countries. Bandid noted that the huge public debt may deter consumption in Europe, and this would result in loan tightening amid growing limitation in fiscal relaxation.

During his interview with the foreign press, Finance Minister Korn Chatikavanij said that Thailand needed to further relax fiscal policies to spur the economy and reduce the income disparity. However, the longterm goal is to reduce the public debt.

He said balanced budgets would lead to lower public spending, and if investment projects

were to be continued, the government would need to collect more taxes.

<http://www.nationmultimedia.com/home/2010/06/12/business/Global-economic-recovery--not-Yuan--bigger-worry-f-30131412.html?>

- **Social Front**
- **Amnesty calls on Thai PM for fair protest probe**

Rights group Amnesty International called on Thailand's prime minister Saturday to ensure an independent and impartial investigation into recent unrest and to lift a state of emergency immediately. Premier Abhisit Vejjajiva has commissioned an inquiry led by a former attorney general into the loss of 90 lives after recent clashes between armed troops and anti-government "Red Shirt" demonstrators.

"Independence is of paramount importance to any investigation's credibility," wrote Amnesty's acting secretary general Claudio Cordone, saying the probe should be free from affiliation with either side in the clashes.

"The investigation must also be impartial, including alleged human rights abuses by both sides." The Reds' rally, broken up on May 19 in an army crackdown on their vast camp in the centre of Bangkok, sparked outbreaks of violence that also left nearly 1,900 people injured. Kanit Nanakorn, leading the investigation, has said his aim was to establish facts rather than responsibility. But Amnesty's letter urged the probe to be conducted with the view "to initiating prosecutions against alleged perpetrators of human rights abuses," which it said were clearly committed by both security forces and protesters.

The government has defended the use of armed troops, saying they were only authorised to fire live ammunition as warning shots, in self-defence or against "terrorists" whom it has accused of inciting the unrest.

Abhisit has voiced plans to have a Red Shirt sympathiser on the inquiry panel to ensure confidence in its neutrality, but the main opposition party has warned of a likely "whitewash", saying Kanit was too close to the government.

A two-month-old emergency decree, in place across about a third of Thailand, could hinder accountability by conferring immunity on officials for certain acts committed in the court of their duties, according to Amnesty.

The decree also authorises "vague and excessive" powers of censorship that "have actually led to the mere expression of opinions and views being penalised," the rights group's letter said.

Thai authorities have shut down at least 1,500 websites under the state of emergency, as well as a number of anti-government radio, TV and print outlets.

http://news.yahoo.com/s/afp/20100612/wl_asia_afp/thailandpoliticsprotestrightsamnesty?

- **Pakistan urges Thailand to implement 'Transfer of Offenders' Agreement**

Pakistan has reinforced its request to Thailand for fast-track implementation of the “Transfer of Offenders” Agreement. The request was made by Pakistan’s Ambassador to Thailand Sohail Mahmood during a meeting with Dr. Kittipong Kittayarak, Permanent Secretary of the Thai Ministry of Justice.

The Agreement on “Cooperation in the Transfer of Offenders and Enforcement of Penal Sentences” was signed between Pakistan and Thailand in December 2007. Both governments completed the ratification in accordance with their respective legislative processes in December 2009. Efforts have since been underway to expedite the completion of the legal and procedural formalities in line with the provisions of the Agreement. During the meeting, Ambassador Sohail Mahmood underlined the humanitarian dimension of the issue and briefed the Permanent Secretary in detail about the focus of the government, high judiciary, and civil society in Pakistan on the transfer of Pakistani prisoners. In this regard, he stressed the importance of earliest possible completion of all requisite formalities as prescribed in the bilateral Agreement. Permanent Secretary Dr. Kittipong Kittayarak inter alia recognized the humanitarian aspect of the issue, noted that Thailand would like its imprisoned nationals also to be brought back to serve their remaining sentences in Thailand, and assured that the relevant Thai authorities will be instructed to expeditiously pursue the matter at their end.

There are about 85 Pakistani nationals in Thailand jails, either serving sentences or facing trial proceedings for various offences.

Under the Agreement’s provisions and Thai laws, only those prisoners who have served 1/3rd of their sentences are eligible to request a transfer to their own country to complete the remaining sentences there. The subject of transfer of prisoners has been taken up by the Pakistan Embassy in Bangkok with the Thai Foreign Ministry, Ministry of Justice, and the Department of Corrections.

The Pakistan Foreign office has been pursuing the matter through the Thai Embassy in Islamabad as well.

<http://www.pakistantimes.net/pt/detail.php?newsId=11859>

- **Malaysian liberals battle hardliners**

Dressed in a modern grey suit teamed with a black skull cap, Malaysian cleric Asri Zainul Abidin is the poster boy for liberal Muslims who are tussling with hardliners in this multi-ethnic nation.

Muslim and liberal cleric Asri Zainul Abidin, seen here arriving at the Syariah court in Kuala Lumpur in April 2010, is the poster boy for liberal Muslims who are tussling with

hardliners in this multi-ethnic nation.

Asri, a boyish-looking 39-year-old, is considered one of Malaysia's top Islamic theologians and has a growing following of young, educated Muslims who are drawn by his moderate views. But the thoroughly modern mufti now faces trial on charges that could land him in jail for two years in what his supporters say is an attempt to muzzle liberal voices in Muslim-majority Malaysia.

Asri has been charged under religious "sharia" law for giving a lecture on Islam last November without authorisation. But the cleric says his real offence has been to enrage the country's religious establishment, which has become increasingly strident in recent times, imposing caning sentences that have rarely if ever been enforced before.

Sharia courts -- which operate alongside the civil courts in a dual-track system -- recently ordered three young Muslim women to be caned for having extramarital sex. Another mother-of-two also faced a thrashing after being caught drinking beer but after her case hit the headlines she was ordered to do a spell of community service instead. "Now they just say punish, punish and punish. Religion is not about punishment. Right now we have to educate the people. It is not the right time to impose punishment," Asri said.

"The right thing to do now is to educate. You must make it easy for people to get married by giving them financial aid so they will not indulge in extramarital sex." Straddling the fault line in the debate are Malaysia's minority races who are concerned over rising "Islamisation" and fear that tolerance towards Christians, Hindus and others is diminishing. A series of disputes has erupted between majority Muslim Malays and minority ethnic Chinese and Indians in recent years, straining relations half a century after the founding of the secular nation. In January, the severed heads of four pigs -- an animal seen as unclean in Islam -- were found at two mosques, in the latest of a spate of attacks on places of worship that have escalated tensions.

A simmering row over the use of the word "Allah" by non-Muslims saw attacks on 11 churches, a mosque and two Muslim prayer halls including fire-bombings and vandalism. Asri, who was the mufti of Perlis state until 2008 and is now a university lecturer, said the conservatives are ramping up their rhetoric and imposing harsh punishments in a bid to cement their power base.

"They can win the battle, but with the age of the Internet where information is easily available, they cannot win the hearts and minds of the young and educated Muslims who want answers based on reason," he said.

Chandra Muzaffar, a political scientist and Islamic reformist, described Asri as a progressive and inclusive Muslim.

"He represents the essence of Islam. He recognises the rights of other faiths and regards

them as part of a larger human family," he told AFP. Chandra said that while he believes the views of the conservatives are not shared by the majority of ordinary Muslims, the moderates were generally failing to speak out.

He said that gave free reign to a small but vocal minority of conservatives, represented by the religious bureaucrats who are the guardians of Islam in each of Malaysia's states. "There is a group in Malaysia who are pushing for a conservative form of Islam. They are in power now. They want to do what they have been taught without taking into account the environment around them," he said.

Harussani Zakaria, the 71-year-old mufti of Perak state and one of the leading voices of Islamic conservatism in Malaysia, described Asri as a "strange person" who had become "arrogant" after his advanced studies in Islam. "How long do you want to educate a person? The country and this world will be a safer place if we have Islamic laws. When I was in Saudi Arabia I felt very safe," he told AFP. Harussani warned that Asri's teachings could cause dangerous rifts among Malaysian Muslims.

"Muslims will be divided. Malaysia will become like Pakistan. We will bomb each other," he said, urging Asri to respect the version of Sunni Islam officially sanctioned in the country. Asri dismissed Harussani as a "bigot" and said he and others who espouse "narrow views" are damaging the delicate multi-ethnic balance in Malaysia. "I will accept it if they send me to jail. But what is my sin? I only delivered a sermon," he said.

<http://www.bangkokpost.com/breakingnews/180494/clash-of-the-muftis-as-malaysian-liberals-battle-hardliners?>

Cambodia

- **Geo-strategic Front**
- **Cambodian and Thai troops exchange fire, no injuries reported**

The Ministry of Defence said Cambodian and Thai troops briefly exchanged fire along the border early Tuesday. General Chhum Socheat, a ministry spokesman, said no Cambodian soldiers were injured in the morning exchange. He said he did not know whether there were Thai casualties.

'After the fighting stopped, the two sides met each other and said that a mistake caused the (clash),' he said of the six-minute clash.

'I heard that we were in our area and the Thais were in theirs, and (the soldiers) could not see each other clearly,' he added.

The exchange of gunfire took place in Oddar Meanchey province around 40 kilometres west of Preah Vihear temple, a regular flashpoint between the two nations.

The relationship between Cambodia and Thailand has been tense for nearly two years with sporadic clashes. Much of their common border has yet to be demarcated.

Diplomatic relations worsened markedly in October when Cambodia appointed Thailand's fugitive ex-premier Thaksin Shinawatra as a government adviser.

http://www.monstersandcritics.com/news/asiapacific/news/article_1561520.php/Cambodian-and-Thai-troops-exchange-fire-no-injuries-reported?

- **Economic Front**
- **Hun Sen profits from suppression and aid**

Cambodian Prime Minister Hun Sen is savoring another victory. His latest triumph: a string of verdicts against an opposition lawmaker that apparently guarantee him the liberty to insult women and get away with it.

His target, however, refuses to be silenced even after her latest showdown with the premier, who celebrated 25 years as the Southeast Asian country's leader this year. Nor has she changed her views about the Supreme Court, which upheld a lower court's decision against the outspoken parliamentarian in a bizarre case that has also put the country's judiciary on trial.

The superior court's verdict on June 3, including a fine of 16.5 million riel (US\$4,000), was the third judicial ruling against the 54-year-old Mu Sochua. In August last year, the Phnom Penh

Municipal Court found the former minister of women's affairs guilty of having insulted Hun Sen. In October 2009, she lost again following an attempt with the Court of Appeal.

"I will not pay the fine. They can confiscate my property. They can even take me to jail," a defiant Mu Sochua said in a telephone interview from the Cambodian capital. "I think it is a serious mistake for the ruling party to push this case at a time when the country needs reform of the judiciary." "The judges were under trial from the beginning," she observed of the case that began early last year, when she first filed a defamation case against Hun Sen. It followed a speech he had delivered in the Khmer language, where he referred to her as "cheung klang" ("strong legs"), a demeaning term for women in the country.

But the powerful leader of the Cambodian People's Party (CPP) turned the tables on the parliamentarian from the opposition Sam Rainsy Party (SRP). The ruling party stripped Mu Sochua of her parliamentary immunity to help Hun Sen file a counter defamation charge against her. Adding insult to injury, a court dismissed the original defamation case Mu Sochua filed against the premier.

Hun Sen's latest judicial triumph has broader implications in a country struggling to get back on its feet after a 1991 peace deal brought an end to decades of civil war. The timing of the superior court's verdict, in fact, has triggered questions about the role Western donors have in aiding Cambodia's reconstruction.

On June 3, while Hun Sen was celebrating the silencing of one of the country's foremost

champions of democracy, free speech and human rights, international donors pledged US\$1.1 billion in aid for this year, up from last year's \$950 million.

The largest aid package in Cambodia's history came at the end of a two-day donor conference in Phnom Penh, lifting the pressure on the Hun Sen administration to push ahead with five areas of reform. Three areas spelled out in 2004 by donors included changes to fight corruption and increase accountability, legal and judicial reform, protection of human rights and public administration reform.

That little had changed over the years was highlighted by a coalition of non-governmental organizations (NGOs) on the eve of this month's donor meeting. "Serious actions, such as court convictions of corruption cases, remain selective or are limited within certain political considerations," stated the NGO Forum on Cambodia.

The financial windfall for the Cambodian regime, despite a record of defamation lawsuits against opposition parliamentarians, intimidation of the media, a growing list of corruption scandals in the natural resources sector and stripping the environment for private profit, has disheartened civil society groups.

"All the talk by donors about strengthening democracy and human rights in Cambodia is just words; it is not meaningful," said Hang Chhaya, executive director of the Khmer Institute of Democracy, which seeks to champion democratic values in the Southeast Asian state. "The Mu Sochua verdict was a slap on the face of freedom of speech."

There is a growing belief that Hun Sen's ability to get away with bullying his opponents while being propped up by the donor community has more to do with China's spreading influence in Cambodia. Beijing's US\$1.2 billion package in aid and soft loans to Cambodia in December last year confirmed the battle for influence being waged in a country where one-third lives in absolute poverty.

China gave Cambodia the funds shortly after Phnom Penh deported 20 Uyghur refugees from Xinjiang, a province in northwest China. Both the United Nations and the United States criticized the expulsion, saying it violated international refugee law. The Uyghurs belong to a Turkic-speaking Muslim minority in China.

"The donors have taken into account China's economic role in Cambodia," said Ou Virak, head of the Phnom-Penh based Cambodia Center for Human Rights. "There is a lot of self interest at play."

Some analysts admit that Cambodia's international donors, who include Japan, Australia, the US and the World Bank, fear that if they walk away China will consolidate its control, leaving Western donors with little influence. Such an act would be deeply embarrassing for the donors for another reason.

"Cambodia has become the poster child of post-conflict reconstruction since the 1991

Paris Peace Accords," said Shalmali Guttal, senior researcher for Focus on the Global South, a Bangkok-based regional think tank. "Donors couldn't abandon it now for that would mean admitting failure."

"The Mu Sochua case reveals the lengths they are prepared to go," noted Guttal. "The donors are willing to stamp on their own benchmarks for reform in order to be in the game in Cambodia."

http://www.atimes.com/atimes/Southeast_Asia/LF11Ae01.html?

- **Donors pledge \$1 billion but criticise corruption**

Donors pledged the largest aid package in Cambodian history this week while at the same time scolding the country for failing to implement various reforms. Donors pledged US\$1.1 billion in aid for this year - up from last year's \$950 million - during a two-day conference ending on 3 June. Cambodian Prime Minister Hun Sen insisted his government would use the funds effectively, calling reform a "life-or-death issue for Cambodia".

But rights groups say donors should take a tougher stance to weed out corruption; the country was last year ranked the world's 22nd most corrupt by Transparency International.

Activists say much of last year's money has been diverted from the projects they were intended for, such as schools, roads and hospitals. "The onus for protecting donor aid falls squarely at the door of the donors themselves," said Ou Virak, head of the Phnom Penh-based Cambodian Centre for Human Rights.

Donors needed to do more to make sure their aid was put to good use, he added.

The World Bank is also unconvinced there has been adequate progress. "It is important for the government to take the lead in aligning resources to development priorities," Annette Dixon, country director for the World Bank, said at the conference.

The Bank said the Cambodian government had to be more transparent with its public finances and handling of natural resources after allegations that foreign oil companies paid bribes for oil exploration deals in the Gulf of Thailand, off Cambodia's southwest coast. Last summer, Carol Rodley, US ambassador to Cambodia, said Cambodia lost about \$500 million to corruption each year, a remark the government condemned as "politically motivated".

"It's normal that these donor countries raise this issue of corruption," Phay Siphon, a government spokesman, told IRIN. "The new anti-corruption law will reduce those improper activities."

Some lawmakers have praised the anti-corruption law, passed in March, which requires

government and military officers to disclose their wealth to an anti-corruption body.

But critics say the law was passed hastily and that it contains disturbing amendments, including prison time for whistleblowers.

Homeless people found in city parks are sometimes rounded up by police and held in "rehabilitation" centres" like this one Various drafts of the law lingered in the National Assembly, the lower house, for 15 years before the bill suddenly went to the floor in March.

Friction

Despite the prime minister's assurances, Cambodian officials have in recent months issued increasingly bold warnings to donor governments and the UN, complaining of interference in internal matters when they urge officials to clean up corruption, halt arbitrary land evictions and curtail defamation lawsuits against opposition lawmakers.

In March, Cambodian foreign minister Hor Namhong threatened to have UN country head Douglas Broderick expelled after Broderick had requested the government spend more time drafting the anti-corruption law. The foreign minister called this an "unacceptable interference in the internal affairs of Cambodia" in a letter to Broderick. The UN has stayed silent on the issue.

Cambodian officials claim the country has been transformed from a war-torn pariah state to a politically stable destination for tourists and investors.

But activists say that is not enough. "The aid situation has done pretty well in infrastructure," Donald Jameson, a former US embassy official in Phnom Penh, told IRIN by telephone from Washington DC. "But there is very little being done about the quality of education, healthcare or corruption in the judiciary."

About one-third of Cambodians still live on \$1 a day or less, according to government statistics.

Playing the China card

Some analysts contend that China, Cambodia's largest donor, is shaking things up by increasing the size of its aid packages each year, with few conditions. Cambodia now makes more decisions in the interests of China, observers say. In December, Cambodia deported 20 Uighur refugees from Xingjian, a province in northwest China. The UN and US condemned the decision, claiming it was against international refugee law.

After the expulsion, China awarded \$1.2 billion in aid and soft loans to Cambodia.

gc/mc/ds/mw

<http://www.irinnews.org/report.aspx?ReportID=89353>

- **Cambodian PM urges government members to adhere to discipline**

Cambodia's Prime Minister Hun Sen urged Thursday to his government members who

have just graduated from their administrative studies to adhere to discipline.

Delivering speech at the conferment of certificates to 343 executive and mid-level civil servant trainees and officials from the Senate, Hun Sen said "I would like to share some experiences and concepts about the value and special characteristics that government officials and the entire public administration should adhere to discipline."

"Discipline is one among many other major factors for achieving work success. Individuals must have self-discipline first before they can adhere to those disciplines imposed by institutions and society," he said. "Government officials must act as role models by coming to work on time so that government institutions can operate without wasting any time. This is a key principle to ensure the effectiveness and efficiency of providing public services to people," he added.

Hun Sen said discipline in public administration is the key to assist government officials in performing their duties in order to achieve success in managing the country with governance. Developing human resources is one of the priorities set forth by Cambodian government in its fourth term that began from 2008 through 2013.

In many occasions and forums, Hun Sen has been encouraging his country's people, officers and the young generation to access to more education and to use their knowledge, skills and masterpieces to help the country.

<http://english.people.com.cn/90001/90777/90851/7011096.html?>

- **Cambodia promises effective use of international aid**

Cambodia vowed yesterday to use international aid effectively and bring reforms after criticism that billions of dollars in donor money has done little to improve the impoverished country. Opening a two-day meeting between the government, donors and development partners, Prime Minister Hun Sen said the country would continue public administration, land, judicial and financial reforms. "The royal government has made its utmost efforts to firmly and deeply implement various reform programs and consider them as a life or death issue for Cambodia," he said.

Hun Sen went on to say his government will ensure "the effective, transparent and accountable utilisation of the development resources provided by development partners".

But, speaking on behalf of donors, World Bank country director Annette Dixon complained "progress has been limited" in government work to improve strategic planning and aid management.

"It is important for the government to take the lead in aligning resources to development priorities," she said.

The World Bank last week began to investigate allegations that mismanagement of its 28.8 million dollar land-titling project has left more than 20,000 people facing forced

eviction from their homes in the capital Phnom Penh.

<http://www.thedailystar.net/newDesign/news-details.php?nid=141176>

- **Formal exports, cross-border trade complement each other**

Vietnamese laborers push carts of produce from Vietnam into China at the border crossing in Puzhai, Guangxi Province, China. Nguyen Dang Hien, general director of Ho Chi Minh City-based Bidrico Beverage, said his company started exporting its products to Cambodia ten years ago, but then the cross-border trade was not done formally.

It was only in 2005 that the company decided to officially enter the market with more professional promotion and marketing strategies. Official trade has allowed Bidrico's products to enter large retail channels in Cambodia and eliminate risks caused by informal exporting, Hien said.

"Since the change in the form of trade, sales in Cambodia have increased by 5-10 percent every year," he said, noting that the market now accounts for 8 percent of his company's annual export revenues.

Bidrico is among the few companies that have changed the way they export products to neighboring countries with shared borders. For many others, cross-border trade still means they only have to bring goods to the border gates and collect money from merchants, having no idea where their products will end up in the foreign market or how they will be sold.

In fact more than 90 percent of Vietnamese goods in Cambodia are traded informally this way every year across the border between the two countries, which stretches nearly 1,137 kilometers, according to the Ministry of Industry and Trade. Of the 10 Vietnamese provinces bordering Cambodia, Tay Ninh, An Giang and Kien Giang are where most of the goods are traded. Many agricultural products are also sold to China the same way.

Tran Van Tron, a trader at Tan Thanh Border Gate in Lang Son Province, said he has sold dragon fruits to China for ten years and the upper hand has always been held by Chinese merchants.

According to the authorities in the central province of Binh Thuan, one of the country's largest dragon fruit growing areas, informal trading without signing export contracts is widespread along the Vietnam-China border. The practice has left local exporters with no power in terms of pricing; and spur-of-the-moment trading also means Vietnamese fruit and vegetables can be left to rot at border gates without buyers.

The high road

Analysts say that compared with informal trade, official exports are the more credible form of cross-border trade in which goods are checked for quality before being imported and distributed among consumers. Businesses can avoid having their products treated as

illegal and can create plans to expand their market easily. This in turn will also enhance the reputation of Vietnamese products, they add.

Moreover, unlike informal cross-border trade, which is mostly unrecorded, official exports give the government better control over tax collection and policy making. Many cross-border trade policies so far have not been really effective only because of a lack of official statistics on these activities, analysts say.

But while many companies understand the benefits of official trade, it is not an easy matter to make the switch.

Hien of Bidrico said there are many kinds of costs that Vietnamese businesses have to bear, including taxes and other unwritten fees that make their products less competitive.

Beverage products, for instance, are taxed at 7 percent, but if all other unofficial costs are included the rate can be as high as 26 percent, he said. Inconsistent tax policies also dishearten many Vietnamese producers. Nguyen Van Bon, director of electric fan maker Bifan, said electric fans are only taxed US\$2 apiece when brought over the Vietnam-Cambodia border. But if the fans are officially exported to Cambodia, customs will impose duties based on the total product weight and that can mean taxes of up to \$16 per fan.

Two of a kind

Vu Huy Hoang, minister of Industry and Trade, said trading activities on a small scale along borders, which he described as the “traditional” form of trading, have an important role to play as it complements formal trade. “For the Cambodian market, I believe formal trade and traditional trade activities are supporting each other.”

“When discussing this issue we need to take into consideration the distinct characteristics of cross-border trading activities between Vietnam and each neighboring country,” he said in an interview published by Thoi Bao Kinh Te Saigon late last week.

“People living along the Vietnam-Cambodia border have been trading with each other for a long time, some of them are even relatives and they share many customs and traditions.

“Of course the general trend now is to have all trade and investment activities formalized. The government always encourages local businesses to export their products. Official trade will make it easier to check and control cross-border exports.”

But he said attention should also be paid to traditional cross-border trade between the two countries. “The point is the government needs to tighten control over this form and provide enough information to residents to help them avoid the negative side of border trading.”

Cross-border trade has to be directed toward healthy development, avoiding smuggling and trade fraud, Hoang said. The Ministry of Industry and Trade estimates cross-border

trade between Vietnam and Cambodia in 2009 topped \$1.4 billion despite the global economic crisis. In the first three months of 2010 trade turnover reached \$432.47 million, up 127 percent from the same period last year. The two countries have set a two-way trade target of \$2 billion for this year.

<http://www.thanhniennews.com/2010/Pages/20100602133236.aspx?>

- **Asian countries consider capital controls on inflows**

Asian countries, facing inflows of funds, are considering capital controls as a policy response, officials at HSBC Holdings and Barclays said.

"It's a policy option that's on the table," Frederic Neumann, co-head of Asian economic research at HSBC, said Sunday at the World Economic Forum in Ho Chi Minh City. HSBC is having talks with government officials about the possibility, Neumann said. "There's a growing appetite to do so."

The recommendation comes after the International Monetary Fund (IMF) in April voiced its support for taxes on capital inflows to help stem excessive appreciation in some Latin American currencies. A UN agency last month also touted similar measures, saying China, India, Singapore, Indonesia and South Korea are most at risk from swings in short-term capital.

Taiwan's central bank governor told an Asian Development Bank meeting last month that developing nations need to adopt curbs to address "disorderly" foreign-exchange moves.

<http://gulfnews.com/business/markets/asian-countries-consider-capital-controls-on-inflows-1.637706?localLinksEnabled=false>

- **Environment taxes may hurt poor people the most: lawmakers**

Lawmakers fear that new environment taxes will hurt consumers, especially poor people. Many Vietnamese legislators said Saturday they were concerned that new taxes proposed for several products, including fuel and coal, will place more burdens on poor people.

The taxes would fall more heavily on the poor while they should be aimed at producers who pollute the environment, said Nguyen Lan Dung, a deputy from Dak Lak Province.

He was speaking at a National Assembly meeting held to discuss the Environmental Tax Law, under which the government plans to impose taxes on petrol, coal and other ozone-damaging substances, like hydrochlorofluorocarbons (HCFC), pesticides and plastic bags. "I feel the bill is targeting farmers and poor people," said Duong Thi Thu Ha of Lao Cai Province. "Fuel is an essential product in poor areas that don't have electricity and farmers can't farm without pesticides," she said.

Danh Ut, a representative of the southern province of Kien Giang, said environment tax rates of VND2,000-4,000 per liter on petrol products, when combined with other taxes and fees, will have a huge impact on consumers. Although people who harm the

environment have to pay taxes, the rates should be reasonable and must not hurt consumers, said Tran Hanh from the northern province of Vinh Phuc.

The taxes should not disrupt production activities as well, Hanh said. The bill has to make sure producers won't think that they are allowed to pollute the environment as long as they have paid the taxes. During Saturday's meeting many lawmakers also suggested tobacco be included in the list of taxable items under the bill.

Le Dung, a deputy of Tien Giang Province, said despite a special consumption tax rate of 65 percent, tobacco prices in Vietnam are still at the lowest level in the world.

Tobacco is harmful to the environment and public health and thus should be subject to high tax rates, he said. The Environmental Tax Law is expected to be passed next year.

<http://www.thanhniennews.com/2010/Pages/20100606121447.aspx?>

- **Social Front**
- **U.N. agency in Cambodia appeals for better care of women, girls**

The United Nations Population Fund (UNFPA) appealed to the world leaders to pay more care and support to the women and girls in Cambodia. In a statement on Friday, UNFPA said the challenges of pregnancy and childbirth threaten women's lives every single day.

It said, "Though in Cambodia we have seen a two-fold increase in births attended by skilled health personnel in a decade -- progress we can all be proud of -- five women still die giving life every day, and many still lack access to essential reproductive and maternal health services." The appeal titled "Delivering a better future for women and girls" was made just a few days ahead of the leaders from around the world to get together at the Women Deliver Conference in Washington, D.C. on June 7-9, to renew their commitments toward improving reproductive and maternal health, improving gender equality and accelerating progress toward MDG 5.

The Cambodian delegation will include Ing Kantha Phavi, Minister for Women's Affairs, Khuon Sudary and Ouk Damry, both are members of the National Assembly, Khloth Tongphka, member of the Senate, and officials from the Ministry of Health, UNFPA Representative to Cambodia Ms. Alice Levisay, and NGO representatives.

<http://english.people.com.cn/90001/90777/90851/7013282.html?>

Vietnam

- **Geo-strategic Front**
- **US to stay neutral in East Sea conflicts: Vietnam minister**

The US said at an Asia-Pacific summit that it will stay neutral in East Sea conflicts, while China said it won't dictate and dominate, the Vietnamese defense minister told the press Tuesday.

Both the countries and participants at the Shangri-La Dialogue on Asia-Pacific security concerns in Singapore on June 4-6 agreed that a peaceful and stable environment must be maintained for the East Sea, Minister Phung Quang Thanh was quoted as saying by local news website Vietnamnet.

The consensus of ASEAN countries and eight others is that if army conflicts take place in the East Sea, many countries in the region and further afield will be affected, according to Thanh. Solutions like peaceful negotiation and international laws will be involved to settle the conflicts, so outsiders can't make use of the East Sea conflicts to divide Vietnam and China, he said on the sidelines of the National Assembly's meeting that day. A proposal of extended cooperation regarding national defense and military between ten ASEAN countries and eight other countries – China, US, Russia, India, Japan, South Korea, Australia and New Zealand – was also put forward at the summit, Thanh added.

Asked about his meeting with US Defense Secretary Robert Gates, Thanh said they talked about bilateral cooperation, including handling post-war situations and sea rescues.

<http://www.thanhniennews.com/2010/Pages/20100609181503.aspx?>

- **Afghan war overtakes Vietnam to become the longest conflict in U.S. history**

Afghanistan has become the longest conflict in American history - surpassing even the Vietnam war. The war entered its 104th month yesterday, with 30,000 American troops being deployed in the first half of this year alone. The last U.S. ground combat soldiers were brought home from Vietnam after 103 months of fighting.

<http://www.informationliberation.com/?id=30622>

- **Economic Front**
- **Vietnam trains Indian fishermen in advanced methods**

In normal circumstances, E. Altrin, a fisherman from Rameswaram, would have sold the juvenile lobsters, each weighing 50 gm, in the market after the catch. That is no longer the case. Nowadays, whenever he gets the juveniles he shifts them to the floating cage in the sea.

“After four months in the cages, these juveniles grow in size and weigh 200 gm. If I sell the juveniles I will get only Rs.150 a kg. But fully grown lobsters, each weighing around 150 to 200 gm, will bring me Rs.1,000 a kg,” explains Mr. Altrin, one of the eight fishermen who received training in advanced fishing methods in Vietnam.

The tsunami relief committee of the Rotary International District 3230 was instrumental in arranging the training and the whole trip was sponsored by General Electric (GE) and the entire programme was coordinated by M. Sakthivel, Chairman of the Marine Products Export Development Authority.

Beneficial

“The original plan was to send the fishermen to Scotland. But it failed to materialise. We opted for the training programme in Vietnam, which proved beneficial because it is an Asian country,” explained Benjamin Cherian, Chairman of the Relief Committee and past Governor of District 3230.

Mr. Cherian, who visited Vietnam during the training period, said that if Vietnam, which had one third of India's coastal belt, had emerged as a major leader in the world fishing industry, India could replicate the success.

“Even Chennai hotels are getting fish from Vietnam. We have not fully exploited the marine resource. It is not just fishing or fish farming. Our fishermen should also be trained in fish processing. Preservation is very important,” he said.

Keen on providing training in advanced fishing to more fishermen, the Rotary International District 3230 has sent a proposal to the Union Ministry of Agriculture.

“We have suggested that 10 fishermen each from 11 coastal States could be sent for training. The total expenditure for training 121 fishermen, including Indian guides, will cost Rs.3.60 crore,” Mr. Cherian said.

Vietnam provides training in inshore floating cage culture of grouper, seabass, snapper and cobia; offshore cage culture of grouper and cobia; floating cage culture of spiny lobster and packing live lobster for export; collection techniques of early juveniles of spiny lobsters from the sea and culture in the sea; live fish market and export of live fish, squid gigging with light attraction and tuna fishing for export of sashimi grade tuna.

Support needed

After training the State government should support the fishermen with adequate bank loan and subsidy to start the model project proposal by them, Mr. Cherian said.

Mr. Altrin explained that he could succeed in sea farming of lobsters because the Central Marine Fisheries Research Institute (CMFRI) in Mandapam had set up a cage in the sea. “Setting up a cage will cost Rs.5.5 lakh. It is not possible for me to invest such a huge amount. CMFRI scientists continue to support me with their expertise,” he said.

He is also keen on raising fishes such as Cobia and Koduva. “But I need support from the government,” he added.

Mr. Cherian said the Rotary movement is keen on educating the fisherman in modern fishing techniques. “Knowledge is permanent. By creating it we want to sow the seeds of the blue revolution in the country,” he said.

<http://www.hindu.com/2010/06/09/stories/2010060955102000.htm?>

- **23 tons of fish found dead in southern Vietnam river**

A large number of fish were found dead in farmer Vu Thi Lieu's raft in Dong Nai River

on Tuesday. At least 23 tons of assorted fish were found dead in Dong Nai River in the province of the same name from Sunday to Tuesday, and industrial sewage could be the culprit, authorities have said. Fish raised in cages under rafts on the river have continued to die, the provincial Department of Natural Resources and Environment said Tuesday.

The department's inspectors said they identified two sections of the river that showed signs of pollution from two sources, the Tan Mai Paper Company and the Bien Hoa Industrial Park, that both pump wastewater into the river.

The water in the two sections is yellow and has a foul smell, according to the inspectors.

Vu Thi Lieu, a farmer in Bien Hoa Town's Hiep Hoa Commune, said "I have raised fish on the river for eight years, but I have never seen such a large amount of dead fish." She said at least 1.5 tons of her fish died.

"It is certain that some factory dumped untreated wastewater into the river. If the authorities don't step in, fish farmers will continue to lose out," Tran Duc Can, a farmer in Bien Hoa's Thong Nhat Ward said, adding that 4.5 tons of his fish have perished.

In early May, Quang Ngai Sugar Joint Stock Company's brewery discharged untreated draff wastewater into the Tra Khuc River in the central province of Quang Ngai, killing two tons of marine creatures like fish and crabs. Some 3,000 ducks in Tinh Khe Commune then died because they ate the contaminated fish and drank water from the river. Quang Ngai police are looking into the case after the provincial environment and animal health departments concluded that draff wastewater from Quang Ngai Sugar was responsible for the death of fish and ducks.

<http://www.thanhniennews.com/2010/Pages/20100609170150.aspx?>

- **Agriculture in Vietnam gets a boost with new public-private sector project**

Twelve global companies have joined with the Government of Vietnam to launch a public-private task force to advance sustainable agricultural growth in the country, the World Economic Forum announced today. Developed through discussions of the Forum's New Vision for Agriculture Initiative, the task force will take an innovative approach to improve food security and agricultural sustainability nationwide.

As the first of its kind in Vietnam, the task force will work to coordinate and leverage public and private sector investments in agriculture to increase high-quality production while benefiting farmers. The task force will operate both on a strategic level, exchanging best practice and addressing policy issues and on an operational level, working to scale effective initiatives by combining public and private sector capacities.

"Government and business share the same goal: we both want to see strong and sustainable growth in Vietnam's agriculture sector," said Cao Duc Phat, Minister of

Agriculture and Rural Development. “We have identified a number of ways in which we can work together more effectively towards that goal.”

“Growing Asian demand for food means we must increase both production and quality to meet that growth while operating within the constraints of climate change . If companies combine efforts with the government and each other, we can operate more effectively along the full value chain,” said Frans Muller, Member of the Management Board of METRO Group and Co-Chair of the World Economic Forum on East Asia.

The task force will work to develop an initial action plan in the coming six months for presentation at the World Economic Forum Annual Meeting 2011 in Davos-Klosters, Switzerland. The group’s activities will likely include:

- Undertaking research to identify high leverage opportunities and exchanging best practices
- Undertaking a policy dialogue to build support across key stakeholders and industries
- Fast-tracking and scaling implementation of select initiatives to achieve rapid progress on several “quick wins”

Participating companies include Archer Daniels Midland (ADM), Bunge, Cargill, Dupont, METRO Group, Monsanto, Nestlé, PepsiCo, Swiss Re, Syngenta, Unilever and Yara International.

The World Economic Forum’s New Vision for Agriculture facilitates partnership-building and action among key stakeholders including business, government, civil society, international organizations and academia. It claims to promote models of agricultural growth that contribute to food security, environmental sustainability and economic opportunity.

The programme for the 19th World Economic Forum on East Asia will explore the many facets of the region's rising economic influence such as how high-growth economies can improve their competitiveness through developing innovation-driven, green economies. At the same time, the discussions will consider to what extent ongoing regional integration will serve as the basis for Asian leaders to assume a greater leadership role in global cooperation.

http://www3.weforum.org/en/media/Latest%20News%20Releases/NR_EA10_Agriculture.html?

- **19th World Economic Forum on East Asia opens in Vietnam**

The 19th World Economic Forum (WEF) on East Asia under the theme "Rethinking Asia's Leadership Agenda" opened in Vietnam's southern Ho Chi Minh City on Sunday.

Chaired by Klaus Schwab, WEF founder and executive chairman, the opening ceremony drew foreign leaders including Cambodian Prime Minister Hun Sen, Lao Prime Minister

Bouasone Boupphanh, Myanmar Prime Minister U Thein Sein, and Vice Chairwoman of the National Committee of the Chinese People's Political Consultative Conference Wang Zhizhen."The theme of rethinking Asia's leadership of this conference is very appropriate to our regional context", said Vietnamese Prime Minister Nguyen Tan Dung in a keynote speech at the opening ceremony.

Dung said global financial crisis has revealed some of the shortcomings of the international financial-economic system, while East Asian countries have dealt with these difficulties quite effectively, eventually becoming a leading point of world economic recovery."With a strong shift in the balance of power and post-crisis economic power, the global responsibilities undertaken by East Asia needs to be recognized and re-evaluated adequately", said Dung."East Asia is well-positioned to make active contributions to the development of a new, more effective and democratic structure of global governance," said Dung.

More than 400 leading government leaders and officials, leading scholars and entrepreneurs from over 50 countries and regions took part in the conference.During the two-day conference, participants will discuss four major topics including Asia's leadership Agenda, global risks, sustainability and green growth, and regional competitiveness in a global economy.

The World Economic Forum, based in Geneva, Switzerland, is an independent and non-profit international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

WEF on East Asia is a regional event of WEF except annual Davos. It is held annually in Asia.

<http://english.people.com.cn/90001/90778/90858/90863/7013934.html?>

- **Foreign Relations**

Singapore

- **Political Front**
- **Elections Dept identifies 1,400 premises for polling & vote counting**

Singapore's Elections Department is looking at some 1,400 premises island wide for use as polling and counting centers for the next general election and Presidential Election.

Responding to MediaCorp, a spokesman said the department will use mainly community centres, HDB void decks and schools as polling stations. Some government buildings have also been earmarked for such use. They include the Ministry of Manpower Building, URA Building and Institutes of Technical Education (ITEs).

Meanwhile, nearly 21,500 public officers have been trained as election officers thus far.The spokesman said 1,000 have been trained as assistant returning officers, 16,500 as

presiding officers and 4,000 as counting assistants.

Singapore's next general election is due by February 2012, while the Presidential Election is due by August next year.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1061605/1/.html>

- **Economic Front**
- **S'pore, HK have least complex, most consistent tax policies: Deloitte**

A new survey has found that Singapore and Hong Kong have the least complex, most consistent and predictable tax policies in the region. Accounting firm Deloitte & Touche said these are the findings of its inaugural Asia Pacific Tax Complexity Forecast.

China and India are expected to have the most complex tax environment over the next three years. It said Singapore and Hong Kong's stable tax policies indicated that many firms continue to choose the two economies as their regional business centres.

In the category on complexity of tax policies in the coming years, Singapore was deemed the least complex, followed by Hong Kong and Australia. Singapore was again ranked first, ahead of Hong Kong and Australia, when it came to consistency in tax enforcement practices.

As for the predictability of the tax environment, Singapore topped the ranking, above Australia and Hong Kong. In terms of priority focus for businesses, Singapore came in as the third most important market, behind China and India.

Deloitte noted that Singapore and Hong Kong's taxpayer-favourable policies continue to attract certain industries - like financial services and other more mobile business functions and resources. It said both economies operate under a one-tier tax system with only one level of tax authority with a relatively straight-forward tax system.

As such, Deloitte said businesses may find it easier to foresee and prepare for recurring tax compliance obligations. It added that both economies act as a platform for many foreign investors to enter other Asia Pacific markets like China and India.

So while the tax systems may not be the predominant factor in companies' strategies, such issues may still have an impact on firms' business plans. Ajit Prabhu, partner and head of Tax Services, Deloitte Singapore and Southeast Asia, said: "In China, the complexity is compounded by the lack of predictability of the interpretation of the tax law. "And the complexity in India comes from multiplicity and plethora of tax laws and a large body of case law which has at times seem to contradict each other, (and) the court decisions." To deal with less predictable tax regimes, Deloitte said companies can secure advance rulings from tax authorities or use the tax treaty network to get more certainty on matters like transfer pricing.

Transfer pricing refers to the pricing of assets and funds transferred within an organisation. And the accounting firm expects transfer pricing to be an area of focus for tax jurisdictions in the region.

Over 1,000 respondents from at least 16 economies took part in the survey, which was conducted by Deloitte's Asia Pacific International Core of Excellence (ICE).

The ICE was officially launched on Monday to provide international tax solutions to clients. - CNA/vm/al

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1061531/1/.html>

- **S'pore firms more active in using social media technologies: survey**

A survey has found that Singapore businesses are more active than their global counterparts in engaging social media technologies to enable their staff to share resources online.

That's according to a poll, called "Global Survey of Collaboration in the Enterprise", released Tuesday by business technology services provider, Avanade. The survey found that 13 per cent of Singapore businesses turned to social networks as a source of general business news and information. That's over three times more than their global counterparts, with only four per cent turning to social media technologies. Another finding is that one in five Singapore companies already have in place a fully implemented strategy for integrating social media technologies in the workplace.

That's almost three times the world average of seven per cent. Out of the Singapore respondents who indicated that their organizations do not have a social media strategy, 65 per cent expressed an interest to explore such technologies.

Three in five Singapore firms also see embracing social networking as a crucial factor in attracting top talent by creating a workplace that is technologically flexible and attractive to new employees. More than 500 global executives took part in the survey. -

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1061791/1/.html>

- **S'pore economy expected to grow 9% this year: MAS survey**

Private sector economists are even more bullish about Singapore's economic outlook, raising their full year 2010 growth forecasts for Singapore. Those polled by the Monetary Authority of Singapore (MAS) for its latest Survey of Professional Forecasters now expect the Singapore economy to grow by nine per cent this year.

This is an upgrade from their previous expectations for a 6.5 per cent growth made just three months ago in March. The nine per cent forecast is at the upper end of the government's official forecast for 7-9 per cent growth.

The bullish assessment came after the economy expanded 15.5 per cent on-year in the first quarter. And for next year, economists expect growth to average 5.5 per cent.

And even if growth moderates in the second half and Europe's debt crisis continues to weigh on sentiment, economists said Singapore can still rake in near double-digit growth for the full year. "China is an important engine of growth in the region and the world, and also the US as long as they keep growing. And China, (its) growing global export demand should remain supportive of economies such as Singapore," said David Cohen, direction of Asian Economic Forecasting at Action Economics.

Looking at the various sectors, economists also upgraded the likely growth of four of the five industries. Double-digit expansion is expected for the manufacturing, construction and wholesale and retail trade sectors, though financial services is expected to grow as well. The private economists said the manufacturing sector is now expected to expand by close to 17 per cent. Construction will grow by 10 per cent and the financial services sector is expected to grow by nine per cent.

Singapore's non-oil domestic exports are expected to grow almost 18 per cent.

Manufacturing is predicted to drive growth, as economists forecast a 16.7 per cent on-year increase, up from the previous forecast of 9.7 per cent. The only exception is the hotels and restaurants sector, where respondents cut their forecast from 8.5 per cent to 8.2 per cent. Some economists are taking a cautious stance. "As you have seen how things are evolving in the present situation, it looks like there are more risk factors coming on board or becoming more visible. So we would like to be more cautious on the outlook and are keeping to our old forecast of 6.5 per cent GDP growth," said economist Alvin Liew, Global Research, Standard Chartered Bank.

For the second quarter this year, economists said growth may probably come in at 9.4 per cent on-year, higher than 6.3 per cent in the previous survey. With higher growth, analysts also expect consumer prices to creep up.

Their median inflation forecast for the full year climbed marginally from 2.7 per cent to 2.8 per cent, with second quarter inflation expected at 3.2 per cent. As for the labour market, the respondents expect the unemployment rate to be at 2 per cent by the end of the year, unchanged from the previous survey. 19 respondents took part in the survey. -

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1062015/1/.html>

- **Geo strategic Front**
- **Govt steps up efforts to improve safety in marine sector**

The government is stepping up efforts to make the marine sector a safer place to work in. It will be inspecting shipyards in August to ensure that industry players comply with safety regulations. Senior Parliamentary Secretary for Manpower and Health Hawazi Daipi said this when he opened the Keppel Safety Training Centre on Thursday.

The centre aims to achieve an "incidence-free workplace" and serves as a safety training

hub for about 14,000 workers. Mr Hawazi stressed that the marine sector has always been a priority area for his ministry.

But he noted that its Workplace Safety and Health performance in recent years has been less than ideal, with the fatality rate rising for two years. The number increased from 8.4 per 100,000 employees in 2007 to 9.2 in 2008 and to 11.1 in 2009.

Mr Hawazi said the severity of injuries has also risen. For the sector, the severity rate went up from 212 man-days lost per million hours worked in 2007 to 274 man-days lost in 2009. He said: "Our inspectorate found that while many shipyards have documented and planned the safety procedures for key work processes, the measures may not always be adequate or kept up-to-date with changes to work processes. "Line supervisors and workers on the ground may also lack sufficient capabilities and commitment to ensuring safety."

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1062397/1/.html>

- **Social Front**
- **MUIS issues fatwa against deviant group**

A fatwa - or religious ruling - has been issued by the Islamic Religious Council of Singapore (Muis) against a group known as Madrasah Faiz al-Baqarah for spreading "misleading teachings about Islam".

Muis states in a posting on its website that the group is a splinter of Roh Mutmainnah, another group ruled as deviant by the Fatwa Committee in 1974 and 2001. Muis usually issues fatwas to help Muslims in Singapore with solutions or opinions on issues related to the Muslim religion. In 2007, for example, the committee issued a fatwa taking the position that it is permissible for Muslims to be included in the Human Organ Transplant Act.

After it had received complaints from the community about Madrasah Faiz al-Baqarah, the committee met its leader Mr Rahman bin Kamari, on March 11 "to verify the information received on the group, as well as to ascertain its teachings".

The fatwa was issued against the group on May 20 after it was found, among other things, that Mr Rahman had claimed to be a follower of Roh Mutmainnah founder Hassan bin Jonit who died in 2004.

Mr Rahman, who is believed to be in his 50s, claimed Mr Hassan was "the early spiritual form of the Prophet Muhammad". Not much else is known about the activities of Madrasah Faiz al-Baqarah, except that it has about 100 active members.

It is understood Mr Rahman conducted lectures at flats belonging to followers. The group created a buzz among sections of the Muslim community when its leader claimed an earthquake would hit Singapore on Jan 29.

Mr Rahman had supposedly told his followers to leave Singapore to save themselves. "This belief has no basis in Islam and is blind adherence to one's desires and personal gains," said Muis. Still, lawyer Haji Hussien Bin Abdul Latiff, who practices Syariah law, said it would be difficult for Muis to enforce the fatwa. "There are deviant groups practising in Singapore because we have religious freedom," he said.

"Such groups can only be stopped if a law outlawing such practices is passed."

There are no official numbers of such Islamic groups here but some, like the Ahmaddiya sect which operates out of Taha Mosque, continue to practise. In its statement, Muis said it was exposing the activities of Madrasah Faiz al-Baraqah "to protect members of the community from being influenced and misled by their false teachings and claims". The topic of tackling deviant teachings will be the theme of Friday's sermons in mosques across Singapore. -CNA/vm

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1062386/1/.html>

Laos

- **Economic Front**
- **Laos hopes for trade surplus in next five years**

Laos should have some measures to reduce and cap on imports from neighbouring countries and promote domestic production and the processing industry in the country, said Deputy Office Head of the Ministry of Industry and Commerce, Mr Phouthavanh Nanthavong.

He commended at the 3rd meeting between the Industry and Commerce Ministry and private trade sector held in Vientiane Capital on 3 June. In the next five-year development plan, he said that the commerce sector would use all efforts to expand the processing industry in Laos, which is expected to grow by 12-13 per cent annually.

While the handicraft sector expects to increase by 20 per cent annually and the circulation of production value will be 11 per cent per year.

Laos should increase the export value to more than 18 per cent per year to ensure the trade balance, he continued.

Over the past five years (2006-2010), the volume of exports reached US\$5.12 billion and imports stood at US\$5.06 billion, leaving Laos with trade surplus of US\$ 488.44 million. To fulfill the next five-year development plan for trade and processing industry (2010-2015), the policy concerned industrial promotion needs to be improved.

Domestic consumer goods play the most important role on which should be concentrated and improved in order to offset the import volume from neighbouring countries, Mr Phouthavanh said. Attending the event were Director of the Commerce Policy Department Bounsom Phommavihane, Director of the Lao-German Cooperation

Programme on Human Resource Development for Market-Oriented Economy, Dr Manfred Matzdorf.

<http://www.kpl.net.la/english/news/newsrecord/07.06.2010/edn6.htm>

- **10 central and southern provinces learn rural development**

The Steering Committee for National Rural Development and Poverty Reduction in cooperation with the Rural Development Office of Savannakhet province and the World Vision Laos held a training course on rural development.

The training was held at the provincial administration office of Savannakhet province on June 2-4. Present at the opening ceremony of the training were Vice-President of the Steering Committee for National Rural Development and Poverty Reduction, Mr. Mek Phanlack, and more than 100 trainees from the provincial and district rural development offices from 10 central and southern provinces. Vice-Governor of Savannakhet province, Dr. Souphanh Keomisay, said that Savannakhet province had invested in grassroots political building technically and financially and in rural development as well as in the development of economic and development model villages.

The trainees learned the government's policy on rural development and poverty reduction, the management, monitoring and assessment of state investment projects and projects that are funded by foreign assistance and NGOs. They also learned about proposal writing and the analysis of community potentials for development projects and prioritise development projects in line with the National Socio-Economic Development Plan.

<http://www.kpl.net.la/english/news/newsrecord/07.06.2010/edn10.htm>

- **Vietnam , Laos promote trade relations**

Vietnam and Laos agreed to speed up the implementation of their 2008-2015 trade development project in an effort to raise two-way trade to 1 billion USD this year and 2 billion USD in 2015. The consensus was reached during talks between Deputy Minister of Trade and Industry Nguyen Thanh Bien and his Lao counterpart, Khemmany Pholsena, in Vientiane on June 7. The two sides also agreed that commodities originated from the two countries will enjoy the same preferential import-export taxes for 2011 as in 2010.

The two countries will coordinate in organising joint trade fairs in several northern and southern provinces in Laos and studying the possibility of signing a free trade area (FTA) agreement.

They will work together to research into plans for a Vietnam-Laos border market network and the building of the Tay Trang-Sob-houn and Bo Y-Phu Cua border trade areas. The two sides pledged to continue cooperation in training and information exchange as well as coordinating mechanisms between their ministries and agencies in order to further the

bilateral trade relations. The Vietnamese delegation visited Laos on June 3-7 at the invitation of the Lao Ministry of Industry and Trade.

<http://www.kpl.net.la/english/news/newsrecord/08.06.2010/edn5.htm>

- **Social Front**

- **Thirteen thousand households in Borikhamsay get out of poverty**

As many as 13,180 households in Borikhamsay province got out of poverty over the past five years.

The percentage of households that were classified as being out of poverty was 76.6 per cent. For the past five years, Borikhamsay province implemented a five-year plan on socio-economic development. It comprised 11 action plans and 111 programmes of the government and the province itself carried out 12 action plans and 77 programmes. This province, populated by 241,265 people, its people enjoyed an average per capita income of US\$971 and this was made possible by the implementation of the development plans.

Just to cite one sector, finance, it had been generating a high level of growth, growing at the pace of 20.1 per cent per year. Rice growers in the province increased their income dramatically because they were able to grow rice twice a year and their total annual yield was 130,000 tons per year.

<http://www.kpl.net.la/english/news/newsrecord/09.06.2010/edn6.htm>

Brunei

- **Economic Front**

- **Russia, Brunei silica talks to continue**

RUSSIA and Brunei government officials have agreed to hold discussions on Moscow's interest in a joint venture for silica production, but a decision on a deal may take some time. Russia is in talks with Brunei about a possible joint venture for silica production in the Sultanate and is currently in the process of conducting a series of discussions with Brunei government agencies to propose a silica test plant in the country.

Victor A Seleznev, Ambassador of the Russian Federation to Brunei, said that there are ongoing discussions to bring the plant in following the first Russian economic presentation with various Brunei agencies held on May 10.

"Russia has long foreseen potential opportunities for possibilities of developing silica in this region for a long time now, and so the embassy is trying its best to bring Russian companies and agencies down to the Sultanate as part of expanding the fields of cooperations between the two nations," said Seleznev. A representative from Russia's Industrial Minerals Association presented the proposal for silica production to several relevant agencies including the Ministry of Industry and Primary Resources, the Ministry of Foreign Affairs and Trade, the Ministry of Development, and the Brunei Economic

Development Board.

According to Seleznev, silica is very much used worldwide as they are part of many types of industrial production, such as for industrial rubber goods, varnish, adhesives, sealants and several other industries.

"Silica is so much in demand today that the demand is 25 per cent more than the production," he added.

Seleznev said that with the advanced silica refining technologies used by the association, the silica produced hopefully would be of higher quality and at a competitive price.

"Discussions between Russian agencies and the government of Brunei will take some time before a decision is made. This is something really promising, and so we have agreed that discussions and dialogues will continue until a deal finally surfaces," said Seleznev.

"Right now we are proposing the construction of a test plant in the country with an initial capacity of 200 tonnes of silica annually before we can establish a larger plant within three to five years," he added.

Seleznev also said that there are also other potential areas for possible ventures besides silica, as Russia is highly interested in bringing in its technologies to the region, particularly in the areas of energy, agriculture and the oil and gas sector, in which Seleznev said 'something to look forward to in the future in Brunei'.

<http://www.bruneitimes.com.bn/news-national/2010/06/12/russia-brunei-silica-talks-continue>

- **For SMEs, help may come in guide book**

A GUIDE book to equip small to medium enterprises (SMEs) with the necessary knowledge and tools to realise their potential in the business world was released by HSBC Brunei at the iCentre yesterday.

The first-of-its-kind book contains practical advice based on HSBC's knowledge and expertise in serving SMEs. HSBC's Head of Corporate Banking Irene Tse said the main reason for releasing the book was to share the knowledge and experience the bank have accumulated over the years, not only with customers, but with everyone in Brunei. "After compiling all the articles we have written, we want to distribute them and make sure companies are aware of what challenges have already been faced and how they usually overcome it," she said.

Tse said that as bankers, they are capable of identifying ways of resolving some problems, instead of leaving SMEs to attend to the problem alone.

She said that SMEs can sometimes be too busy running their business to go around asking for advice because they are focused on selling.

Tse believes that the HSBC Business Guide Book is a tool that businesses can easily get their hands on to read about what other companies and banks can share.

"Actually, the book has been put online, so it's free and everyone can read. Whether it be someone who has already started a business, or who is starting one, you can learn about lessons ahead of time, instead of running into the same problems," she said.

HSBC claims that the launch of the guide book is just the beginning of plans to assist SMEs. "We are going to organise another workshop later on in around June or July. It will be a series of workshops and the concept of our first workshop is more on trade. There are companies who do import and export, some of them are not even aware of the basics. They are mostly small companies or start-ups, so they do not have experience or fundamentals of business," said Tse.

She said that these businesses may be sourcing from countries like China or Malaysia or could be distributing overseas, so it's not as simple sometimes because there is an exchange of goods and payments. "In terms of payments, one can find out how the bank can help, while you are dealing with different countries, they would know what to be aware of. So this workshop is not only for the HSBC customers, but for any SMEs," she added. When asked whether the initiative to assist SMEs was due to the recent credit card crunch, Tse said the bank had been planning the book for a while now and the book was actually published earlier this year, but did not have a launch.

"It's not because of the credit card regulations at all, I see various initiatives from this country and different agencies. Not only BEDB (Brunei Economic Development Board), but MIPR (Ministry of Industry and Primary Resources) have always talked about how to help SMEs," she said.

There are nine articles available in both Malay and English in the book, which features articles such as "Tips for Doing Business in China" and "Top tips for Exporters".

Tse said that some challenges SMEs usually face are difficulty in collecting payments, tight cashflow and difficulty in expanding the business because of the country's small population.

"On the other hand, at HSBC, we have also seen many small businesses grow and even expand overseas. These successful businesses do have common characteristics and in this guide book, we have summarised these characteristics in one of the articles," Tse said in her welcoming speech, adding that the guide book also provides guidance on doing business here in Brunei, starting from the Do's and Dont's of a business plan to how one would secure a business loan. Kuan advised that it is important to take a positive approach when doing business. "It's one of the reasons I don't read the paper often because of the negativity that surrounds. Instead of saying what you cannot do, talk to

people who say what you can do," she said.

Nurul said that providing support to SMEs is crucial especially regarding matters of funding and financing. "We welcome feedbacks from SMEs while providing real and tangible support. We from the private and public sector should provide support."

<http://www.bruneitimes.com.bn/business-national/2010/06/12/smes-help-may-come-guide-book>

- **Social Front**
- **1,000 Indonesians For Seismic Survey**

Tap Energy (Borneo) Pty Ltd is bringing in 1,000 labourers from Indonesia as part of a \$15 million seismic survey project at the Block M consortium area in the Belait district, the oil firm's chief geophysicist yesterday said.

The labourers would be arriving in Brunei by August, said TAP's Suni Hj Sulaiman during a meeting with villagers from the Bukit Sawat area. TAP briefed the residents on the scheduled 3D seismic survey activities planned at the Belait district.

"Bruneians they don't want to do those kinds of jobs. They would prefer to be drivers and other things because it's heavy labour. You have to go into the jungle," he said.

He said the work does not necessarily require qualifications. Suni also told The Brunei Times the seismic survey will start on June 20 and will last 86 days. Drilling for the survey will take place shortly after.

Asked if TAP was hoping to find natural gas or oil, Suni said, "Well, it doesn't matter as long as it is hydrocarbon but of course oil is more valuable right now compared to gas. You can immediately produce it. That's the advantage of oil." The project is due for completion by late November or early December, including recording of the geographical layout and surveying, he added.

According to a press statement, the survey would involve detonating dynamites 15-30ft below ground to gather data based on sound waves created by the blasts.

The results of the seismic survey will be gathered and sent for processing overseas, which would take another five to six months, Suni said.

<http://www.brudirect.com/index.php/2010061122971/Fourth-Stories/1000-indonesians-for-seismic-survey.html>

