

**Report # 124****Business and Politics in Muslim World****South East Asia****Tatheer Zahra Sherazi****From 11 June to 18 June****(Outline)**

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## Summary

### At political Front

- Indonesia

A year after President Barack Obama sought a new beginning with the Islamic world in a speech from Cairo, confidence in the U.S. leader has dropped sharply in many Muslim countries, according to surveys released on Thursday. U.S. favorability ratings in allies Egypt, Turkey and Pakistan hover at about 17 percent, while confidence in Obama in those three countries was 33 percent, 23 percent and 8 percent respectively, surveys by the Pew Global Attitudes project found.

The surveys were carried out in April and May in 22 different countries. Researchers questioned between 700 and 3,262 people in each country. Some of the surveys were conducted by telephone, others face-to-face. The margins of error ranged between 2.5 and 5 percentage points, Pew said.

- Philippine

The recent digital balloting in the Philippines has made the country a role model in the world on automating elections, the worldwide chief executive officer of Smartmatic said on Thursday.

During an exclusive roundtable with The Manila Times on Thursday, Antonio Mugica said that other countries are now looking up to the Philippine experience for possible replication in their election automation program. He added that even the United Nations has invited the Philippines' Commission on Elections (Comelec) to speak in an international forum on how it implemented the automation program.

do away with the parade at his June 30 inaugural.

"Since the first regular inauguration in 1935, this is probably the only one without the inaugural parade," historian Manuel Quezon III told the Inquirer Saturday on the phone. "He (Aquino) wants to save money, and because from his point of view, it's really unnecessary."

Aquino will take his oath as the Philippines' 15th President and deliver his speech at high noon on June 30 at the Quirino Grandstand in Manila, in keeping with pre-martial law tradition. So far, three Asian leaders--East Timor President Jose Ramos-Horta, Thai Prime Minister Abhisit Vejjajiva and Malaysian Prime Minister Najib Razak—have confirmed attendance at the inaugural, a foreign affairs official said.

- Malaysia

Where does PAS stand in relation to non-Malay voters?

Some analysts argue that the party has gained more ground among the non-Malay voters

since the last general election, in March 2008. Says political analyst Wong Chin Huat: "For many years, the choice has been crystal clear -- if you want to be more Islamic, you choose PAS." The party has reportedly engaged the services of an opinion poll researcher to identify the concerns of the Malay voters, especially in the west coast and southern peninsula, with the hope of making significant inroads in the Umno strongholds.

However, the task will not be easy as PAS will also be competing against the Malay rights group, Perkasa, led by Datuk Ibrahim Ali, which has been gaining popularity since its inception in 2008.

- Thailand

Although Prime Minister Abhisit Vejjajiva is stepping up fence-mending efforts, he should be cautious because by next year his olive branches may end up being like thorns that harm him rather than a crown of laurels to add to his legacy.

In the face of deep-rooted animosity, Abhisit has no choice but to fight an uphill battle to bring about reconciliation. Should he fail in his task, his survival is the least of the looming problems. The country may once again plunge into the turmoil with violence and cruelty on a scale surpassing the recent unrest. The crucial issue is whether the reconciliation process can and will progress to a sufficient degree for a fresh election to be held next year.

Jack Nicholson often comes to mind when a circumstance arises that makes people feel they need "the truth." "I want the truth!" Tom Cruise, as Lt Daniel Kaffee, demands of Nicholson, who plays Col Nathan Jessep in *A Few Good Men*. "You can't handle the truth!" Col Jessep shouts back.

The 1992 court drama may have failed to win any major awards but Nicholson's "truth about truth" speech has lived on as one of the greatest American movie quotes of all time. We generally believe that the truth will set us free. We generally believe that honesty is a good thing. But do we really know the nature of truth (or should it be "truths")? Do we know its limits? Its liberating power? Its brutality?

Thailand's deposed prime minister Thaksin Shinawatra gives a traditional greeting at a press conference in Bangkok, capital of Thailand, Feb. 28, 2008. (Xinhua File Photo) Copies of Thailand's court arrest warrant for convicted ousted former Thai premier Thaksin Shinawatra on terrorism charges will be sent to police in 187 countries, the Bangkok Post's website quoted a senior Thai official as saying on Tuesday.

- Cambodia

The Mekong River transverses a far larger region than the Indus, with its Delta serving many more nations than those in the northwest portion of South Asia. Other than China, the main beneficiaries of the 7th- largest river of Asia are Laos, Myanmar, Cambodia,

Thailand and Vietnam. One-third of a population of about 350 million live below the poverty line in the "Greater Mekong Sub-region" (GMS).

The countries joining ASEAN later are Indonesia, Malaysia, the Philippines, Singapore, and Brunei Darussalam. The most advanced economy, Singapore, is almost 80 times richer than that of the least-developed, Myanmar. Its population of 4.7 million is 50 times smaller than that of Indonesia's 230 million. Singapore annually draws \$5,000 per capita in attracting foreign direct investment (FDI). In contrast, Myanmar manages only \$6. Cambodia is listed at 110 in the World Economic Forum (WEF) Global Competitiveness Index, which places Singapore at number three. ASEAN countries, and many of their Asian neighbours, started to liberalise trade in the 1980s and 1990s and become more integrated into world trade.

### **At Geo-strategic Front**

- Indonesia

The Indonesia government denied claims of establishing nuclear power facilities as a substitute to fossil fuels used to generate electricity over the next five years. "Looking at the alternatives to fossil fuel, the administration would focus more on developing power plants fueled by geothermal energy, wind, solar, and biofuels," The Jakarta Post daily quoted President Susilo Bambang Yudhoyono as saying

Vietnam

US soldiers boarding a helicopter at a camp in Kandahar city. Neither Islamabad nor Kabul can push some administrative button marked peace and harmony

There is, said the American secretary of defence, no certainty "that a conventional military victory, as commonly defined, can be achieved here ... We seem to have gotten caught in a sinkhole". He's talking about Afghanistan surely, as the thousandth US military death is recorded and coalition losses creep towards 2,000? No: that was Clark Clifford in 1968. And the sinkhole that finally cost more than 200,000 American dead and wounded was Vietnam.

### **At economic Front**

- Indonesia

Indonesia expects a six percent rise in its milled rice harvest this year, leading to a two million tonnes surplus, and aims to attract Gulf Arab investors to develop "sleeping land", Agriculture Minister Suswono said.

"Growth is six percent from last year's figure and over the next five years we would like to see a growth of 3.2 percent," he said yesterday, during a visit to Saudi Arabia.

Indonesia is expected to produce 37 million tonnes of milled rice this year, which exceeds 35 million tonnes required to satisfy domestic demand, he told reporters in the

Red Sea port city of Jeddah. Suswono was speaking through an official translator.

The agriculture minister met businessmen from the Gulf Arab country and discussed agricultural business opportunities in Indonesia.

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The new Indonesia Power Report forecasts that the country will account for 2.06% of Asia Pacific regional power generation by 2014, with a theoretical surplus of generation that should mean limited reliance on power imports. However, due to chronic system inefficiencies and wastage, the country struggles to provide adequate generation for its needs. Our estimates for 2009 suggest Asia Pacific regional generation of 7,324 terawatt hours (TWh). We are forecasting an increase in regional generation to 9,730TWh by 2014, representing a rise of 32.85% in 2009-2014.

Thermal power generation in 2009 totalled an estimated 5,747TWh, accounting for 79.6% of the total electricity supplied in the region. Our forecast for 2014 is 7,493TWh, implying 30.38% growth that reduces the market share of thermal generation to 77.9%. This is thanks largely to environmental concerns promoting renewable sources, hydro-electricity and nuclear generation. Indonesia's thermal generation in 2009 was around 145TWh, or 2.47% of the regional total. By 2014, the country is expected to account for 2.44% of the region's thermal generation.

The Export-Import Bank of the United States (Ex-Im Bank) announced Friday that it has given initial approval to 11 banks in Indonesia to receive financing as part of the banking facilities amounting to US\$1 billion to support US exports to Indonesia. Bank Indonesia (BI) will introduce a regulation this month to reduce capital flows and keep the country's financial markets stable, says a senior official at the central bank.

- Malaysia

Indonesia may provide tax incentives for sukuk issues and Sharia bank deposits to better compete with Malaysia, the world's top sukuk market, the central bank said yesterday.

One tax incentive being considered would help boost bank capital and another could provide a tax holiday for sukuk issues, Mulya E. Siregar, an Islamic banking director at

Bank Indonesia, said.

Indonesia has already removed double taxation on Islamic finance transactions to give the industry a level playing field with conventional banking, but Siregar said more was needed." To support Islamic banking and finance, it's not enough just to have tax neutrality. We need also tax incentives like in Malaysia," he told Reuters on the sidelines of an Islamic banking conference in Singapore.

Malaysia is spending crores of rupees to give a facelift to the capital's crowded Brickfields suburb, popularly known as 'mini-India', ahead of the visit of Prime Minister Manmohan Singh later this year. Plans are afoot to transform the now chaotic Brickfields into a beautiful area with ornate arches alongside the shopping avenue which is full of vendors selling Indian clothes, Indian food and Indian music.

- Philippines

THE number of jobless Filipinos hit a two-year high in April despite the better-than-expected economic growth in the first quarter, lending credence to criticisms that the Philippines' early recovery from the global downturn was not so impressive.

The National Statistics Office (NSO) said the unemployment rate rose 8 percent to 3.1 million Filipinos, higher than the 7.5-percent jobless rate recorded in the same period last year.

In April 2008, the unemployment rate stood at 8 percent. The latest jobless figure came weeks after the release of economic data showing the country's gross domestic product grew a surprising 7.3 percent in the first quarter of the year, from 0.5 percent in the same period last year. Acting Socioeconomic Planning Secretary Augusto Santos blamed the higher unemployment rate on the economic downturn. Among the various occupation groups, the NSO said laborers and unskilled workers predominated at 32.2 percent of the total employed persons in April. Farmers, forestry workers and fishermen comprised the second largest group, accounting for 15.6 percent of the total employed

The Philippines expects its budget deficit to widen to a record amid plans to boost spending and attain faster economic growth, government officials said.

The country raised this year's gross domestic product growth target to a range of 5 percent to 6 percent while keeping the deficit-to-GDP ratio at 3.6 percent, economic officials said in a statement today after a meeting. The shortfall may widen to about 300 billion pesos (\$6.5 billion) in 2010 as GDP expands to 8.35 trillion pesos, Finance Undersecretary Gil Beltran said.

- Cambodia

Cambodian Prime Minister Hun Sen is savouring another victory. His latest triumph: a string of verdicts against an outspoken female opposition lawmaker, Mu Sochua, who

had accused him of making derogatory remarks about her.

His target, however, refuses to be silenced even after her latest showdown with Hun Sen, who celebrated 25 years as the South-east 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 also put the country's judiciary on trial.

A delegation of Chinese businessmen on Wednesday met with Cambodian business people for investment opportunities and local business partners, aimed at strengthening trade cooperation between the two countries.

- Thailand

Thai economy is expected to expand by 4 to 5 percent in 2010, despite affects by the financial crisis in Europe, the Bangkok Post's website quoted a top banker as reporting on Monday. Prasarn Trairatvorakul, chairman of the Thai Banks Association (TBA), said on Monday that the country's exports would continue expanding and it would be a key engine to boost the Thai economy.

Thailand's exports rose the most since July 2008 as the global recovery boosted orders, helping to offset the economic fallout from the political unrest in April and May. The Bank of Thailand said this week the impact from the nation's worst political violence in almost two decades has been "limited" on the economic rebound, and that it may be the "appropriate" time to raise interest rates. Companies including Stars Microelectronics Thailand Pcl expect revenue to increase this year on higher demand.

THAILAND'S economy is thriving despite the recent political unrest, with unemployment at an almost record low.

But the falling euro may hurt tourism further, Finance Minister Korn Chatikavanij cautioned at a working lunch with editors and correspondents from Asia News Network.

Tourism - worst hit by the recent political violence - accounts for about 6 per cent of Thailand's gross domestic product (GDP). The conflict has shaved about 1 per cent off GDP growth estimates for this year - from 7.5 per cent to 6.5 per cent.

- Vietnam.

Talk about an extreme makeover. Once synonymous with war and genocide, Vietnam and Cambodia are coming into the second decade of the 21st Century as one of the world's premier honeymoon hot spots.

Vietnam is one of nine key markets in which the US aims to double exports over the next five years, said Ex-Im Bank chairman and president Fred Hochberg during a press briefing in Hanoi on Tuesday.

Hochberg was on a three-day visit to the country in which ExIm Bank and the

Vietnamese government inked a deal to boost the country's infrastructure growth via US\$500 million in American funds set aside for the purchase of US goods and services. As the official export-credit agency of the US, since 1998 Ex-Im Bank has provided short and medium-term financing to Vietnam, with current exposure in the country estimated at \$231 million.

- Brunei

ONE of the issues hindering Brunei's potential to export poultry has always been that producers are unable to compete with the price of global exporters.

With Brunei producers faced with higher cost of production than global exporters, as well as not having enough volume to gain a secure market, what is being done with relation to helping the sector?

#### **At Social Front**

- Philippine
- Indonesia

The Indonesian government has said that Iranian nationals are the most common smugglers of class-A drugs into the country as of January this year. "All of the evidence together is worth Rp 278 billion (US\$30.5 million) at market value," the office's head Baduri Wijayanta said Sunday.

All of the arrested Iranian smugglers were believed to be part of an Iran-based international drug syndicate, he added. The office's head of prosecutions Gatot Sugeng Wibowo said the Iran-based drug mafia might not have been aware that Indonesia enforced the death penalty for drug smuggling.

Indonesian police say more migrants are landing on its shores this year than before, intensifying the country's struggle to crack down on people-smuggling.

Close to 1300 migrants were detained between January and June this year, many of whom were trying to reach Australia, national police security and transnational affairs head Saut Usman Nasution told reporters. "There's an increase. From 2007 to 2009, only hundreds. In 2010, there were 1297 people," he said.

Indonesian President Susilo Bambang Yudhoyono said Friday his country must not stand "naked" before modern information technology, signalling his support for an Internet filter to block porn. The world's most populous Muslim-majority country has been scandalised by the recent online release of homemade X-rated videos apparently showing popular local celebrities engaging in hardcore sex.

- Thailand

Corruption rests at the roots of Thailand's current political problems and public resentment about social and economic gaps within the country, says Prime Minister

Abhisit Vejjajiva."[Corruption] can destroy what is already good," he said. "It can destroy society and contribute to many other problems." Even though we have systems and laws and organisations dedicated to countering corruption, it remains a long-standing problem."Speaking at a conference on anti-corruption efforts, Mr Abhisit said persistent corruption contributed to some parts of the society giving up hope of any solution at all, while imposing added costs throughout the economy.

- Cambodia

An independent United Nations expert today urged Cambodian authorities to strengthen the country's judiciary and improve human rights, saying the nation still has too many shortcomings in its justice system

#### **At Environmental Front**

- Philippine

Tourists have been banned from a misty, picturesque island in a crater lake south of Manila because volcanic activity detected there could precede an eruption, scientists said Tuesday. Rising magma under Taal volcano was increasing volcanic earthquakes, detectable only by instruments, and raising the temperature of the lake, said volcanologist July Sabit of the Philippine Institute of Volcanology and Seismology.

The island's 5,000 residents should prepare for a possible evacuation, Sabit said. Taal, about 45 miles (75 kilometers) south of Manila and one of the Philippines most-visited sites, is off-limits to tourists as of Tuesday, he said.

## Detailed News Monitoring Report

### Indonesia

- **Political front**
- **Geo-strategic Front**
- **Economic Front**
- **Saudi firms urged to invest in Indonesia farm sector**

Indonesia expects a six percent rise in its milled rice harvest this year, leading to a two million tonnes surplus, and aims to attract Gulf Arab investors to develop “sleeping land”, Agriculture Minister Suswono said.

“Growth is six percent from last year’s figure and over the next five years we would like to see a growth of 3.2 percent,” he said yesterday, during a visit to Saudi Arabia.

Indonesia is expected to produce 37 million tonnes of milled rice this year, which exceeds 35 million tonnes required to satisfy domestic demand, he told reporters in the Red Sea port city of Jeddah. Suswono was speaking through an official translator.

The agriculture minister met businessmen from the Gulf Arab country and discussed agricultural business opportunities in Indonesia.

He is scheduled to meet the Saudi agricultural minister in the kingdom’s capital city of Riyadh on Sunday. Indonesia has over 7.7 million hectares of unused land that is in need of development, Suswono said.

“There is still... untapped potential for agribusiness investment in Indonesia, particularly in the field of food crops, industrial processing as well as horticulture and land stock industry,” he said.

Gulf countries, who mainly rely on food imports, have been investing in farmland overseas to secure their food supply, but difficulty in regulations has led to delays in tapping Indonesian farming opportunities. Last year, Saudi Arabia’s Bin Laden Group stalled plans for a \$4.3bn project to develop 2 million hectares of land in Indonesia. Suswono said the project has not materialized yet.

The minister said there were no Gulf Arab firms operating in the Southeast Asian country, but hoped to attract investors during his visit.

“We still have some difficulties internally in arranging land for large-scale farming, which are requested by foreign investors. This is due to environmental reasons to protect our rainforests,” the minister said, adding that the government has since issued regulations for investment in large farming

<http://www.thepeninsulaqatar.com/business-news/53608-saudi-firms-urged-to-invest-in-indonesia-farm-sector.html>

- **Indonesia looking for GCC investors**

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<http://www.business24-7.ae/companies-markets/commodities/indonesia-looking-for-gcc-investors-2010-06-13-1.254690>

- **New rule to slow capital flow: BI**

Bank Indonesia (BI) will introduce a regulation this month to reduce capital flows and keep the country's financial markets stable, says a senior official at the central bank.

The regulation should not be interpreted as a type of a capital control, BI's Senior Deputy Governor Darmin Nasution told reporters Friday. The new regulation is not intended to control capital but is aimed at reducing the rate of capital flow into and out of the country, he said.

"There is no capital control policy," Darmin added. BI would not implement capital controls as the country's financial system did not currently require it, but the central bank might do so in the future if needed, he said.

Revrisond Baswir, an economist at Gajah Mada University, said that BI should impose a capital control policy since it had spent a large amount of capital to stabilize the rupiah

exchange rate.

“We have a stable rupiah. However, BI has spent lots of capital to create this stability ... [We] shouldn’t implement a free-floating foreign exchange system as is currently proposed. BI should impose a capital control system to oversee capital inflows and outflows” he told The Jakarta Post by telephone Friday.

Fauzi Ikhsan, a senior economist at Standard Chartered, said that a capital control policy should be supported by strong foreign exchange reserves. “We should examine whether the limitation on capital inflows and outflows violates the regulation on a free-floating foreign exchange regime,” he told the Post.

Capital control policies are not a proven tool to control the rupiah’s volatility, he said. “I haven’t seen proof that a capital control policy can effectively stop currency volatility.” Malaysia’s capital control policy succeed due to its strong foreign exchange reserves, he added.

Indonesia’s benchmark stock index has risen 11 percent in 2010. The rupiah climbed 2 percent against the dollar, and it is the third-best performer among 10 Asian currencies (excluding the yen) that are tracked by Bloomberg.

Asian nations should make capital controls part of their “policy toolkit” to manage inflows that could fuel inflation and create asset bubbles, the United Nations Economic and Social Commission for Asia and the Pacific said last month. (ebf)

<http://www.thejakartapost.com/news/2010/06/12/new-rule-slow-capital-flow-bi.html>

- **Indonesia Power Report Q2 2010 - New Market Report Published**

The new Indonesia Power Report forecasts that the country will account for 2.06% of Asia Pacific regional power generation by 2014, with a theoretical surplus of generation that should mean limited reliance on power imports. However, due to chronic system inefficiencies and wastage, the country struggles to provide adequate generation for its needs. Our estimates for 2009 suggest Asia Pacific regional generation of 7,324 terawatt hours (TWh). We are forecasting an increase in regional generation to 9,730TWh by 2014, representing a rise of 32.85% in 2009-2014.

Thermal power generation in 2009 totalled an estimated 5,747TWh, accounting for 79.6% of the total electricity supplied in the region. Our forecast for 2014 is 7,493TWh, implying 30.38% growth that reduces the market share of thermal generation to 77.9%. This is thanks largely to environmental concerns promoting renewable sources, hydro-electricity and nuclear generation. Indonesia's thermal generation in 2009 was around 145TWh, or 2.47% of the regional total. By 2014, the country is expected to account for 2.44% of the region's thermal generation.

Oil is the dominant fuel in Indonesia, accounting for an estimated 45.1% of primary

energy demand (PED) in 2009, followed by gas at 26.7%, coal at 24.0% and hydro at 2.3%. Regional energy demand is forecast to reach 5,335mn toe by 2014, representing 31.69% growth from the estimated 2009 level. Indonesia's estimated 2009 market share of 3.16% is set to fall to 2.86% by 2014. Indonesia is moving ahead slowly with controversial plans to build its first nuclear power plant, which could be operational by 2017.

In our updated and expanded Power Business Environment rating, Indonesia is now ranked equal sixth, alongside Thailand and Vietnam. This reflects its low level of energy import dependence and its healthy power consumption growth prospects. However, several country risk factors offset the industry strength, and the country may struggle to keep up with Vietnam over the longer term. The Philippines, three points below, also poses a threat over the medium term.

We are now forecasting Indonesian real GDP growth averaging 5.26% per annum between 2010 and 2014, with a 2009 assumption of 4.50%. Population is expected to expand from 237mn to 251mn over the period, with GDP per capita and electricity consumption per capita forecast to increase by 100% and 20% respectively. The country's power consumption is expected to increase from an estimated 129TWh in 2009 to 164TWh by the end of the forecast period, theoretically meaning a surplus in generation which is forecast to rise from an estimated 28TWh in 2009 to 37TWh in 2014, assuming 4.9% annual average growth in electricity generation. Chronic system inefficiencies and wastage mean the country will continue to struggle to provide adequate generation.

Between 2009 and 2019, we are forecasting an increase in Indonesian electricity generation of 63.8%, which is above average for the Asia Pacific region. This equates to 28.4% in the 2014-2019 period, up from 27.6% in 2009-2014. PED growth is set to rise from 19.3% in 2009-2014 to 24.6%, representing 48.7% for the entire forecast period. An increase of 28.0% in hydro-power use during 2009-2019 is a key element of generation growth. Thermal power generation is forecast to rise by 66.9% between 2009 and 2019. More details of the long-term power forecasts can be found at the end of this report.

Indonesia Power Report Q2 2010:

<http://www.companiesandmarkets.com/r.ashx?id=48W1N1S0Q278235&prk=49628e8c74496f5f8bec170aab6a184f>

[http://www.officialwire.com/main.php?action=posted\\_news&rid=160534](http://www.officialwire.com/main.php?action=posted_news&rid=160534)

- **Indonesian govt to develop 450 tourism villages in 2011**

Indonesian government has said it planned to develop 450 tourism villages across the country in 2011 to lure more visitors to the country.

"We hope our plan will be approved by the House of Representatives," an expert staff of

the Tourism and Culture Minister, Surya Yoga, said Sunday as quoted by kompas.com. He said the tourism villages should really have a tourism potential to attract visitors. "If the proposal is approved, each village will be given a grant of Rp 150 million (US\$16,000)," he said.

This year, the government has developed 200 tourism villages.

<http://www.asianewsnet.net/news.php?id=12631&sec=2>

- **Iranians biggest drug smugglers to Indonesia**

The Indonesian government has said that Iranian nationals are the most common smugglers of class-A drugs into the country as of January this year.

Malaysians were the next-highest group, with eight suspects arrested so far this year, followed by India with six suspects, tempointeraktif.com reported. The Customs and Excise Office at Soekarno-Hatta International Airport in Tangerang, Banten, has arrested 15 Iranian nationals this year linked to 22 cases. It has also seized a total 115 kilograms of crystal methamphetamine, locally known as shabu-shabu), ketamine, heroin, cocaine and marijuana.

"All of the evidence together is worth Rp 278 billion (US\$30.5 million) at market value," the office's head Baduri Wijayanta said Sunday.

All of the arrested Iranian smugglers were believed to be part of an Iran-based international drug syndicate, he added. The office's head of prosecutions Gatot Sugeng Wibowo said the Iran-based drug mafia might not have been aware that Indonesia enforced the death penalty for drug smuggling. The 2009 Narcotics Law carries the death penalty and a Rp 10 billion fine for anyone in possession of more than 5 grams of drugs.

<http://www.thejakartapost.com/news/2010/06/20/iranians-biggest-drug-smugglers-indonesia.html>

- **Indonesia denies building plant to develop nuclear energy**

The Indonesia government denied claims of establishing nuclear power facilities as a substitute to fossil fuels used to generate electricity over the next five years.

"Looking at the alternatives to fossil fuel, the administration would focus more on developing power plants fueled by geothermal energy, wind, solar, and biofuels," The Jakarta Post daily quoted President Susilo Bambang Yudhoyono as saying.

He said that his country needs to do a lot over the next few years, including work on preparing the needed documentation for the establishment of nuclear plants according to international law, besides locating a proper site before starting with any such plans, refuting claims of any plans for building a nuclear plant in the current year.(end) aab.lb

KUNA 200917 Jun 10NNNN

<http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2095693&Lan>

guage=en

- **Indonesian banks to receive US financing**

The Export-Import Bank of the United States (Ex-Im Bank) announced Friday that it has given initial approval to 11 banks in Indonesia to receive financing as part of the banking facilities amounting to US\$1 billion to support US exports to Indonesia.

The 11 banks are Indonesia Eximbank, Bank Mandiri, Bank Negara Indonesia, Bank Rakyat Indonesia, Bank Central Asia, Bank Danamon, Panin, Bank CIMB-Niaga, Bank OCBC Indonesia, Bank Internasional Indonesia and Bank UOB Buana. Chairman and President of the US Ex-Im Bank, Fred P. Hochberg, through a press statement released by the US Embassy in Jakarta, announced a new banking facility on Friday at a meeting with the Indonesian Coordinating Minister for the Economy in Jakarta.

"With a diverse economy that continues to grow, Indonesia offers huge opportunities for US exporters in various sectors. This banking facility will allow Indonesian companies to access financing of Ex-Im Bank support from their local banks and help Ex-Im Bank approved the transaction faster," said Hochberg.

<http://www.thejakartapost.com/news/2010/06/18/indonesian-banks-receive-us-financing.html>

- **Social front**

- **No porn, no gore, no sensitive politics: Censored in Indonesia**

President Susilo Bambang Yudhoyono's administration, in fact, launched a surprising new offensive on free speech last year with an intensity not seen since the Suharto regime, which brutally ruled Indonesia for more than 30 years before being toppled in 1998.

Such autocratic restrictions returned to the public's radar in December when the Jakarta Foreign Correspondent's Club canceled a screening of the film "Balibo" — which depicts the 1975 killing of five Australian journalists by the Indonesian military in East Timor — for fear of legal reprisals after being told that authorities had banned the film.

The government's growing penchant for the blacklist contrasts starkly with Indonesia's ferociously free press, possibly the most unfettered in Southeast Asia. That freedom was on display as nearly every newspaper, television and magazine organization in the country derided the censor's decision to ban "Balibo."

The Indonesian Journalist's Association openly defied the order, organizing dozens of screenings using text messages and social networking. Copies of the film are also easily found at numerous pirate DVD outlets around the capital Jakarta and clips are widely available on the web.

"There is no point in banning anything these days," said Anhor Gonggong, a professor of

history at the University of Indonesia who has spent a lifetime fighting censorship. "There is no use. If a film is banned we can still find it. If bookstores don't carry a banned book, we can easily read it online. It's no problem."

Not that the government isn't trying.

A new film law passed last September requires producers to now submit their scripts to a committee of red pens before shooting can begin. Even "slasher" films are getting slashed. The directors of the internationally acclaimed gore fest, "Rumah Dara (Dara's House)," said the censors forced them to cut several particularly gruesome closeups.

But censors have been the most busy with the oldest of old media — books. More than 200 books are now listed as banned. After Suharto's ouster, some books, including ones by celebrated Indonesian author Pramoedya Ananta Toer, were taken off the blacklist and the practice in general nearly ceased. Between 2002 and 2008, the government banned only six books in total.

Five books were banned, by contrast, in 2009 alone. Several more could meet the same fate within weeks, according to Didiek Darmanto, a spokesman for the attorney general. And Patrialis Akbar, the minister for justice and human rights, with no hint of irony, said his department had suggested the attorney general ban another 20 books it deemed inflammatory.

<http://www.globalpost.com/dispatch/indonesia/100127/politics-censorship-press>

- **Indonesia detains 1300 migrants**

Indonesian police say more migrants are landing on its shores this year than before, intensifying the country's struggle to crack down on people-smuggling.

Close to 1300 migrants were detained between January and June this year, many of whom were trying to reach Australia, national police security and transnational affairs head Saut Usman Nasution told reporters. "There's an increase. From 2007 to 2009, only hundreds. In 2010, there were 1297 people," he said.

Advertisement: Story continues below "They say they want to go to Australia. They think they will have a better life there but Australia will not accept them."

More than half of them hailed from Afghanistan and the rest were from Sri Lanka, Burma, Iraq and Iran, Nasution said. The migrants, mostly male, were "rich people" who would buy a boat for 100 million rupiah (\$A12,583) and fork out another 14 million to 20 million rupiah to pay fishermen in East and West Nusa Tenggara provinces to take them to Australia, he added.

"They have a lot of money.... They're willing to pay any amount," he said. Indonesia is a key staging post for people-smugglers bringing the migrants on the perilous onward sea journey to Australia.

Last year saw a dramatic rise in asylum seekers arriving in Australia's remote north, helped by Indonesia-based smugglers. Australia since April temporarily stopped processing asylum claims by Afghans and Sri Lankans in response to a sharp rise in the number of asylum seekers reaching its shores by boat.

<http://news.smh.com.au/breaking-news-world/indonesia-detains-1300-migrants-20100616-yglz.html>

- **Indonesia must resist Internet 'frenzy': president**

Indonesian President Susilo Bambang Yudhoyono said Friday his country must not stand "naked" before modern information technology, signalling his support for an Internet filter to block porn. The world's most populous Muslim-majority country has been scandalised by the recent online release of homemade X-rated videos apparently showing popular local celebrities engaging in hardcore sex.

The celebrities -- rock singer Nazril Ariel and television personalities Luna Maya and Cut Tari -- deny uploading the clips but could still face up to 12 years in jail for breaches of the country's 2008 anti-pornography law.

Until now Yudhoyono had steered clear of the scandal, but when reporters asked him to comment the normally taciturn ex-general unleashed a torrent of criticism at the Internet and its supposed threat to Indonesian values.

"We have increasingly realised that our nation should not stay naked and be crushed by the information technology frenzy, because there will be many victims," he said.

The scandal highlighted the need for further regulation of the Web, he said.

"Other countries have already have regulations on this... The incident has made us think about the best thing that should be done. Negative impacts on our society should be avoided," he said.

Communications Minister Tifatul Sembiring, of a conservative Islamic party, has used the "Peterporn" scandal -- named after Ariel's band Peterpan -- to revive plans to filter the Internet for content deemed "negative" and immoral.

Sembiring received the backing of influential lawmakers this week and has promised to issue a ministerial decree by the end of the year to "save the young" from Internet porn.

Indonesia is the world's fourth most-populous country and has about 40 million Internet users, according to Internet World Stats.

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<http://www.abs-cbnnews.com/global-filipino/world/06/18/10/indonesia-must-resist-internet-frenzy-president>

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- **Jakarta population reaches 9.6 million: Agency**

The Jakarta office of the Central Statistics Agency (BPS) said Saturday that the city's population has reached 9.6 million according to latest census data tabulation.

“But this is still based on manual counting, not yet computerized [counting],” Agus Suherman, the Jakarta BPS chief, told tempointeraktif.com Saturday. Agus said that the final tabulation result would be officially released in December this year. The agency had previously estimated that the city population would reach 9.23 million this year.

<http://www.thejakartapost.com/news/2010/06/12/jakarta-population-reaches-96-million-agency.html>

- **At Environmental Front**

### **Malaysia**

- **Political Front**

- **Malay political leaders under thumb of 'the others': Mahathir**

FORMER prime minister Mahathir Mohamad yesterday escalated the level of his rhetoric about Malaysia's Malays being under siege, saying that Malay political leaders were now under the thumb of 'the others'. Dr Mahathir: 'I will be accused of being a chauvinist and racist for voicing my opinion.'

Dr Mahathir, 85, has been stepping up the stridency of his rhetoric in recent weeks to push the leaders of the United Malays National Organisation (Umno), Malaysia's dominant political party, to stop what he sees as pandering to the non-Malays in an effort to win votes. In doing so, Dr Mahathir may have made right wing nationalist groups like Perkasa - which is pushing for a greater emphasis on the so-called Malay agenda - increasingly influential in Umno.

Indeed, Perkasa has already claimed victory for itself by seeming to 'force' Prime Minister Najib Razak to reinstate elements of Malaysia's decades-old affirmative action policy for the Malays back into the recently announced Tenth Malaysia Plan.

Mr Najib has been trying to push for a reform agenda that, at one time, had hinted at a rollback of affirmative action policies to increase the country's competitiveness.

But Dr Mahathir's statements could galvanise Umno's more hardline elements into blocking Mr Najib's attempts at reform as he remains an influential voice in the country. So far, however, no one has directly attacked Mr Najib.

Earlier this week, Dr Mahathir told a gathering of right-wing Malay groups that the community was in crisis and risked becoming marginalised like the 'Singapore Malays'.

It has been a favourite theme of his since his student days in Singapore and one that finds easy resonance among some of the more insecure elements within Umno.

Writing in his blog yesterday, Dr Mahathir argued that the Perak Pakatan Rakyat (PR)

opposition government was 'led by a Malay' but when it fell last year - through defections to the Barisan Nasional - 'a certain race considered it the fall of a government belonging to their race'. Dr Mahathir's remarks were clear enough. The former Perak government was led by a lawmaker belonging to the opposition Parti Islam SeMalaysia (Pas) but had been dominated by assemblymen belonging to the Democratic Action Party which is largely Chinese.

Dr Mahathir has increasingly argued that the Malays, which form 64 per cent of the country's 27 million people, were losing out to other communities in 'their own country', statements that he even conceded might come across as racist.

'I will be accused of being a chauvinist and racist for voicing my opinion,' he wrote in his blog yesterday. 'I am willing to be labelled as such. My intention is to remind us all before it becomes irreversible.'

'Go on being divided and tussling,' he warned. 'In the end what is being held will be spilled and what is being chased after will not be achieved.'

The former prime minister fretted that the disunity among the Malays could lead to them losing out to end up as a 'minority in their' country.

He said that the Malay community had become divided by political parties selling them out for power. And he blamed this situation on PAS and Parti Keadilan Rakyat (PKR) which is led by opposition leader Anwar Ibrahim instead of Umno.

The former PM claimed the genesis of the Malay division was in the decision of various groups to leave Umno. He cited as examples the formation of PAS by Malay ulama (clerics) who were formerly from Umno, and also Mr Anwar's sacking, in 1998 as the root causes of the Malay split. Dr Mahathir sacked Mr Anwar, then his deputy prime minister, for so-called 'moral misconduct'.

Dr Mahathir wrote that Malay support was now split among three parties - Umno, PAS and PKR - and suggested that the 'other races' were now taking advantage of the division. But he offered no solution to the problem beyond urging them to unite.

<http://www.business-times.com.sg/sub/news/story/0,4574,391021,00.html?>

- **Islamic world confidence in Obama is slipping - poll**

A year after President Barack Obama sought a new beginning with the Islamic world in a speech from Cairo, confidence in the U.S. leader has dropped sharply in many Muslim countries, according to surveys released on Thursday.

U.S. favorability ratings in allies Egypt, Turkey and Pakistan hover at about 17 percent, while confidence in Obama in those three countries was 33 percent, 23 percent and 8 percent respectively, surveys by the Pew Global Attitudes project found.

U.S. President Barack Obama speaks in the Rose Garden at the White House in Washington June 11, 2010. (REUTERS/Jim Young)

Obama's favorability ratings in each of the Muslim countries fell between 2009 and 2010 as his plans for advancing the Middle East peace process stalled and he continued ahead with wars in two Muslim countries: Afghanistan and Iraq.

The sharpest declines came in Turkey and Egypt, where confidence in Obama dropped 10 percentage points and 9 points respectively. Confidence in Obama dropped 5 points or less in the other Muslim countries surveyed.

Other Muslim countries viewed the United States more favorably. Fifty-nine percent of Indonesians had a favorable view of the United States, as did 52 percent of Lebanese. But only 21 percent of Jordanians saw the United States in a positive light.

By comparison, people in Egypt and Jordan gave al Qaeda a higher favorability rating than the United States. Thirty-four percent of Jordanians had a positive view of the group that carried out the Sept. 11, 2001, attacks, versus 19 percent of Egyptians.

Sixty-seven percent of Indonesians had confidence in Obama to do the right thing in international affairs, 43 percent of Lebanese and 26 percent of Jordanians, the surveys found.

The United States and Obama fared better among non-Muslim countries involved in the 22-nation survey. U.S. favorability ratings were 73 percent in France, 65 percent in Britain, 63 percent in Germany, 66 percent in Japan and India and 58 percent in China, the Pew surveys found.

Obama's ratings were lower generally than the previous year.

The surveys were carried out in April and May in 22 different countries. Researchers questioned between 700 and 3,262 people in each country. Some of the surveys were conducted by telephone, others face-to-face. The margins of error ranged between 2.5 and 5 percentage points, Pew said.

[http://thestar.com.my/news/story.asp?file=/2010/6/18/worldupdates/2010-06-17T205735Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-493986-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2010/6/18/worldupdates/2010-06-17T205735Z_01_NOOTR_RTRMDNC_0_-493986-1&sec=Worldupdates)

- **Umno Members Should Come Out In Force To Vote - Raja Nong Chik**

Federal Territories and Urban Well-being Minister Datuk Raja Nong Chik Raja Zainal Abidin has reminded Umno members to perform their duty as voters to ensure that the Barisan Nasional (BN) would continue to lead the government.

He said this was because the large membership would not guarantee the party would remain strong if members failed to support it when come to the crunch.

"For example, in my constituency (Lembah Pantai), we have 17,000 Umno members but only about 8,000 members turned up to vote in the last general election. This means

about 50 per cent of Umno members in Lembah Pantai did not cast their votes.

"They are the ones who will ask for the party's support, houses and all sort of things but when we checked, some of them did not register as voters in Lembah Pantai," he said when opening the Kepong Umno division Wanita, Youth and Puteri delegates' meetings here Sunday.

Raja Nong Chik, who is also Federal Territories Umno Liaison Committee deputy chairman, said the party should intensify its voter registration exercise among members to ensure that they support the party when needed.

Meanwhile, Wanita Umno chief Datuk Seri Shahrizat Abdul Jalil, in her speech, wanted the movement to change its approach in reaching for the people.

Shahrizat, who is also Women, Family and Community Development Minister, said Wanita Umno should hold more programmes involving the people and not just among themselves. "We need to reach the people and move out of our comfort zone. We must change the way we think, how we interact and engage in politics. Only then we can lead the younger generation," she said.

<http://www.bernama.com/bernama/v5/newspolitic.php?id=507391>

- **PAS At A Crossroads?**

Where does PAS stand in relation to non-Malay voters?

Some analysts argue that the party has gained more ground among the non-Malay voters since the last general election, in March 2008. Says political analyst Wong Chin Huat: "For many years, the choice has been crystal clear -- if you want to be more Islamic, you choose PAS."

However, he says, such positioning had restricted PAS to the Malay-Muslim constituencies mainly in the four northern states in the peninsula - Perlis, Kedah, Kelantan and Terengganu - and in some of the other rural constituencies.

He says the post-1999 overzealous pursuit of Islamisation, including the production of a blueprint for an Islamic state, has cost the party its support -- both from its non-Muslim and Muslim supporters, who care more about economic well-being than religious laws.

"The realisation of these limitations and mistakes has driven PAS to reach out to non-Malays and non-Muslims in the past few years," says Wong.

He says the party's strategists have come up with a calculated move "to restore the right balance" with a centre-ground or middle-path approach -- by articulation of "welfare state" and "PAS for all" -- aimed at the general population.

"Internally, PAS has been projected as the party that represents religious conservatism or puritanism while externally it can permit cultural or religious autonomy for minorities insofar that it does not threaten its commitment to Islam," adds Wong. Another political

analyst Dr Sivamurugan Pandian points out, however, that Pas is currently at a crossroads.

He says the party is risking alienating its hardcore support if it puts too much emphasis on the middle-path approach as this will be seen as going back on its original struggle.

"Its hardcore supporters, who have been with the party all this while, will not like it. No doubt, it has been doing well winning over the non-Malay and non Muslim voters, but it is now at greater risk of alienating the hardcore supporters," he says.

Dr Sivamurugan says PAS has not actually dealt with the issue of brewing internal conflict or differing opinions among two major groups in the party on how the party should move forward.

He says there is conflict between the conservative faction, mainly comprising the ulama, and the moderate or professional faction dubbed the "young Turks".

"It (PAS) has not tackled this issue completely but used the seasonal approach by adopting or taking the middle ground in order to create a win-win situation acceptable to both groups. If this is going to prolong, PAS will end up depending on non-Malay voters," he says. "It will be a real problem because its goal and objective and ideology are for an Islamic state. Certainly, it is in a real dilemma," he adds. Therefore, it was not surprising when PAS president Datuk Seri Abdul Hadi Awang said PAS will not amend its constitution to allow non-Muslims to become full-fledged members but is ready to field them in elections.

The move was approved by its Ulama Council, enabling those who joined the PAS Supporters Club to contest in the general election, but some analysts view the move as another effort by the party to show that it is not alienating its hardcore supporters.

PAS strategist and PAS Central Working Committee member Dr Dzulkefly Ahmad dispels the notion that the party is taking the middle path due to political expediency. "We took this stand after we conducted a thorough research and had a deep look at what the Quran has said about it. It is not due to political expediency. It's actually based on actual Islam teachings, based on the practice of the Quran. Islam is supposed to be the middle path," he tells Bernama.

PAS Youth chief Nasrudin Hassan At-Tantawi explains that the effort to upgrade the PAS Supporters Club to Dewan Himpunan Penyokong PAS (DHPS) will not affect support from the Malay community.

He says PAS is targeting to increase its Malay support by between 15 and 20 per cent, and the party's central leadership is expected to meet after the current "muktamar" (general assembly) to finalise strategies.

The party has reportedly engaged the services of an opinion poll researcher to identify the

concerns of the Malay voters, especially in the west coast and southern peninsula, with the hope of making significant inroads in the Umno strongholds.

However, the task will not be easy as PAS will also be competing against the Malay rights group, Perkasa, led by Datuk Ibrahim Ali, which has been gaining popularity since its inception in 2008.

<http://www.bernama.com/bernama/v5/newspolitic.php?id=505513>

- **Malaysia Shares US' Stance On Israel**

Malaysia shares the United States' stance on the recent Israeli attack on the humanitarian aid mission to Gaza which also involve Malaysian volunteers.

Malaysian Ambassador to the US, Datuk Seri Dr Jamaluddin Jarjis, said both countries condemned the action and as such Malaysia-US ties were not affected.

"The US foreign policy has changed a lot since President Barack Obama's administration, including on the latest issue in Gaza," he told reporters after opening Rompin Fest 2010 at Pantai Hiburan here Saturday. He said the US foreign policy was more open since Obama took over administration of Washington. "Although the openness is not that drastic, the US is gradually accepting the world views, especially from Muslim countries, on international issues," he added.

Jamaluddin said during Obama's meeting with Prime Minister Datuk Seri Najib Tun Razak in Washington recently, the US president expressed intention to revive the peace negotiation between Israel and Palestine. This, he said, showed that Obama also wanted peace in both countries.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=505510>

- **At Geo Strategic Front**
- **Economic Front**
- **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>

- **Eight Pakistani companies to attend MIHAS 2010 in Malaysia**

More than eight top ranking Pakistani Companies dealing in Halal products have confirmed participation in the Malaysia International Halal Showcase (MIHAS) being held here from June 23.

Commercial Counselor for Pakistan in Malaysia Wajiuallah Kundi giving details of Pakistan's participation in the MIHAS 2010 said Pakistani companies dealing in Basmati rice, raw chicken formed products, fruits, vegetables, processed vegetables and eating salt will exhibit their quality, price competitive products in the exhibition.

He said MIHAS provides a unique platform to Pakistani Companies to introduce their products to over thirty thousands visitors from 65 countries and to 62 foreign and 334 Malaysian participant companies. The Pakistan companies will also have the opportunity to engage 381 foreign companies from 54 countries for business match-making and networking who are participating in the World Halal Forum (WHF) and World Halal

Research Summit (WHRS) held in conjunction with MIHAS.

Pakistani companies which have confirmed their participation for MIHAS, 2010 include Datari International, Zubair Enterprises, Salva Foods, Amir Rice Export & Import Co, Seasons Foods Pvt Ltd, Countryside Natural Product (Pvt) Ltd.

In addition, Sindh Board of Investment is also participating in the Halal Showcase. MIHAS 2010 is organised by the Malaysia External Trade Development Corporation (Matrade) with the objective to facilitate sourcing and trading of quality halal consumables, products and services globally.

It embraces the halal concept in all its dimensions from pharmaceutical and herbal products, cosmetics and health-care to Islamic investment, banking and Takaful insurance.

<http://www.pakistantimes.net/pt/detail.php?newsId=12077>

- **Malaysia's Point Man on Reform**

Bob Dylan's song "The Times They Are A-Changin'" is what Idris Jala might sing as he faces the biggest task in his career--transforming the Malaysian civil service to deliver on its targets. While Dylan, one of the 52-year-old Jala's favorite musicians, was a symbol of counterculture, Jala, no mean blues guitarist himself is part of the establishment.

As chief executive officer at Pemandu (short for "performance and management delivery" or "driver" in Malay language), a unit in the prime minister's department, Jala works with government ministries to solve the biggest problems plaguing the nation--a ballooning subsidy bill, crime, corruption and falling educational standards. Recently he leveled with the public: If Malaysia did not immediately slash subsidies and make other changes, its government debt of \$110 billion could rise to 100% of GDP by 2019.

"When this happens, Malaysia will become bankrupt. We do not want to become another Greece," he said. Prime Minister Najib Abdul Razak has since said prudent measures are being taken to reduce debt.

Transformation is Jala's specialty. As chief executive he led the spectacular turnaround of the national carrier, Malaysian Airline System (MAS). When he took the helm in December 2005 (after leaving his job as managing director of Shell MDS), MAS was bleeding cash and had losses to the tune of \$400 million. He wasted no time eliminating thousands of jobs and brutally terminating unprofitable routes. These were unpopular decisions, but two years later MAS emerged stronger and achieved record earnings of \$260 million.

Jala's work at MAS did not go unnoticed. He was approached by the then-newly appointed PM, Najib, to join the civil service. He says, "It was also time for me to leave MAS because the team can do the job. My successor (Tengku Azmil Zahrudin Raja

Abdul Aziz) is a great person and had been groomed to take over. Leadership is about being redundant."

Recently Forbes Asia sat down with Jala in Kuala Lumpur to see how his reform efforts are going.

[http://www.forbes.com/2010/06/14/malaysia-idris-jala-razak-reform-guitar.html?feed=rss\\_home](http://www.forbes.com/2010/06/14/malaysia-idris-jala-razak-reform-guitar.html?feed=rss_home)

- **Pro-Malay goal is still there, says KL minister**

MALAYSIA will stick with its bumiputra affirmative action agenda including a target of 30 per cent corporate equity, but it intends to pursue the objective through methods such as licensing and individual companies will not be subject to the quota, the minister in charge of the Economic Planning Unit, Mohamad Nor Yakcop, said yesterday.

Mr Yakcop: Companies do not need to have bumiputra partners as the requirement has been scrapped. The goal would be achieved through other methods

While proposals in the New Economic Model (NEM) unveiled at the end of March may have given the impression the government had scrapped the bumiputra target, it remains at the macro level. 'The goal was there, and the goal is still there,' Mr Nor Yakcop said. However, the government will implement its policies more effectively, more transparently and based more on merit.

In an interview at his office in Putrajaya, Mr Nor Yakcop said companies do not need to have bumiputra partners as the requirement was scrapped about a year ago. Instead, the goal would be achieved through other methods. When we do our macro planning or licensing, etcetera, we make sure that at least 30 per cent of the economic wealth is owned by the bumiputras to reflect the 60 per cent population,' he said. For example, if there are five hotels, the government will ensure two are owned and run by bumiputras. Allowing the other three to operate without quotas will remove an 'irritant'.

Malaysia has signalled its intention to be less race-focused under the NEM - an economic programme aimed at attracting much-needed private investment and lifting the country out of its middle-income trap. The NEM proposes aiding the bottom 40 per cent of income earners regardless of race.

Many people took this as a belated acknowledgement by the government that race-based policies under the New Economic Policy (NEP) were no longer tenable because they had led to leakages and were hindering investment and progress in an increasingly market-driven and globalised world.

The NEP was instituted in 1971 to improve the lot of bumiputras to a level closer to the other races. But the 10th Malaysia Plan covering 2011-2015, tabled in parliament last week, seemed to put the bumiputra agenda back in the mix - a result political analysts

were quick to ascribe to a vocal bumiputra group called the Malay Consultative Council or Perkasa, which rejected the NEM proposals because it wants the status quo maintained.

The 10th plan also went out to assure bumiputras - mainly Malays - that the government remains committed to their agenda through a number of programmes undertaken for them, including establishing a real estate investment trust to facilitate the community's investment in commercial and industrial property, and a committee to oversee bumiputra development activities, headed by Prime Minister Najib Razak.

According to government statistics, bumiputra corporate equity is now 22 per cent, although some private economists maintain the 30 per cent target was breached a long time ago.

Even so, Mr Nor Yacop acknowledged the government's projection for the economy to expand by an annual average 6 per cent over the next five years will not be easy to achieve.

The assumption of steady GDP expansion was based on investments growing at 12.8 per cent annually for the next five years or attracting RM 115 billion (\$49 billion) annually. 'It's a very heavy assumption - one that will lead to success or not,' he said. Over the past five years, private investment has grown at an average of just 2 per cent.

<http://www.business-times.com.sg/sub/news/story/0,4574,390672,00.html?>

- **nation compete with Malaysia**

Indonesia may provide tax incentives for sukuk issues and Sharia bank deposits to better compete with Malaysia, the world's top sukuk market, the central bank said yesterday.

One tax incentive being considered would help boost bank capital and another could provide a tax holiday for sukuk issues, Mulya E. Siregar, an Islamic banking director at Bank Indonesia, said.

Indonesia has already removed double taxation on Islamic finance transactions to give the industry a level playing field with conventional banking, but Siregar said more was needed. "To support Islamic banking and finance, it's not enough just to have tax neutrality. We need also tax incentives like in Malaysia," he told Reuters on the sidelines of an Islamic banking conference in Singapore.

"For investment to come into Indonesia, it is possible to give a kind of holiday tax."

Islamic bank assets in Indonesia are just a fraction of total bank assets, while in Malaysia they are close to a fifth of the total. Indonesia's Islamic bank assets were 66 trillion rupiah (Dh26.5 billion) as of December 2009, compared with 2,534 trillion rupiah for the banking industry as a whole, central bank figures show.

In Malaysia, Islamic banking assets totalled about \$95 billion, or 19.6 per cent of the

total, as of December 2009, the central bank has estimated.

Still, with the world's biggest Muslim population, Islamic bankers say Indonesia is set for explosive growth. But first, authorities need to lay the right legal and regulatory framework.

Malaysia is the world's top sukuk market. It accounted for about 40 per cent of total global issuance last year of \$19.1 billion. Industry incentives include a 20 per cent stamp duty exemption on Islamic financing instruments until 2015.

Siregar said Indonesia's finance ministry and central bank are studying tax incentives that could boost growth of Islamic finance. The study is expected to be finished by the end of 2010.

Exemption on earnings

One idea is to effectively exempt banks from paying tax on earnings from returns on deposits. Instead, the amount they would have paid would be parked with the bank as a form of government holding to help boost the bank's capital.

Siregar said it was crucial to attract foreign funds into Indonesia. "Right now the investor from many countries, especially the Middle East, actually wants to come to Indonesia because there are many projects in Indonesia and there are many opportunities," he said.

"But if you compare to Malaysia, which provides tax incentives, how come they will come to Indonesia? So what is important is that funds are coming to Indonesia."

<http://gulfnews.com/business/economy/indonesia-plans-tax-incentives-for-islamic-banking->

1.641642?localLinksEnabled=false&utm\_source=Feeds&utm\_medium=RSS&utm\_term=Business\_RSS\_feed&utm\_content=1.641642&utm\_campaign=Indonesia\_plans\_tax\_incentives\_for-Islami

- **Malaysia proposes rubber bloc to manage global prices**

Malaysia on Friday proposed setting up a regional bloc with Indonesia and Thailand to control global rubber prices and keep production steady as the cost of the commodity rises. Deputy plantation and commodities minister Hamzah Zainudin said the International Rubber Market, which would be based in Kuala Lumpur, would bring together the three top producers and Vietnam. "At the moment we have already come out with not a formal kind of relationship but with an understanding. We meet at least twice a year; we are doing it at the moment with Thailand and Indonesia," he told reporters.

"We don't want to say it is a cartel but what we want to see is (that) the price is stable and good for everybody... when we see the price going down, we will hold (back the supply of rubber)." Hamzah said he was confident demand would remain high.

"I'm very bullish and we are trying to maintain a stable price of 8.0-9.0 ringgit (244-275

US cents) a kilo," he said, with a target price of 300 US cents a kilo for the next five years. Natural rubber prices dropped more than 66 per cent to 110 US cents a kilo between July and December 2008 during the global downturn, which hammered demand. However, it soared to 287 US cents a kilo in December 2009.

The Malaysian Rubber Board's (MRB) benchmark rubber was at 291.10 US cents a kilo at midday on Friday. More than 93 per cent of Malaysia's natural rubber comes from its 265,000 smallholders, who tap less if prices are low and more if prices are high.

"With this kind of a mechanism, we can keep the prices high enough to keep the smallholders tapping and the industry is also pleased as they have a guaranteed supply of rubber," MRB Director General Salmiah Ahmad told AFP.

Malaysia, Indonesia, Thailand and Vietnam produce 76 per cent of the world's natural rubber and account for 93 per cent of global exports. However, Indian Rubber Board chairman Sajen Peter said there was no need for the new market.

"You cannot control the prices, it all depends on demand and supply and as long as there is a mismatch between demand and supply, prices are going to be comfortable at least in the coming few years," he told AFP. India is the world's fourth largest rubber producer.

Last year, Malaysia produced 857,018 tonnes of natural rubber, with exports exceeding 25 billion ringgit, or 4.52 per cent of national exports.

[http://www.channelnewsasia.com/stories/afp\\_asiapacific\\_business/view/1064166/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1064166/1/.html)

- **Malaysia spending crores on 'mini-India' revamp**

Malaysia is spending crores of rupees to give a facelift to the capital's crowded Brickfields suburb, popularly known as 'mini-India', ahead of the visit of Prime Minister Manmohan Singh later this year. Plans are afoot to transform the now chaotic Brickfields into a beautiful area with ornate arches alongside the shopping avenue which is full of vendors selling Indian clothes, Indian food and Indian music.

"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," Najib said at a function at the Vivekananda Secondary School in the suburb of Brickfields here.

He said Federal Territories and Urban Wellbeing Minister Raja Nong Chik Raja Zainal Abidin must ensure that the 'Little India' development project was completed on time. "If it is not ready, we will ask them to explain," he said.

The project, undertaken by Malaysian Resources Corporation Bhd (MRCB) will be carried out in two phases with the total cost amounting to 35 million ringgit.

Raja Nong Chik had said that once the project was completed, Kuala Lumpur and Chennai in India would become twin cities. Speaking at the opening of the Sri Murugan Centre (SMC) at the school, Najib said 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. "This will enable each Malaysian, irrespective of ethnic background, to realise his or her maximum potential as a Malaysian," he said.

Malaysia is a multi-ethnic, multi-religious country with ethnic Indians forming eight per cent of its 27 million people population. Najib also stressed that the government would continue to increase the allocation 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.

<http://economictimes.indiatimes.com/news/news-by-industry/et-cetera/Malaysia-spending-crores-on-mini-India-revamp/articleshow/6041536.cms>

- **Social Front**
- **LTTE setting up base in Malaysia report**

A Malaysian government minister has disclosed that foreign terrorists including remnants of Tamil Tigers are using Malaysia as their Sri Lanka's LTTE operational base and to recruit new activists. had detected the presence of several senior leaders of the Liberation Tigers of Tamil Eelam (LTTE) who were reportedly using Malaysia for shelter and logistic base, Malaysian National News Agency Bernama reported.

Home minister Hishammuddin Hussein has told reporters today in Kuala Lumpur that both Islamic and non-Islamic militant groups were using Malaysia as their operational base to step up their activities.

Malaysian National News Agency Bernama quoting Musa Hassan, the Inspector-General of Police said the terrorist groups are using the country for their financial transactions and exchange of information, in addition to targeting higher education institutes to recruit more members.

The Home Minister said his ministry was working closely with local enforcement and international intelligence agencies to share data on foreign nationals entering Malaysia and their movements, to curb activities that could threaten national and regional security.

[http://www.colombopage.com/archive\\_10A/Jun15\\_1276624397CH.php](http://www.colombopage.com/archive_10A/Jun15_1276624397CH.php)

- **Environmental Front**

## **Philippine**

- **Political Front**
- **Philippines a world 'role model' on automation**

The recent digital balloting in the Philippines has made the country a role model in the world on automating elections, the worldwide chief executive officer of Smartmatic said

on Thursday.

During an exclusive roundtable with The Manila Times on Thursday, Antonio Mugica said that other countries are now looking up to the Philippine experience for possible replication in their election automation program. He added that even the United Nations has invited the Philippines' Commission on Elections (Comelec) to speak in an international forum on how it implemented the automation program.

"What the Philippines did was unprecedented, 100-percent automation in the first try and with just a year of preparation. You, Filipinos, should be proud of your achievement," the visiting Smartmatic official said. He arrived on Monday for a round of talks with Comelec officials before departing on Saturday for another business trip. Smartmatic was the contractor of the May 10 fully automated elections.

The Joint Congressional Oversight Committee on the Automated Election System and the House Committee on Electoral Reforms still have to submit their report on the conduct of the May 10 elections.

But another Smartmatic official, Cesar Flores, said that the detractors of automation and of Smartmatic had not presented even one proof to support charges of cheating through the Precinct Count Optical Scan machines. "Some 20 groups had a common list of 30 things that they claimed would go wrong. They never went to the Comelec but every day, they were on camera. They never presented any proof," said Flores, the Smartmatic representative in the Philippines.

Mugica said that the automated election system was designed by Smartmatic in such a way that cheating could be detected immediately. "The security features are extremely difficult to circumvent," he added.

Several election protests had been resolved only when the term for the contested post was nearly over. Flores said that this would no longer be the case with the advent of automation. "From a technical point of view, a protest can be resolved in two weeks or less. From a legal point of view, I don't know," he added.

Flores even predicted that with automated elections, there would be no electoral protest in the next two or three elections. Many sectors had criticized that while the results of the elections were known after three days, the president-elect and vice president-elect were proclaimed almost one month later. "If the senators and congressmen had wanted it, they could have finished the canvassing and proclaimed the winners Tuesday evening at the latest. All they had to do was press the button of the canvassing and consolidation server at the House and the entire results will come out," Flores said.

He added that some improvements could still be made in the automation of the next elections. "There should be a bigger budget so we could use satellites for transmission,"

Flores said, noting that Comelec had a budget of only P200 million for the electronic transmission of election returns and certificates of canvass. He added that with a bigger budget, 80 percent of the results could be transmitted within three hours.

Flores said that the manual random audit should be done on election day to remove all doubts and anxieties. There were proposals that the random audit be made to involve three precincts per town or city instead of just five per congressional district.

Mugica said that he would favor a random audit of only 2 percent to 3 percent of the precincts because the margin of error is low in these ranges. He identified the manual random audit as a feature of automated elections that is unique to the Philippines. "There is no audit in the United States, Brazil, India and other countries and they are automated so you are well ahead of the pack," Mugica said.

<http://www.manilatimes.net/index.php/top-stories/19709-philippines-a-world-role-model-on-automation->

- **No parade for Philippine president-elect on June 30 inaugural**

To save on costs, president-elect Benigno "Noynoy" Aquino III will break tradition and do away with the parade at his June 30 inaugural.

"Since the first regular inauguration in 1935, this is probably the only one without the inaugural parade," historian Manuel Quezon III told the Inquirer Saturday on the phone. "He (Aquino) wants to save money, and because from his point of view, it's really unnecessary."

Aquino will take his oath as the Philippines' 15th President and deliver his speech at high noon on June 30 at the Quirino Grandstand in Manila, in keeping with pre-martial law tradition. So far, three Asian leaders--East Timor President Jose Ramos-Horta, Thai Prime Minister Abhisit Vejjajiva and Malaysian Prime Minister Najib Razak—have confirmed attendance at the inaugural, a foreign affairs official said.

"But we expect a number of foreign ministers and special envoys to attend," said the official, who asked not to be named for lack of authority to speak for the inaugural committee. Their attendance "indicates solidarity and friendship" with us, the official said. Secretary Ricardo Saludo, deputy spokesperson of President Macapagal-Arroyo, agreed, saying: "That's a vote of confidence." Ramos-Horta is a friend of Aquino's family. He was the only head of state who flew to the country in August 2009 to attend the wake and funeral of Aquino's mother, former President Corazon Aquino.

Thailand and Malaysia have been "longtime" partners of the Philippines in the Association of Southeast Asian Nations, aside from Malaysia's role as a facilitator in the government's negotiations with secessionist Moro rebels, officials said.

Innovation: Oath of change

In the past, an inaugural parade preceded the singing of the national anthem, the invocation, the oath-taking and the address of the incoming President.

While Aquino is dropping the parade, his inaugural team has introduced a novelty: The volunteer groups that helped in his campaign would deliver an "oath to change" at the Quirino Grandstand in response to his address.

"That's an innovation," said Quezon, the spokesperson for the inaugural, and also Inquirer columnist and host of ANC's "The Explainer." In keeping with pre-martial law tradition, Aquino will call on Ms Arroyo in Malacañang on the morning of June 30. They will then ride the presidential limousine together to the Quirino Grandstand.

There, the two will shake hands and bid each other goodbye. Aquino will go up the stage for the inaugural proper, and Ms Arroyo will depart in her own car. "His decision to go the route of a very traditional, pre-martial law inaugural will emphasize the end of one administration and the beginning of the next," Quezon said.

The original idea of the Aquino camp was to hold the inaugural at the Quezon Memorial Circle. But Aquino has scrapped it to avoid security hitches as well as the added cost of building a temporary stage.

In his own write

During the inaugural, the Senate president will read Congress' proclamation of the election of Aquino and Vice President-elect Jejomar Binay as "proof of their mandate," according to Quezon. Aquino will then deliver a short, straightforward inaugural address that he is currently writing. Using a "hands-on approach," he has spent the past several days writing and rewriting his inaugural speech, chipping away at the rough edges, with some help from "a pool of speech writers," Quezon said, adding that he was not part of the group.

"The shortest inaugural address was eight minutes—that of President Ramon Magsaysay Jr.," Quezon said. "That's the kind of parameter he wants to adhere to. He wants to be brief." Given that Aquino dislikes "flowery language" and rhetoric, he will deliver a "short and direct" address, according to Quezon.

This was how Quezon explained Aquino's process of writing speeches: "He writes down his thoughts, and looks for the best flow of ideas. Very logical. Then he will consider style. Even for style, he likes getting input. It has to be in his comfort level in terms of language and rhetoric.

"But it's always substance before style." After writing the outline, Aquino "kicks it around" to a team of speech writers for ideas, asks for a preliminary draft, and goes over it again "point by point," Quezon said, adding:

"I would say 85 percent of the speeches is his. He's very meticulous. He has his own

sense of cadence and rhythm."

Every step of the wayBy now, 10 days before the inaugural, Aquino's speech is on its "penultimate revision," Quezon said. Aquino, who ran and won on an anticorruption platform and has promised to prosecute officials enmeshed in corruption scandals, is expected to rally Filipinos to help him govern the country.

"In my opinion, he will be inclined to ask the public to be with him every step of the way. They can't abandon him now. They journeyed with him during the elections. The next journey will be to stick it out together for the next six years. It's a journey with everyone," Quezon said.

<http://www.asianewsnet.net/news.php?id=12616&sec=1>

- **Economic**
- **Jobless economic recovery in first quarter**

THE number of jobless Filipinos hit a two-year high in April despite the better-than-expected economic growth in the first quarter, lending credence to criticisms that the Philippines' early recovery from the global downturn was not so impressive.

The National Statistics Office (NSO) said the unemployment rate rose 8 percent to 3.1 million Filipinos, higher than the 7.5-percent jobless rate recorded in the same period last year.

In April 2008, the unemployment rate stood at 8 percent. The latest jobless figure came weeks after the release of economic data showing the country's gross domestic product grew a surprising 7.3 percent in the first quarter of the year, from 0.5 percent in the same period last year. Acting Socioeconomic Planning Secretary Augusto Santos blamed the higher unemployment rate on the economic downturn.

"The second factor is the increase in the labor force is more than what the economy can absorb. There is new employment but the number employed is less than what was generated by the labor force because of the increase in population," he said.

Benjamin Diokno, a former Budget secretary who teaches economics at the University of the Philippines, said the latest jobless figure "reflects conditions in April, not during the first quarter."

"But jobs in agriculture sector contracted by 7.3 percent, which could mean a sharper drop in the sector in the second-quarter," he said.

"[The] jobs market is more serious than what the numbers suggest because it includes jobs from pump-priming projects and those that are election-related," he said, referring to one-time employment gains arising from the government's fiscal spending to arrest the global downturn and El Niño, as well as from the May polls.

The NSO said the country's labor force numbered 38.5 million out of the estimated 60.6

million population ages 15 years old and over. This translates to a labor force participation rate of 63.6 percent.

The agency said the underemployed workers or those who want to work longer hours dropped to 17.8 percent from 18.9 percent in April last year. The employment rate fell slightly to 92 percent in April this year from 92.5 percent in the same period last year.

Of the total 35.4 million employed persons in April, 52 percent worked in the services sector, while 32.5 percent were employed in the agriculture sector. Employed Filipinos in the industry sector accounted for 15.5 percent.

Among the various occupation groups, the NSO said laborers and unskilled workers predominated at 32.2 percent of the total employed persons in April. Farmers, forestry workers and fishermen comprised the second largest group, accounting for 15.6 percent of the total employed.

<http://www.manilatimes.net/index.php/business-columns/19536-jobless-economic-recovery-in-1q>

- **Philippine Deficit May Widen to Record as GDP Expands**

The Philippines expects its budget deficit to widen to a record amid plans to boost spending and attain faster economic growth, government officials said.

The country raised this year's gross domestic product growth target to a range of 5 percent to 6 percent while keeping the deficit-to-GDP ratio at 3.6 percent, economic officials said in a statement today after a meeting. The shortfall may widen to about 300 billion pesos (\$6.5 billion) in 2010 as GDP expands to 8.35 trillion pesos, Finance Undersecretary Gil Beltran said.

Growth quickened to 7.3 percent last quarter, the fastest pace in almost three years. While President-elect Benigno Aquino, 50, who takes over from Gloria Arroyo this month, has described the expansion as a "flash in the pan," better economic forecasts may help him stick to his campaign pledge to refrain from raising taxes. "We must maintain the growth momentum," Economic Planning Secretary Augusto Santos told reporters after the meeting. "The government has to spend on infrastructure, social services and environmental protection." Unemployment climbed to 8 percent in April, the most in two years, a government report today showed.

The gap between revenue and spending widened to a record 298.5 billion pesos in 2009 and was originally projected to narrow to 293.2 billion pesos this year.

The new GDP growth target, raised from a previous range of 2.6 percent to 3.6 percent, would be the fastest pace since 2007. Growth slowed to the least in 11 years in 2009.

"We are confident this kind of growth will be sustainable all throughout 2010," Budget

Secretary Joaquin Lagonera said.

#### Higher Revenue

Collection at the Bureau of Internal Revenue, responsible for more than 60 percent of state income, may rise by 30 billion pesos while the Customs agency may boost revenue by 5 billion pesos with the faster growth, Finance Secretary Gary Teves said. Every percentage point added to GDP growth may bring in 13 billion pesos annually in tax revenue, giving “flexibility” on government spending, Finance Assistant Secretary Ma. Teresa Habitan said in a telephone interview today before the meeting.

The government may have breached its first-half deficit target in May, Teves said. Aquino said last month that estimates on the 2010 shortfall are already at 400 billion pesos. “A higher deficit would mean more borrowing, more supply of debt,” said Dave Estacio, chief fixed-income dealer at First Metro Investment Corp. in Manila, before the meeting. “Faster growth also implies higher interest rates. The trend is for bond yields to rise.” The yield on four-year benchmark local-currency bonds was unchanged from June 11 at 5.73 percent, the lowest since the bonds were first sold in January 2009.

The government still plans to sell 30 billion pesos of assets this year, Teves said. “We still need to do the run,” Treasurer Roberto Tan said in a mobile message when asked on changes to this year’s borrowing plan with the higher deficit. Bangko Sentral ng Pilipinas will maintain an “appropriately prudent monetary policy,” Deputy Governor Diwa Guinigundo said in today’s statement. The central bank’s benchmark interest rate is at a record low 4 percent.

<http://www.businessweek.com/news/2010-06-15/philippine-deficit-may-widen-to-record-as-gdp-expands-update2-.html>

- **Philippines Manila airport back to normal after system breakdown**

Flights are back on schedule at Manila's main airport after a number of cancellations and diversions on Saturday night.

But authorities are still trying to replace a vital navigation system, which broke down, and brought the airport to a standstill. Thousands of passengers were stranded on Saturday night, with more than a hundred flights either cancelled or diverted, when the vital navigation system broke down.

Flights from the Ninoy Aquino International Airport in Manila are now back on schedule, with the help of distance measuring equipment which is normally used during daytime. A full replacement for the night system is being installed.

[http://www.radioaustralianews.net.au/stories/201006/2931908.htm?="](http://www.radioaustralianews.net.au/stories/201006/2931908.htm?=)

- **Asian currencies up amid global recovery**

Asian currencies strengthened last week, led by South Korea's won and the Philippine

peso, as signs the global economic recovery will withstand Europe's debt crisis boosted demand for riskier assets.

The Bloomberg-JPMorgan Asia Dollar Index and the MSCI Asia Pacific Index of shares had their biggest gains in at least five months and the won jumped the most in a year.

The Conference Board last week said its leading indicator of China's economy rose by the most in 14 months and the Organisation for Economic Cooperation and Development forecast the fastest growth for South Korea since 2002. Thailand Friday reported its best export growth in almost two years.

"There has been optimism that the impact of Europe's problems on the Asian economy may be limited, supporting the purchase of regional currencies," said Minori Uchida, a senior analyst in Tokyo at Bank of Tokyo-Mitsubishi UFJ, a unit of Japan's biggest bank. "Gains in stocks are also a supporting factor."

The won appreciated 3.6 per cent to 1,202.65 per dollar, according to data compiled by Bloomberg. The peso climbed 1.6 per cent to 45.905 and the Indian rupee was 1.4 per cent stronger at 46.1787.

#### Tracking

The Bloomberg-JPMorgan Asia Dollar Index, which tracks the region's 10 most-traded currencies excluding the yen, gained 1.0 per cent and the MSCI Asia Pacific Index of shares rose 3.3 per cent. Stocks in South Korea and Taiwan attracted about \$1.9 billion (Dh6.97 billion) from abroad, according to data compiled by Bloomberg.

Equity funds investing in Asia excluding Japan took in money for the first time in six weeks, drawing the most since April, according to EPFR Global, which tracks firms overseeing \$13 trillion of global assets. Emerging-market stock funds attracted \$2.5 billion, the second-highest tally this year.

Korean Finance Minister Yoon Jeung Hyun said on Friday that growth will likely exceed 5 per cent this year and a government report showed spending at the three biggest department stores climbed for a 15th month in May. Gross domestic product will increase 5.8 per cent this year as exports surge and domestic demand strengthens, the OECD said last week.

"The won has been doing pretty well because of the economic fundamentals," said Yun Suk Cho, a currency dealer at Korea Exchange Bank in Seoul. "There is a big possibility that we will break 1,200 against the dollar next week as the markets stabilise."

Thailand's exports jumped 42 per cent from a year earlier in May, the most since July 2008, Commerce Minister Porntiva Nakasai said Friday. The Philippines on June 15 raised its economic growth target for this year to as much as 6 per cent, from a previous goal of 3.6 per cent. Taiwan will this week report an eighth straight gain in export orders

and the lowest jobless rate since 2008, according to the median estimates of economists surveyed by Bloomberg.

[http://gulfnnews.com/business/markets/asian-currencies-up-amid-global-recovery-1.643454?localLinksEnabled=false&utm\\_source=Feeds&utm\\_medium=RSS&utm\\_term=Business\\_RSS\\_feed&utm\\_content=1.643454&utm\\_campaign=Asian\\_currencies\\_up\\_a\\_mid\\_global\\_recovery\\_](http://gulfnnews.com/business/markets/asian-currencies-up-amid-global-recovery-1.643454?localLinksEnabled=false&utm_source=Feeds&utm_medium=RSS&utm_term=Business_RSS_feed&utm_content=1.643454&utm_campaign=Asian_currencies_up_a_mid_global_recovery_)

- **Social Front**
- **NGO urges tougher fight vs human trafficking**

The Philippines is the third largest exporter of migrant workers in the world, next to India and China. The non-government organization, Visayan Forum Incorporated, said that of some 9 million Filipinos working abroad, only 13% land in professional work, the rest are unskilled workers who end up in difficult and often, inhumane working situations.

Of some 300,000 cases of human trafficking worldwide, 70 to 80% are women and girls, said Ma. Cecilia Flores-Oebanda, president and executive director of the Visayan Forum.

"This data we believe is just the tip of the iceberg," Oebanda said, citing the difficulty in monitoring cases of human trafficking. "It's not representing the whole number of trafficking victims inside and outside the country. In the Visayan Forum alone, we have 61,000 are being helped in our ports and airport facilities."

Oebanda said there is a stigma attached to the problem, but on the other hand, there is a culture of acceptance, with connivance with local communities making recruitment unhampered. This week, the US government's 'Trafficking in Persons Report' put the Philippines under the Tier 2 Watchlist, citing it as a source and transit point for human trafficking for prostitution and forced labor.

It said the Philippines also lacks support for the prosecution of human trafficking cases.

Labor export, poor conviction

Oebanda said that the Philippines' migrant mindset that encourages labor export, along with half-hearted efforts by government to go after culprits, are sustaining human trafficking. "The more government advocates for the labor market, the more we need to strengthen our laws so falling into the cracks of human trafficking can be addressed," Oebanda said. "We have conviction for commercial exploitation but not for forced labor. There are around 380 ongoing cases in court. Last year, there were only eight convictions," Oebanda lamented. Despite the Anti-Trafficking Law of 2003, Oebanda said it is easy to prosecute suspects in prostitution cases, but harder to pin down perpetrators of forced labor. "Three months ago, 15 immigration officers in Clark, Pampanga were arrested. What happened to those cases?" Oebanda said, citing the need for greater transparency. Amid the reality that domestic workers are vulnerable to forced labor

trafficking, Oebanda, who returned from a convention in Geneva said that the International Labor Organization is now discussing an international standard for domestic workers.

A safe haven

To help survivors of human trafficking and partly in response to the Trafficking in Persons Report, the Visayan Forum, together with the Angelo King Foundation, has built the "Center for Hope" in Antipolo City, a safe haven for survivors where they are taught how to reintegrate themselves into society.

"The halfway house can accommodate maximum of 100 victims at one time. At the safehouse we have skills training," Oebanda said.

"We partnered with Microsoft to give training, to ensure that the girls are not there just to undergo psychosocial therapy, but also to prepare them for prosecution and build their capacity to restart their lives." Call for invigorated anti-trafficking campaign

Oebanda is urging the incoming Aquino government to seriously look into the country's human trafficking situation. She said that the next administration should allocate resources to line agencies to help build such facilities, toughen-up laws and be consistent in enforcement. These will help in ensuring the well-being of overseas Filipino workers, said Oebanda.

<http://www.abs-cbnnews.com/nation/06/20/10/ngo-urges-tougher-fight-vs-human-trafficking>

- **Leftist rebels seize 2 gov't troops in S. Philippines**

Leftist rebels have kidnapped anew two government soldiers near a gold-rich mountain in southern Philippines, police said on Sunday.

The kidnapping on Saturday of a regular soldier and a pro- government militiaman in Mindanao's Compostela Valley province happened just several days after New People's Army rebels freed four government troops they had seized in the same province last May, Senior Superintendent Aaron Aquino, provincial police chief, told Xinhua by cellphone.

Aquino said some 30 rebels put up a checkpoint along a mountain road in Upper Ulip village, Monkayo town at around 8 am, flagging down motorists bound from and to the gold-rich and rebel-infested Mount Diwalwal, inspecting identification cards and cargoes. He said the suspects arrested army Staff Sergeant Bienvenido Arguilles and Citizen Armed Forces Geographical Unit (CAFGU) member Job Latiban who were on their way to an army detachment in Diwalwal on a motorcycle. "The group took along with them the two soldiers and withdrew to a forested area in the same village. Army and police troops are now conducting an operation to locate and rescue the kidnapped soldiers," Aquino said.

The 5,000-strong NPA, armed wing of the Communist Party of the Philippines, has been known to kidnap government troops in its 41-year-old insurgency in the Philippines.

The leftist group has already abducted over a dozen soldiers, police and militiamen in Compostela Valley alone in the last 10 years, with the rebels accusing their "prisoners of war" of committing rights abuses against civilians.

<http://english.people.com.cn/90001/90777/90851/7031515.html>

- **Environmental front**
- **Philippines' Taal volcano showing signs of unrest**

Tourists have been banned from a misty, picturesque island in a crater lake south of Manila because volcanic activity detected there could precede an eruption, scientists said Tuesday. Rising magma under Taal volcano was increasing volcanic earthquakes, detectable only by instruments, and raising the temperature of the lake, said volcanologist July Sabit of the Philippine Institute of Volcanology and Seismology.

The island's 5,000 residents should prepare for a possible evacuation, Sabit said. Taal, about 45 miles (75 kilometers) south of Manila and one of the Philippines' most-visited sites, is off-limits to tourists as of Tuesday, he said.

The volcanology institute issued a level 2 volcanic alert out of a possible 5, indicating that "the volcano is undergoing magmatic intrusion which could eventually lead to an eruption."

Seismographs recorded 32 volcanic earthquakes in just 24 hours ending early Tuesday. There also has been a "significant" rise in the temperature of the crater lake, in addition to increases in dissolved chemicals associated with volcanic rocks, the institute said.

Taal island, most often reached by wooden boat, is a favorite destination among tourists who marvel at the site of a volcano rising from the middle of a lake.

Some residents work as tourist guides, but most fish and farm.

Rene Mendoza, chief of Tabla village — one of five villages on the island — said some women and elderly residents left because of the institute's warning, but most people are staying put. Most families on the island volcano own motorized outriggers they can use if an evacuation is ordered.

The volcano has erupted more than 30 times since the 16th century. An eruption in 1911 killed nearly 2,000 people. A mild eruption in 1977 caused no damage or injuries.

<http://www.kyivpost.com/news/world/detail/70283/>

## **Thailand**

- **Political Front**
- **Political turmoil may shave one percentage point off of SMEs**

The Office of Small and Medium Enterprise Promotion is prepared to chop the growth

target for small and medium-sized enterprises (SMEs), as one-third of the entities are in the service sector, which was hit the hardest by the political turmoil.

Director-General Yuthasak Supasorn said that the political impact could shave 1 percentage point off the growth target for SMEs, from the original target of 3.8-4.2 per cent. The rest of the SMEs are in the trade and manufacturing sector, which are benefiting from the global economic recovery and the government's stimulus package, Yuthasak said.

SME export income this year is expected to grow 15-16 per cent, from Bt1.6 trillion in 2009, which accounted for 31 per cent of national export income. According to the office, the economic size of the SMEs, covering 2.83 million entities and 8.9 million workers, stood at Bt3.4 trillion in 2009, or 38 per cent of national GDP.

The fact that most SMEs are staying in the "safe zone" explains why all commercial banks maintain optimistic views in growing SME loans. Despite the turmoil, most banks foresee bigger growth in lending to SMEs, which at some banks are attributable to the low base last year. As most of their target clients are only slightly affected by the turmoil, they also see no point in changing the target industries.

Kasikornbank targets SME loans to expand 810 per cent to Bt392.2 billion at the end of this year. At Siam Commercial Bank, the growth rate of SME loans - which now account for about one-fourth of the total loan portfolio - is expected to be 47 per cent.

While Bank of Ayudhya expects an 8-per-cent growth rate, the most active in this area could be TMB Bank and CIMB Thai Bank, both of which target a 25-per-cent growth rate. TMB aims to lend Bt20 billion this year to raise its outstanding loans to Bt100 billion. CIMB will lend Bt3 billion more to raise its SME loans to Bt15.15 billion this year. Tisco Bank, which focuses evenly on loans to car dealers and commercial vehicle buyers, sees the possibility of growth rising by 15 per cent. Notably, its SME loans accounted for only 5 per cent of the Bt120-billion loan portfolio last year.

These banks also see no change in the target industries, though some, like CIMB, put hotels on the list of target industries.

Kasikorn Research Centre estimated that the turmoil could cost Bt130 billion in economic damage, and tourist arrivals would drop 8 per cent on year to 13 million. Most of the victims are those in the service sector. "Hotels in prime destinations like Phuket are doing fine," said CIMB Thai Bank senior executive vice president Surachai Chitratsenee, chief of the SME Banking Group.

"This year, we focus more on companies that are exporting to other Asean countries and importing to cash in on the regional network of the parent company. As some in Malaysia and Indonesia are exporting to Thailand, there are some Thai companies exporting to

these countries. We help capture trade between these companies. Our regional desk meets on a regular basis for this information sharing," Surachai added.

Pakorn Partanapat, executive vice president of KBank, said that the bank's target industries are in the energy sector, as companies stand to benefit from the Small Power Producer and Very Small Power Producer schemes; construction materials and construction thanks to the Thai Khemkhaeng economic stimulus package; healthcare due to the government's support as well as growing health concern; telecom on expectation that 3G investment will be rolled out as well as fast development in the telecom industry; and agriculture, thanks to the higher prices and higher export volume.

At TMB, electronics and electrical appliances, food and beverages, automobiles and chemicals-plastic are the key target industries. Target companies are those with annual sales revenue of Bt100 million to Bt500 million.

"There is no change in the overall outlook, as the overall economy and exports are buoyant. Problems on loan repayment should be clearer in the next one to two months," Poomchai Wacharapong, BAY's head of SME Banking, concluded.

<http://www.nationmultimedia.com/home/2010/06/13/business/Political-turmoil-may-shave-one-percentage-point-o-30131464.html>

- **Govt to decide on amnesty, emergency**

"The review is underway and the Centre for the Resolution of the Emergency Situation [CRES] needs to hold a brainstorming session in order to come up with recommendations deemed beneficial to the country in the long run," he said.

Pending completion of the CRES report, the Cabinet will debate and decide on whether to grant amnesty to the red shirts and whether to lift or scale down the state of emergency, he said.

At a meeting on Tuesday evening, Suthep instructed CRES to map out its recommendations. Since April 7, the government has declared the state of emergency four times in 24 provinces, including Bangkok.

According to the first declaration, the emergency rule should expire on July 7 and the government has until then to make a decision on whether to continue, lift or scale down the decree. At present, some 300 to 400 red shirts are in detention for violating the emergency rule and many are not linked to terrorism.

The authorities have the right to prosecute these suspects whether or not the state of emergency is reinforced, though the legal proceedings would hinge on whether an amnesty was granted.

<http://www.nationmultimedia.com/home/2010/06/17/politics/Govt-to-decide-on-amnesty-emergency-30131780.html>

- **Thai PM Vejjajiva vows national reconciliation**

The Premier has said he recognised the grievances of thousands of largely rural anti-government protesters and would do his best to

Thailand's Prime Minister Abhisit Vejjajiva delivers a speech to an audience of domestic and foreign investors during 'The Prime Minister Meets Investors' event at Muangthongthani in Bangkok yesterday.

The government's meet with investors was to reinforce confidence in Thai politics and the economy Thai Prime Minister Abhisit Vejjajiva told foreign investors yesterday his government would strive to work towards national reconciliation after recent bloody unrest and would do its best to protect their investment.

Abhisit told a business luncheon he recognised the grievances of thousands of largely rural anti-government protesters who were forced by soldiers last month to end a rally that had effectively closed down Bangkok's main shopping district for weeks.

"As we walk the path of reconciliation, let me underline that we are not ignoring the prevailing disparities and the fact that many provinces have yet to enjoy the pace of development and economic opportunity," he said.

"Let me emphasise that we are always giving our best efforts in ensuring the continuity and safety of foreign businesses and investment in the country."

Soldiers moved in to disperse the "red shirt" protesters from their fortified encampment in central Bangkok on May 19. In all, 89 people were killed and about 2,000 wounded during the protests, which lasted over two months and raised fears about stability and growth prospects in Southeast Asia's second-biggest economy.

Despite such concerns, data from the Board of Investment shows foreign investment pledges rose 108% to 86.3bn baht in the first five months of 2010 from a year earlier. Of that, 33bn came from Japan, Thailand's biggest foreign investor.

Abhisit said his government would try to pacify rural Thais in north and northeast Thailand who support exiled Prime Minister Thaksin Shinawatra, ousted in a military coup in 2006.

"We recognise that some have been led to believe they are disenfranchised and that our parliamentary system does not offer them sufficient representation," he said.

The prime minister said his decision not to lift a state of emergency, imposed since April, after pro-Thaksin protesters left Bangkok was intended to ensure a smooth return to normal life and should not hurt businesses.

"We still have the emergency decree in place to make sure that we do not see further incidents of unrest and criminal behaviour, and to ensure that the law is respected," he said.

“Let me underline that keeping this decree in place in no way interferes with the business interests of investors, or impinges on the civil liberties of anyone in Thailand.”

Recent data showed Thailand’s economy remained buoyant and sound despite the turmoil, Abhisit said, referring to 12% economic growth in the first quarter from a year before, the strongest growth rate in 15 years.

Abhisit said the government had set a target to achieve 6% growth this year.

Separately, Bank of Thailand Deputy Governor Bandid Nijathaworn told reporters yesterday the economy was expected to grow further in the second half as the global economy recovered and Thai interest rates remained low.

But he said the economy still faced risks from the euro-zone debt crisis, drought and a reeling tourist industry, hit by the political unrest. Reuters

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=369065&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=369065&version=1&template_id=45&parent_id=25)

- **PM needs to pacify reds in rural areas**

Although Prime Minister Abhisit Vejjajiva is stepping up fence-mending efforts, he should be cautious because by next year his olive branches may end up being like thorns that harm him rather than a crown of laurels to add to his legacy.

In the face of deep-rooted animosity, Abhisit has no choice but to fight an uphill battle to bring about reconciliation. Should he fail in his task, his survival is the least of the looming problems. The country may once again plunge into the turmoil with violence and cruelty on a scale surpassing the recent unrest. The crucial issue is whether the reconciliation process can and will progress to a sufficient degree for a fresh election to be held next year.

The end of the red-shirt rally brought about a stop to terrible carnage but did not resolve the political polarisation. The social divisions persist and the government and its opponents remain steadfast in wanting to defeat the other.

If the country is to have a fair chance of overcoming its polarisation in a peaceful manner, then it is imperative that an election is held in order to heed the people's voice.

But Abhisit's dilemma is the prevailing climate is not conducive for all sides to campaign for votes. He is obligated to ensure the holding of a free and fair poll, otherwise street protests might resume with a greater fury and vengeance because there is no alternate way to settle the irreconcilable differences between the government and the opposition.

Parties concerned seem to have reached a similar conclusion, that a snap poll within this year is out of the question. And the pressing issue is: Will the situation improve next year to pave the way for a fresh ballot? If Abhisit fails to pacify the political colours, the

prospect of holding an election anytime next year is dim. And delays to a vote, if allowed to happen, could bring dire consequences to the government and the country.

Despite the fancy jargon and a myriad of independent panels mentioned in the reconciliation road map, the crux of the matter is the government must try and succeed in reasoning with the red shirts, particularly those in rural areas, who bear a grudge for the recent bloodshed. The report of the Kanit na Nakorn panel on truth and reconciliation and the outcome of judicial proceedings on terrorism charges might not be completed in time to shed light on the unrest before a vote is held.

In order to thwart an eruption of campaign violence, the government has to find a way to reach out to the upset reds and rectify their distorted view on culpability of the security forces in the unrest.

Failing to mend relations with the reds in rural areas will spell doom for the government. Abhisit ought to know his priority; if he is to succeed in steering the country forward, he has no other option but to pacify, or at least neutralise, them so they don't fall prey to agitation instigated by ex-premier Thaksin Shinawatra and his cohorts. Thaksin and the opposition Pheu Thai Party stand to gain so long as they can continue driving a wedge between the government and the red shirts. Their goal is to force a collapse of the Democrat-led coalition by any means. The longer the reds bear a grudge against the government, the easier it will be for the pro-Thaksin camp to wrestle power from the Democrats. Abhisit is racing against time to utilise his communication skills to convey the right message to the reds. The planned reforms, designed to tackle the political predicament, could take years to complete. But the fresh elections must take place by next year if the country is to avoid a repeat of the unrest.

<http://www.nationmultimedia.com/home/2010/06/15/politics/PM-needs-to-pacify-reds-in-rural-areas-30131610.html>

- **Reconciliation will have its price**

Jack Nicholson often comes to mind when a circumstance arises that makes people feel they need "the truth". "I want the truth!" Tom Cruise, as Lt Daniel Kaffee, demands of Nicholson, who plays Col Nathan Jessep in *A Few Good Men*. "You can't handle the truth!" Col Jessep shouts back.

The 1992 court drama may have failed to win any major awards but Nicholson's "truth about truth" speech has lived on as one of the greatest American movie quotes of all time. We generally believe that the truth will set us free. We generally believe that honesty is a good thing. But do we really know the nature of truth (or should it be "truths")? Do we know its limits? Its liberating power? Its brutality?

At the moment, the only truth at hand - in all its undeniable, clear and cruel glory - is the

independent committee to look into the violence of April and May headed by former attorney-general Kanit na Nakorn, who is in for a thankless job.

The panel is tasked with a mission impossible (which includes a probe into the conduct of the sitting Prime Minister and Deputy Prime Minister in charge of security) whose result is likely to infuriate everyone while satisfying no one.

Considering the general mood of society, engrossed so deep and narrowly in the politics of division, everything that the committee comes up with will be interpreted accordingly - either it is for or against the government and the red shirts. For many people, no other perspective is meaningful. They have already chosen sides and they need the kind of "truth" that confirms their belief, not contradicts it. For these people, the process of establishing the truth is simple. Anything that is against the truth of their conviction is an untruth.

There is no room for anything in between.

After all, the United Front for Democracy against Dictatorship and the opposition Puea Thai Party which are party to the conflict to be investigated, have already rejected the choice of Mr Kanit as head of the commission on the grounds that the former attorney-general is not "impartial" enough.

Such an auspicious start for the "Mission: Impossible" commission!

Amid an atmosphere of intense partisanship, it looks like there is very little room for the Kanit committee to establish its "truth" (and that is assuming that the commission can find it) unless of course the panel can support the truth with some solid, knockout, brand-new evidence.

But then again, while there has been much evidence in terms of photos and VDO clips, there has been no hard evidence so far that can pinpoint who was doing what for whose interests during the gun-battle chaos of April 10 and the smoke-filled mayhem of May 19. Under the circumstances, what new information can the Kanit commission come up with that will convince people who haven't decided what to believe and even more so, sway the opinion of those who have already made their judgement about what was true?

The only hope that the committee, whose full board of another 15 members should be filled in a week or so, has rests with the testimony. However, the truthfulness of a testimony is always linked to the issue of amnesty. If the Kanit commission is to have the power to subpoena people to testify before it, it should be authorised also to grant selective amnesty to people it views as deserving of a pardon. The eligibility for an amnesty should apply, whether they are victims or perpetrators of violence. It probably does not sound right or justified to many people and that is one reason why there has been an uproar in many quarters against a proposal by the Department of Special

Investigation to grant amnesty to red shirt protesters who broke no other laws but the emergency decree for public gatherings.

But if we want to seek the truth, absolution may be the price to pay.

From the looks of it, Mr Kanit is probably wary of the intricacy of truth. His commission, he said, will not be about finding fact or identifying who was right and who was wrong. Its findings should be geared more towards laying the groundwork for national reconciliation. Promoting forgiveness, Mr Kanit said, is more important than placing blame.

One can only hope that the new head of the Mission: Impossible commission realises that as long as so many people can't handle the truth, then reconciliation can't be forged. This is not to say that forgiveness will remain ever so elusive.

<http://www.bangkokpost.com/news/local/38778/reconciliation-will-have-its-price>

- **Thailand to send arrest warrant against Thaksin to 187 countries**

Thailand's deposed prime minister Thaksin Shinawatra gives a traditional greeting at a press conference in Bangkok, capital of Thailand, Feb. 28, 2008. (Xinhua File Photo)

Copies of Thailand's court arrest warrant for convicted ousted former Thai premier Thaksin Shinawatra on terrorism charges will be sent to police in 187 countries, the Bangkok Post's website quoted a senior Thai official as saying on Tuesday.

Speaking after a meeting of representatives from three concerned agencies to discuss means to get Thaksin's extradition, Department of Special Investigation (DSI) director-general Tharit Pengdit said the authorities have stepped up joint efforts to extradite Thaksin back to Thailand.

The Royal Thai Police Office's foreign affairs division will circulate the warrant as Thailand's Office of the Attorney General (OAG) will contact its counterparts overseas. The Thai Foreign Affairs Ministry will coordinate their efforts, Tharit said.

The countries to be notified of the warrant include Montenegro, where Thaksin now has citizenship, Tharit said.

Tharit said he could not set a time frame for Thaksin's extradition since this would depend on how those countries respond to Thailand's request.

Thaksin was ousted by the military coup in September, 2006, in accusation of massive corruption, and kept in exile since then. Thaksin returned to Thailand in February, 2008 to face corruption charges, but he later fled into exile again and was convicted in absentia.

<http://english.people.com.cn/90001/90777/90851/7007792.html>

- **Economic front**
- **Thai exports hit 22-month high in May**

Thai exports rose for a seventh straight month in May from a year earlier, hitting the highest level in almost two years in a welcome boost to the protest-hit economy, official data showed Friday. Shipments soared 42.1 per cent in the month to 16.6 billion dollars, the most since July 2008, as exports of key commodities such as rubber gained significantly, the commerce ministry said.

Imports rose 55.1 per cent by value, lifted by increased demand for fuel and higher energy costs. Thailand posted a trade surplus of 2.2 billion dollars for May, after a deficit of 266 million dollars in April. The Thai economy, in particular its vital tourism sector, has seen its growth stunted by two months of anti-government protests in Bangkok that resulted in several outbreaks of deadly violence. But strong overseas demand has cushioned the blow. For the first five months of 2010, exports rose 34.5 per cent from a year earlier to 75.0 billion dollars. - AFP/jy

[http://www.channelnewsasia.com/stories/afp\\_asiapacific\\_business/view/1064110/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1064110/1/.html)

- **Abhisit: Corruption root of problems**

Corruption rests at the roots of Thailand's current political problems and public resentment about social and economic gaps within the country, says Prime Minister Abhisit Vejjajiva. "[Corruption] can destroy what is already good," he said. "It can destroy society and contribute to many other problems." Even though we have systems and laws and organisations dedicated to countering corruption, it remains a long-standing problem. "Speaking at a conference on anti-corruption efforts, Mr Abhisit said persistent corruption contributed to some parts of the society giving up hope of any solution at all, while imposing added costs throughout the economy.

Public corruption resulted in added waste and the procurement and delivery of goods and services ill-matched for the country's needs at the expense of taxpayers.

Transparency International ranked Thailand 84th out of 180 countries in its 2009 Corruption Perceptions Index, tied with El Salvador, Guatemala, India and Panama. In contrast, Thailand ranked 84th out of 179 in 2007 and 63 out of 163 in 2006.

Mr Abhisit said corruption eroded the country's moral and ethical fibre, starting at the very top with the political system. "Corruption is a fundamental problem for our democracy. Every time there has been a coup, the coupmakers have used corruption as a justification," he said. Corruption directly contributed to today's public discontent with the social, economic and political imbalances within the country, he said.

Addressing the problem means not only enforcing the laws more seriously but also ensuring sufficient salaries within the civil service, instilling morals and a sense of civic duty among staff, department heads and leaders, he said. Among government agencies, the Customs Department ranks highest in terms of complaints filed regarding corruption.

Mr Abhisit said one problem was the considerable discretion wielded by customs officers in determining the taxes or procedures required for a given case.

In some cases, traders have been penalised despite the fact that they followed the recommendations made by customs officials themselves. Mr Abhisit said the Finance Ministry was in the process of scrapping a long-standing practice of paying special bonuses to staff for fines levied against the private sector, as the system actually encouraged distortions and contributed to corruption.

Somchai Sujjapongse, the director-general of the Customs Department, said he was committed to improving transparency within the department.

A high-level working group, comprised of industry leaders and outside experts, was set up last year by Dr Somchai to give advice on how to improve the efficiency and transparency within the Customs Department.

Department heads recently were made to sign pledges vouching for the actions of their staff and certifying their own responsibility over the actions of their subordinates. The e-Customs system has also been expanded to improve transparency and reduce the discretion of customs officials in processing cases. Standard operations, such as container inspections, will also be benchmarked with the goal of completing work within 30 minutes, rather than one or two days.

<http://www.bangkokpost.com/business/economics/38898/abhisit-corruption-root-of-problems>

- **Thai economy to grow by 4% to 5%: top banker**

Thai economy is expected to expand by 4 to 5 percent in 2010, despite affects by the financial crisis in Europe, the Bangkok Post's website quoted a top banker as reporting on Monday. Prasarn Trairatvorakul, chairman of the Thai Banks Association (TBA), said on Monday that the country's exports would continue expanding and it would be a key engine to boost the Thai economy.

Prasarn, who is also the president of Kasikornbank Plc (KBANK), predicted that the lending by Thai commercial banks is expected to grow by 6-8 percent in 2010. He said that even though the growth in loans approved had slowed in recent months due to the political unrest, commercial bank lending continued to substantially increase with the back of economic recovery.

<http://english.people.com.cn/90001/90778/90858/90863/7026645.html>

- **Thai PM says economic growth may fall to 6% in Q2**

Thai Prime Minister Abhisit Vejjajiva said here on Sunday that Thai economy may grow at 6 percent year-on-year in the second quarter as compared with 12 percent in first

quarter.

It is the loss to the economy by the recent political unrest that started in March, said Abhisit when meeting the press on the sideline of the ongoing 19th World Economic Forum (WEF) on East Asia.

Thailand registered one of the world's fastest growth rates in the first quarter. It implied the strong momentum of Thai economy, said Abhisit. Abhisit admitted the political instability has hurt the foreign tourist arrival and the tourism sector, a backbone industry of the country.

The performance of Thai economy in the second quarter and the rest of this year will much depend on how Thailand brings back tourists and investors, he said.

Abhisit said Thailand is fixing damages caused by the recent political unrest as swift as possible. The government is targeting sectors affected and offering compensation packages to shops and employees. Abhisit said Thai government's stimulus policy will be implemented throughout this year and possibly for the next two years. The country will continue to improve infrastructure. "Despite political differences in Thailand, Thai parties and Thai peoples are always committed to a market economy and open up," said Abhisit.

<http://english.people.com.cn/90001/90778/90858/7014498.html>

- **Thailand's Exports Climb the Most in Almost Two Years**

Thailand's exports rose the most since July 2008 as the global recovery boosted orders, helping to offset the economic fallout from the political unrest in April and May.

The Bank of Thailand said this week the impact from the nation's worst political violence in almost two decades has been "limited" on the economic rebound, and that it may be the "appropriate" time to raise interest rates. Companies including Stars Microelectronics Thailand Pcl expect revenue to increase this year on higher demand.

"Exports remain strong, which will help support the whole economy," Thanomsri Fongarunrung, an economist at Phatra Securities Pcl in Bangkok, said before today's report. "The economy in the second quarter will be affected in some industries, particularly tourism, but shipments and local spending should help boost growth."

The government may raise its 2010 export-growth target from the current 14 percent, after evaluating the June trade data to gauge the impact from Europe's debt crisis, Porntiva said today.

#### Global Recovery

"The export performance so far is very good," she said. "The global economy has recovered, including the U.S., Japan, China" and Southeast Asia.

Thai consumer confidence rose for the first time in four months in May on optimism the nation's economic recovery won't be derailed by anti-government protests that ended last

month. Prime Minister Abhisit Vejjajiva is working on a reconciliation plan after the demonstrations led to clashes and riots, claiming 89 lives in two months. A state of emergency is still in place in many provinces, including Bangkok, to maintain order.

The tourism industry may recover within six months, based on its performance after previous crises, and the broader economy will improve in the third and fourth quarters, aided by the global recovery and an easing of fiscal and monetary policy, Deputy Governor Bandid Nijathaworn said today in Bangkok.

“The need for us to use the extremely accommodative monetary policy will be lower,” Bandid told reporters. The central bank will assess economic data and inflation pressures before reviewing its interest rate policy on July 14, he said.

#### Rate Increase ‘Possible’

The central bank on June 2 kept its benchmark interest rate at 1.25 percent, the lowest level since July 2004. Still, Assistant Governor Paiboon Kittisrikangwan said “it’s possible” for Thailand to consider raising the rate at the next meeting if the nation’s political problems and Europe’s debt woes ease to an “appropriate level.”

Imports climbed 55.1 percent in May, the sixth consecutive month of gains, as the economic recovery boosts demand for raw materials and consumer goods. The nation reported a trade surplus of \$2.21 billion, compared with a \$266 million deficit in April.

The Thai baht was little changed at 32.41 per dollar as at 12:03 p.m. local time. It has climbed 2.7 percent this year, the third-biggest gainer in Asia.

Thai exports grew 34.5 percent in the first five months of the year, the ministry said. Sales to the U.S. gained 26.7 percent in May, accelerating from 12.5 percent in April, while shipments to Europe rose 19.3 percent, up from 15 percent. Exports to China jumped 39.4 percent compared with a 26.9 percent increase in April.

<http://www.businessweek.com/news/2010-06-18/thailand-s-exports-climb-the-most-in-almost-two-years-update3-.html>

- **Thai economy 'thriving'**

THAILAND'S economy is thriving despite the recent political unrest, with unemployment at an almost record low.

But the falling euro may hurt tourism further, Finance Minister Korn Chatikavanij cautioned at a working lunch with editors and correspondents from Asia News Network.

Tourism - worst hit by the recent political violence - accounts for about 6 per cent of Thailand's gross domestic product (GDP). The conflict has shaved about 1 per cent off GDP growth estimates for this year - from 7.5 per cent to 6.5 per cent.

The slumping euro could also dent the economy's main driver - exports, Mr Korn said. But its impact there may be limited by the fact that about 30 per cent of Thailand's trade

is within Asean, and only 10 per cent to 11 per cent with euro zone countries.

The minister - a former investment banker - said the political violence that crippled Bangkok from April to May had come at a 'disappointing time'. The first quarter of the year had seen a strong rebound from early last year, with GDP growth for the quarter at 12 per cent.

But Mr Korn said that the economy's strength also meant 'the crisis hit us when we were economically at least able to absorb the impact'.

[http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory\\_539640.html](http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_539640.html)

- **Social Front**

- **Amnesty calls on Thai premier for fair probe into crackdown**

Rights group Amnesty International called on Thailand's prime minister yesterday 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. AFP

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=367779&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=367779&version=1&template_id=45&parent_id=25).

- **Environmental front**

- **Thailand rejects climate draft**

Its stance was in line with major developing countries under G77, plus China. The text, tabled here in talks on the United Nations Framework Convention on Climate Change (UNFCCC) which ended on Friday, was seen as "imbalanced" by developing countries including Thailand. They felt the mitigation burden was being shifted to fall on their shoulders.

Their decision not to adopt the text could hinder efforts to pave the way for serious negotiations in the new round of climate change talks in Cancun, Mexico, at the end of this year.

On behalf of the group, Yemen's ambassador Abdullah Alsaïdi urged Margaret Mukahanana-Sangarwe of Zimbabwe, who chaired the meeting, to restore balance in the text. "The group is dismayed that the advance draft of a revised text you produced, madam, is imbalanced," said Mr Alsaïdi, adding that the group stressed the fact that the work must be "open, party-driven and transparent".

More than 180 parties have met in Bonn over the past two weeks to help craft the new text after their last gathering in Copenhagen in December failed to adopt concrete actions, yielding just a political intent letter called the Copenhagen Accord. It lined up controversial new greenhouse gases (GHG) mitigation burdens for developed and developing countries, adaptation proposals, as well as those regarding financial and technology transfers.

These key elements had been integrated into the new draft text by Ms Mukahanana-Sangarwe by a long-term cooperation working group before being tabled for the parties to consider. Sangchan Limjirakan, an adviser to the Thai natural resources and environment minister, said the text was incomplete and notably lacked balance.

"It is not only not in line with the principles and provisions of the [climate] convention but also not within the direction already given under the mandate of the Bali Action Plan," she said. The Bali Action Plan calls for comparable efforts to end greenhouse gas mitigations, adaptation, as well as technology and finance transfer.

Ms Sangchan said the new draft saw the GHG mitigation burden critically shifted to developing countries as the task to reduce the gases in the long term was not specifically addressed to the parties involved, meaning developing countries had to bear the shared burden with developed countries. Under the convention, developed countries are acknowledged as taking the lead, although several have made no commitments to cut gases yet. "The text is not based on scientific evidence despite the fact that the convention is science-based," Ms Sangchan said.

Bolivian ambassador Pablo Solan, whose country has taken an active stand on behalf of developing countries, said the accord has eliminated almost all of the options for

negotiation."How are we going to negotiate if we have an imbalanced text?" the ambassador said.

"The role of the referee is to put a ball in the game. But what we have seen is the chair producing a text which reflects her understanding, not the parties."He said the situation was very critical if the document was to produce an outcome in Cancun.

The UNFCCC meanwhile said progress was made at the meeting as it helped at least to flesh out the specifics of how a climate regime can work in practice."A big step forward is now possible at Cancun in the form of a full package of operational measures that will allow countries to take faster, stronger action across all areas of climate change," said Yvo de Boer, the UNFCCC's outgoing executive secretary.

<http://www.bangkokpost.com/news/local/38772/thailand-rejects-climate-draft>

### **Cambodia**

- **Geo-strategic Front**
- **Premier Hun Sen Profits from Suppression and Aid**

Cambodian Prime Minister Hun Sen is savouring another victory. His latest triumph: a string of verdicts against an outspoken female opposition lawmaker, Mu Sochua, who had accused him of making derogatory remarks about her.

His target, however, refuses to be silenced even after her latest showdown with Hun Sen, who celebrated 25 years as the South-east 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 also put the country's judiciary on trial.

The superior court's verdict on Jun. 3, including a fine of 16.5 million riels (4,000 U.S. dollars), 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 told IPS during 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 Khmer, where he referred to her as "cheung klang" (meaning "strong legs"), a demeaning term for women in the country.

But the powerful leader of the Cambodian People's Party turned the tables on the

parliamentarian from the Sam Rainsy Party. 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 defamation case Mu Sochua had first 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 to an end decades of bloody conflict. 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 Jun. 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 1.1 billion U.S. dollars in aid for this year, up from last year's 950 million dollars.

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 and protection of human rights and public administration reform.

That little had changed over the years was highlighted by a coalition of non-governmental organisation (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 South-east 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 1.2 billion dollar 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 Uighur refugees from Xingjian, a province in north-west China. Both the United Nations and the United

States criticised the expulsion, saying it violated international refugee law.

The Uighurs 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 Centre 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 United States and the World Bank, fear that if they walk away, China will consolidate its control, leaving Western donors "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.ipsnews.net/news.asp?idnews=51766>

- **The Mekong Delta nations**

The Mekong River transverses a far larger region than the Indus, with its Delta serving many more nations than those in the northwest portion of South Asia. Other than China, the main beneficiaries of the 7th- largest river of Asia are Laos, Myanmar, Cambodia, Thailand and Vietnam. One-third of a population of about 350 million live below the poverty line in the "Greater Mekong Sub-region" (GMS).

The countries joining ASEAN later are Indonesia, Malaysia, the Philippines, Singapore, and Brunei Darussalam. The most advanced economy, Singapore, is almost 80 times richer than that of the least-developed, Myanmar. Its population of 4.7 million is 50 times smaller than that of Indonesia's 230 million. Singapore annually draws \$5,000 per capita in attracting foreign direct investment (FDI). In contrast, Myanmar manages only \$6. Cambodia is listed at 110 in the World Economic Forum (WEF) Global Competitiveness Index, which places Singapore at number three. ASEAN countries, and many of their Asian neighbours, started to liberalise trade in the 1980s and 1990s and become more integrated into world trade.

The bulk of trade growth volumes in the region depends on "processing trade," that of intermediary products, parts and components. The production chain relies on these being manufactured in different countries before being imported into third countries for labour-intensive assembly and then being shipped to destination markets including the US, Europe and Japan. Many such operations take place in China and supply chains reach

back into some of the ASEAN countries. This cross-country supply chain emphasises the importance of trade facilitation by member countries as it reduces trade costs, which accumulate as goods travel across borders.

There is need for governments to enhance border procedures and documentation for international trade, and commensurately to monitor and control the movements across borders. Their inadequacy is presently the major impediments of trade. The leaders present in the WEF's East Asia Summit from June 4 to 6 in Ho Chi Minh City (formerly Saigon) seem to recognise regional integration.

A lively panel discussion saw the Prime Ministers of Cambodia, Laos, Myanmar, Thailand and Vietnam agreeing that to derive prosperity from the Mekong River they must balance common goals of economic growth and protect their natural resources. Any development of the GMS would have to be environmentally responsible and sustainable, with key priority given to poverty reduction.

Vietnamese prime minister Nguyen Tan Dung articulated the key challenges of the GMS countries as being: (1) at the national level, what adjustments to existing development models are required in order to maintain high and sustainable economic growth rates? (2) at the regional level, how can inter-regional relationship be promoted to provide strong support to economic development, and to serve as the basis for the increasingly important role of East Asia? and (3) at the global level, what role(s) and responsibilities should East Asia take with regard to world issues?

The Vietnamese prime minister claimed that Vietnam has moved out of the group of least-developed countries. People's lives had certainly improved, and political stability was evident in the country, and much more needed to be done. Vietnam's second largest city (after Hanoi) is a surprise. Swarms of motorcycles overwhelm four-wheel vehicles and for pedestrian zebra crossings do not count for anything. Metered taxis are cheap compared to those in other countries, \$8 from the Airport for a 50-minute ride downtown. There are no signs (except in carefully kept museums) of the ravages of the war that held Vietnam (and the adjacent countries of Laos and Cambodia) hostage in its grip for more than 40 years in the mid-20th century. FDI is playing an important role in the nation's economic success. With average minimum wages around \$70-100 per month (compared to \$150-200 in China), labour-intensive industries are shifting to countries like Vietnam, Laos and Cambodia.

GMS countries must maintain a right balance between providing social welfare and stimulating investment and consumption for future growth, with the young working population having high expectations. Households must be protected from sickness and unemployment. Asia's consumers are spending more because they have become rapidly

wealthier, but Asia lags behind in terms of social protection despite socialist economies in many countries.

Nothing symbolises investor enterprise in GMS more than Ocean Garments Limited (OGL), a garment manufacturing venture of the Bangladeshi Sunman Group owned by Maj (r) Mannan. It is an evidence of his business sagacity and foresight that he employed 3,000 factory workers in Phnom Penh, Cambodia. My good friend of nearly half-a-century (our relations reaching back to May 14, 1964 Pakistan Military Academy, Kakul), has taken advantage of factors like low wages, no quotas and incentives.

A significant fact contributing to the success story is an experienced and dedicated team led by OGL country manager Mamunar Rashid, averaging almost eight years service in Cambodia. It was a learning curve to see good management in action to save costs. For example, the cost of electricity was saved by producing their own at 20 per cent of the government's tariff. The designer clothes being manufactured were a treat to watch, It was especially gratifying that 100 per cent of the textiles used were of Pakistan origin.

Maj Mannan had the vision to invest in Cambodia as far back as a decade ago when that was not considered a good idea. He also has garment factories in Mauritius and Madagascar, and is now setting up a motorcycle plant in Bangladesh with technicians from Pakistan! A significant historical fact for this enterprising former parliamentarian is that 12 centuries ago a Bengali Hindu kingdom was established in Angkor Wat. Expelled by Asoka from Orissa and Bengal, the Bengalis ruled Cambodia and adjacent areas for almost 600 years before they were ousted by the Khmers, who in turn were defeated by the Thais. The Thais were ultimately defeated by the Khmers in the 16th century. The city that once housed almost a million people came to be known as Siem Reap (Thai Defeat).

I was privileged to be received in Cambodia by Chantol Sun, the senior minister in Prime Minister Hun Sen's cabinet. Chantol has been a WEF Global Leader of Tomorrow (GLT) in the mid-90s, the forerunner of the WEF's Young Global Leaders (YGLs). Understandably, he brushed aside the threat of constant labour action by the many disparate unions in Cambodia. Conceding that the management faced stress and strain, he maintained that there was always a solution. OGL is clearly profitable, but labour problems remain to keep away potential investors.

There was no major delegation from China at the WEF's East Asia Summit. However, its maturity as a responsible upper-riparian state in dealing with the nations on its periphery was very much evident. India can draw a lesson from how China treats its neighbours, and refrain from using water as a weapon. Giving respect and leaning backwards in being considerate to its neighbours, China gets loads of it in return from the GMS

countries. That is the essence of the Mekong Delta, the regional countries have chosen cooperation over conflict.

<http://www.radioaustralianews.net.au/stories/201006/2930106.htm?>

- **Economic Front**
- **Chinese businessmen visit Cambodia to seek investment opportunities**

A delegation of Chinese businessmen on Wednesday met with Cambodian business people for investment opportunities and local business partners, aimed at strengthening trade cooperation between the two countries.

The Chinese delegation, consisting of around 80 business people from 50 companies of Guangzhou, the capital city of China's Guangdong province, met with more than 100 Cambodian business people headed by Kith Meng, president of Cambodia Chamber of Commerce (CCC), on Wednesday at Naga World Hotel.

Yu Ruheng, vice president of the China Council for the Promotion of International Trade Guangzhou Council, said that trade volume between Guangzhou and Cambodia has increased by 1.8 percent to 3.78 million U.S. dollars in 2009 from 3.71 million U. S. dollars in 2008. In the first four months of this year, the two-way trade between Guangzhou and Cambodia rose by a year-on-year 46.31 percent to 1.35 million U.S. dollars. "This shows a very good surging point due to the strong relationship between Cambodia and China; However, the trade volume is still small, meaning that we have a lot of room to grow," he said. "I do hope that Guangzhou will be able to expand its trade volume for trade cooperation with many other ASEAN's countries including Cambodia to achieve the great outcome."

Goods Cambodia imported from Guangzhou are machinery, electronics, furniture, light products, medicine while Cambodia's main exports to Guangzhou are agricultural products, fishes, and timbers. Yu Ruheng also promised to invite Cambodian companies to join all trade fairs in order to take market share in Guangzhou and other markets in China.

Kith Meng during the meeting said that it is the right time that they observed investment opportunities in Cambodia because now Cambodia has gained full peace and stability. And investment environment is favorable for investors, especially, Cambodia has low cost of labor. "By combining China's experience in developing manufacturing industries, in combination with an increasingly reliable electricity supply and improved physical infrastructure here and relatively low cost labor force, Cambodia is the favorable place for Chinese investors," said Kith Meng.

<http://english.people.com.cn/90001/90776/90883/7019707.html?>

- **Apparel exports rise by 11% in first five months of 2010**

During the initial five months of the current year, the textile and apparel exports of Cambodia witnessed 11 percent year-on-year growth. This improvement is a result of recovery in foreign demands, as the international market is witnessing revival from the financial crisis.

The figures from the Ministry of Commerce showed that, the country exported apparel goods worth US \$1.062 billion during January to May 2010, recording around 11 percent increase against \$953 million export, during the same period, in the year 2009.

While, the clothing exports to US improved by around 8 percent to \$643.4 million from \$594.4 million, revealed the statistics. As also to the European Union these exports increased to \$247.6 million during these first five months, from \$224.3 million for the same period in 2009, recording a growth of 10.4 percent.

Apparel exports to other foreign markets showed 26.5 percent surge by gathering \$171 million in the first five months of 2010, as against exports of \$135.2 million during the same period last year.

The clothing exports witnessed an improvement of 27 percent in the month of May. It exported \$216.4 million worth of garments in this month, against apparel exports of \$170.8 million in the same month of 2009.

However, the clothing and textile exports of Cambodia experienced a plunge of around 16 percent in the year 2009 against the exports of 2008. The country brought in \$2.658 billion through apparel exports in 2009, while \$3.158 billion in 2008, according to the Ministry of Commerce.

[http://www.fibre2fashion.com/news/apparel-news/newsdetails.aspx?news\\_id=87351](http://www.fibre2fashion.com/news/apparel-news/newsdetails.aspx?news_id=87351)

- **Vietnam, Cambodia among World's Top 30 Honeymoon Destinations**

Talk about an extreme makeover. Once synonymous with war and genocide, Vietnam and Cambodia are coming into the second decade of the 21st Century as one of the world's premier honeymoon hot spots.

Last week, Virtuoso, a leading luxury travel network in the U.S., unveiled the 30 Top Honeymoons chosen by some of its most experienced honeymoon specialists. And Vietnam and Cambodia were prominent on the list. "We're in the midst of a remarkable journey," said Herbert Laubichler-Pichler, general manager of The Nam Hai, one of the resorts featured in Virtuoso's 'Romantic Southeast Asia' honeymoon promotion. "From all over the world, people are dropping into this region for a distinguished honeymoon."

The Caribbean? Greek Isles? Honeymooners have been there and done that. Now, they're raising the bar on their expectations.

In its current honeymoon campaign, Virtuoso looked to TheKnot.com, the No. 1 online wedding planning resource, to create an email and website promotion that will be viewed

by millions of registered brides-to-be.

The nine-night escape to Vietnam and Cambodia includes stays at The Nam Hai in Hoi An, Sofitel Legend Metropole Hanoi and Siem Reap's Hotel de la Paix — three of the premier properties in Southeast Asia — for \$8,096 per couple. Renowned regional tour operator, Trails of Indochina, takes care of the ground transportation.

The trip is arranged by TravelCorp International's Luke Breaux, one of 24 featured Virtuoso honeymoon specialists. The U.S.-based consultant has 15 years experience arranging memorable itineraries for visitors to Southeast Asia. "Vietnam and Cambodia possess a kind of cultural and exotic appeal that you can't find anywhere else," said Laubichler-Pichler. "Between its abundance of UNESCO World Heritage sites, dramatic beaches and world-class accommodation, the region has everything a couple could want." Situated on 35 hectares of landscaped tropical gardens, The Nam Hai is an all-villa property managed by GHM and featuring 60 one-bedroom villas and 40 pool villas ranging from one to five bedrooms, each with its own infinity pool.

Opened in 1901, Sofitel Legend Metropole Hanoi reigns as the Grande Dame of Vietnamese hospitality and one of Southeast Asia's most iconic hotels. In 2009, the hotel became the first in the Sofitel portfolio to acquire Accor's Legend brand distinction.

Located in the heart of Siem Reap, close to the cultural and historic heart of Cambodia, Hotel de la Paix is a luxury boutique hotel within easy reach of colorful markets, vibrant nightlife and the breathtaking complexes of Angkor Wat, often referred to as the eighth wonder of the world.

Full details of the Vietnam and Cambodia honeymoon may be found at: [http://offers.virtuoso.com/350065/honeymoons\\_nam.html](http://offers.virtuoso.com/350065/honeymoons_nam.html)

<http://theseoultimes.com/ST/?url=/ST/db/read.php?idx=9761>

- **Social Front**
- **UN human rights expert urges strengthening of Cambodian justice system**

An independent United Nations expert today urged Cambodian authorities to strengthen the country's judiciary and improve human rights, saying the nation still has too many shortcomings in its justice system.

"There is an alarmingly high number of people in detention due to various shortcomings in the criminal justice system, and the instances of miscarriage of justice are far too numerous," Surya Prasad Subedi, the UN Special Rapporteur on the situation of human rights in Cambodia, warned at the end of his 10-day fact-finding mission. "I call on the Royal Government of Cambodia to introduce appropriate measures to enhance the independence and capacity of the judiciary to enable it to function as an institution

capable of providing justice to all in Cambodia,” he stated in a news release.

The expert concluded that Cambodia’s judiciary is facing tremendous challenges in delivering justice for its people, especially the poor and the marginalized.

He raised specific concerns relating to the judiciary’s role in protecting freedom of expression, and the narrowing of political space for critical debate in society, “due to the disproportionate use of defamation, disinformation and incitement lawsuits against journalists, human rights activists and political opponents.” Another major concern was cases involving land-related rights. “If you are poor, weak and dispossessed of your land, you seem to have limited chance to obtain redress either through existing administrative land management systems, or through the courts,” said Mr. Subedi.

The Special Rapporteur welcomed the adoption of a series of new laws designed to strengthen the system of justice.

However, he warned that “a combination of a lack of adequate resources, organizational and institutional shortcomings, a lack of full awareness of the relevant human rights standards, and external interference, financial or otherwise, in the work of the judiciary, has resulted in an institution that does not command the confidence of people from many walks of life.”

Mr. Subedi, who met with King Norodom Sihamoni and members of the Government and judiciary during his visit, encouraged the Government to forge ahead with measures to enhance and strengthen the judiciary and to improve the situation of human rights, and offered his assistance for such efforts.

He will submit a report, including recommendations for judicial reform in Cambodia, to the Geneva-based UN Human Rights Council in September.

<http://www.un.org/apps/news/story.asp?NewsID=35052&Cr=cambodia&Cr1=>

## **Vietnam**

- **Geo-strategic Front**
- **Afghanistan is Vietnam, minus the jungle**

US soldiers boarding a helicopter at a camp in Kandahar city. Neither Islamabad nor Kabul can push some administrative button marked peace and harmony

There is, said the American secretary of defence, no certainty “that a conventional military victory, as commonly defined, can be achieved here ... We seem to have gotten caught in a sinkhole”. He’s talking about Afghanistan surely, as the thousandth US military death is recorded and coalition losses creep towards 2,000? No: that was Clark Clifford in 1968. And the sinkhole that finally cost more than 200,000 American dead and wounded was Vietnam.

It’s not a grisly comparison anyone wishes to make, of course. The scale of the casualties

doesn't equate, for one thing. The Afghan terrain is rocky and bare, not steaming, sapping jungle. But pause and shiver a little as some parallels grow.

For Vietnamisation, as Richard Nixon's last desperate excuse for calling the boys home, read Afghanistanisation. For President Thieu, illegitimate, distrusted, desperate, read President Karzai. For Vietcong troops operating across a fatally porous border, read the Pakistan-based Taliban (currently beginning their summer offensive). And as for "conventional military victory", forget it. Just remember how Lyndon Johnson, towards the end, effed and blinded about staking so much on a no-account country far away.

He'd followed his generals, who had a plan. Send in hundreds of thousands more troops to "finish the job". Drop many more bombs. Win hearts and minds (where applicable) or at least dish out zillions of extra dollars. But the dreadful truth for LBJ, as for General Westmoreland, was that once the cigarette smoke in the planning rooms cleared, no one was really in control. There wasn't a plan, let alone a strategy.

The top brass couldn't counsel retreat, because that would mean their own defeat. The president couldn't give up, because that would be letting his gallant troops down. So the bombing and killing rumbled haplessly on. Ashes to ashes.

But what, if any, lessons work now across four barren decades?

Start with the reality that, when Saigon fell, the "domino theory" beloved of the US right fell with it. Communism didn't gobble up south-east Asia and set sail for San Francisco. Communism paused for thought and built a temple of capitalism in Shanghai. So the reason for going to war in the first place was delusion. Now look at the reason for invading - then staying in - Afghanistan at whatever cost. The 9/11 bombers trained there, didn't they? We must rescue this failed, impossible state to prevent that happening again, to keep Russell Square and Manhattan free from attack.

But Al Qaeda doesn't live in Afghanistan any longer. It promptly slipped over that damned elusive border into Pakistan. The bombers who have threatened Britain and America since the twin towers have done their O-levels in terrorist studies in the badlands of Pakistan's north-west. The Taliban who very probably murdered more than 90 innocent Ahmadi worshippers in Lahore last week came down from there for their killing spree. The Taliban leadership that pulls the Afghan campaign strings puts its feet up in Karachi.

Why not attack Karachi instead of Kandahar, then? Why not bomb Peshawar, flatten Swat, knock the hell out of Quetta? Because it's a ridiculous misreading of reality. Pakistan, population spiralling towards 200mn, is a huge, riven nation doing its best now to save itself, let alone Obama's bacon. It needs help, not State Department bullying. But it also needs wider understanding.

Simply: neither Islamabad nor Kabul can push some administrative button marked peace and harmony. The turbulence and the poverty don't allow it. Religious extremism is endemic. Nationalism and resentment of foreign interference are deep rooted. Structured society doesn't exist where it is most needed. There is no "victory" in one country. There is no Western security that can be secured by sending in more drones and CIA operatives. There is only time passing and a long internal march to stability.

In short, there is no continuing purpose to the Afghan war (except saving face and wasting more lives). Hey, hey, LBJ, how many lessons do you still fail to learn today? - Guardian News & Media

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=367499&version=1&template\\_id=46&parent\\_id=26](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=367499&version=1&template_id=46&parent_id=26)

- **Vietnam may step up pace of equitization, gov't leader says**

State-owned Vietnam Airlines said in June it would not be able to finish its equitization process by July 1 as planned. Vietnam's program of selling stakes in state-owned companies may be accelerated as the global economy recovers, Deputy Prime Minister Nguyen Sinh Hung said. The so-called equitization program has been slow as the government didn't want to sell shares at low prices and on low demand, Hung said at the National Assembly in Hanoi Saturday.

The Southeast Asian country has been selling shares in state-owned companies since the early 1990s. The sales "may need to play a greater role" as the government seeks funds for infrastructure projects, the International Monetary Fund said in May.

<http://www.thanhniennews.com/2010/Pages/20100612191052.aspx>

- **Economic Front**

- **Vietnam, Indonesia urged to join forces for tourism**

Vietnam and Indonesia should work together to attract international tourists as both countries have popular destinations, an official said. Companies can offer package tours to Bali, Yogyakarta, Ha Long and Hue, Ambassador of Indonesia to Vietnam, Pitono Purnomo, said at a press briefing in Ho Chi Minh City Tuesday. In order to boost tourism, national carrier Garuda Indonesia will launch a direct route linking Jakarta and Ho Chi Minh City, said Purnomo. He said Vietnam Airlines should also offer similar services.

Purnomo said around 400,000 Indonesians want to visit Vietnam every year. Apart from tourism, the ambassador said Indonesia is encouraging Vietnamese companies to invest in rubber, pepper and seafood projects in Indonesia.

Trade between the countries reached US\$2.5 billion last year, official statistics showed.

Purnomo said Indonesian investors have invested more than \$2 billion in Vietnam.

<http://www.thanhniennews.com/2010/Pages/20100610115055.aspx>

- **Vietnam aims to grow its GDP by 7.0-7.5**

Vietnam aims to grow its GDP by 7.0-7.5 percent next year as the country anticipates an economic rebound, according to a statement on the government website Monday.

The target is higher than the estimate for economic growth this year, which Prime Minister Nguyen Tan Dung said earlier this month would be 6.5-7 percent, after posting a 5.32 percent growth in 2009.

According to the government, the global economy will continue to grow next year but at slower pace than the pre-crisis era. As a result, Vietnam's economy will also be affected, but the country will strive to stimulate an economic rebound.

The government also said 2011 would be an important year as it will mark the beginning of the implementation of Vietnam's new master development plan for 2011-2015.

Government budget revenues are expected to stand at more than 23 percent of the country's GDP next year, the statement said.

<http://www.thanhniennews.com/2010/Pages/20100614221100.aspx>

- **Southeast Asia's largest cold storage facility opens in Vietnam**

US company Preferred Freezer Services and British company Antara opened Vietnam's first cold warehouse in Ho Chi Minh City last week. The fully-automated facility has a 24,000 pallet-position capacity within its 8 million cubic feet of freeze space, becoming the biggest cold warehouse in the Southeast Asia, said the US Preferred Freezer Services. The US\$28 million facility targets the aquaculture and food industries in Vietnam, said developers. The US firm said the facility was one in a series of 12 freezer facilities it planned to open throughout Asia over the next 36 months.

<http://www.thanhniennews.com/2010/Pages/20100619221756.aspx>

- **Vietnam still key market for US exports, Ex-Im Bank says**

Vietnam is one of nine key markets in which the US aims to double exports over the next five years, said Ex-Im Bank chairman and president Fred Hochberg during a press briefing in Hanoi on Tuesday.

Hochberg was on a three-day visit to the country in which Ex-Im Bank and the Vietnamese government inked a deal to boost the country's infrastructure growth via US\$500 million in American funds set aside for the purchase of US goods and services.

As the official export-credit agency of the US, since 1998 Ex-Im Bank has provided short and medium-term financing to Vietnam, with current exposure in the country estimated at \$231 million.

Hochberg said Vietnam's rapid economic growth could lead to less ODA funds available in the future, and the country "needs us to come in and fill the gap," adding that there are

still concerns in Vietnam for the lack of transparency in implementing development projects.

The chairman was also in talks with Vietnam Airlines but only said the meeting revolved around the carrier's plan to extend its fleet with additional orders of Boeing 787s. There was no signed agreement.

<http://www.thanhniennews.com/2010/Pages/20100619111323.aspx>

- **Is Vietnam Finally Ready for Foreign Investors?**

Hanoi is cutting taxes and improving infrastructure in hopes of becoming the low-cost alternative for new factories and outsourcing call centers

Has Vietnam's moment finally arrived? Explosive wage growth and labor strife in China and India, favored destinations for foreign investment in Asia, have multinationals taking a serious look at Vietnam as a low-cost alternative for new factories and call centers. "We're cheaper—much cheaper," says Nguyen Than Nam, chief executive officer of FPT, a Hanoi-based IT outsourcer and distributor of cell phones with \$1 billion in revenue last year. Vietnam is ready to compete head-on for foreign investment, says Nam. "We are trying to be the 'one.' "

Executives and investors have heard this kind of talk from Vietnam before, only to come away disappointed. After the end of the U.S. trade embargo in 1994 there was a rush of companies such as Coca-Cola (KO) and Procter & Gamble (PG) into Vietnam. Many ultimately were turned off by the bureaucracy and corruption. This time around Hanoi is moving more decisively. President Nguyen Minh Triet's government has cut taxes, such as import duties on personal computer parts, and is promising to improve the country's roads and ports. It's building nuclear power plants and a high-speed train line from the capital to Ho Chi Minh City. The leadership also vows to eliminate some of the notorious red tape that has frustrated investors.

Vietnam's \$96 billion economy is far less centrally controlled than last decade, and the country, which boasts one of the youngest workforces in the world, managed to gain membership in the World Trade Organization in 2007. The country last year exported \$12.3 billion of goods to the U.S., its biggest overseas market. Foreign direct investment is on the rise and could double, to \$15 billion this year according to a May 31, report analysts at Standard Chartered Bank.

This fall, Intel will open a \$1 billion chip assembly and test plant near Ho Chi Minh City. Taiwanese laptop PC manufacturer Compal also has a new factory in Vietnam. Arthur Chiao, chairman of the Taiwan Electronics & Electrical Appliances Assn., on June 7 said his group is helping Taiwanese companies find new manufacturing sites in Vietnam in the wake of rising labor costs on the mainland.

Political tensions in Thailand next door also are leading companies to Vietnam. Calm has returned to the Thai capital after May's deadly confrontations in Bangkok between antigovernment protesters and the military, but it was one of many political outbursts in Thailand over the years. Pleasanton (Calif.)-based Polycom buys 80 percent of its video-conferencing equipment from Thailand, says Hansjoerg Wagner, head of the company's Asia operations: "With all the political issues that are ongoing there, we are looking at contingency plans," he says. Vietnam, one of Polycom's (PLCM) fastest-growing markets in Asia, "is on our target list" as an alternative.

Not everyone sees a big manufacturing exodus from other parts of Asia to Vietnam, especially given China's economic scale and far more advanced infrastructure. Even though costs have gone up in southern China's Pearl River Delta, companies can acquire goods from factories in less expensive parts of the country, like Tianjin or Qingdao in northern China. Before relocating to Vietnam "you would have to exhaust all the places in China," says Dan Berman, director of Langton, a Hong Kong-based supplier of stuffed animals and other toys to customers like Tesco (TESO) and Toys 'R' Us.

Vietnam boosters disagree. Don Lam, chief executive of investment firm VinaCapital Group, which manages \$1.8 billion in assets in the country, points to the new highways the government is building to connect northern Vietnam to southern China. Those roads will enable Vietnamese factories to become part of Chinese supply chains more easily, Lam says, with a cost base that's at least a third lower than across the border. With China-based employers likely to feel the need to match raises offered recently by Honda, Foxconn, and others, that wage differential is only going to grow larger, he promises. "If people are thinking of relocating," says Lam, "now is the time."

[http://www.businessweek.com/magazine/content/10\\_26/b4184012382639.htm?chan=magazine+channel\\_news+-+global+economics](http://www.businessweek.com/magazine/content/10_26/b4184012382639.htm?chan=magazine+channel_news+-+global+economics)

- **Vietnam is Asia's fastest recovering economy**

According to DHL, Vietnam reflects the region's strongest post-recession recovery, with DHL Express Vietnam's volumes growing by more than 30% in the first quarter of 2010.

Vietnam's export revenue jumped 26% year-on-year from January to April 2010 (excluding precious metals), and industrial output grew 13.5% over the same period.

The best performing sectors included electronics and computers, which rose 39% to US\$985 million, and exports of tools and spare parts, which rose 75% to US\$910 million. John Pearson, CEO of DHL Asia-Pacific & EEMEA, said: "The recovery for

both Vietnam and DHL is being powered by intra-Asia trade. Sixteen of Vietnam's top twenty trade lanes are intra-Asia, all of which have rebounded strongly in 2010, especially those in Southeast Asia."

He added that while the US has also recovered somewhat after shrinking in Q1 2009, the Asia-Pacific trade lanes dominate both Vietnam's imports and exports. DHL continues to invest in Vietnam. In April this year, DHL Express launched its US\$5 million Ho Chi Minh Gateway, located at the new Tan Son Nhat Cargo Express Service airside facility. As DHL Express maps out its plans for Vietnam and Asia as a whole, sustainable development remains high on the priority list.

A member of the World Trade Organisation since 2007, Vietnam's GDP is expected to grow between 6.2% and 7.8% per year between 2010 and 2014 as a result of several key factors: its large, young and highly-literate population, continued success of the government's FDI-friendly Doi Moi policy, political stability, and its proximity to China, Indo-China and Southeast Asia.

<http://www.eyefortransport.com/content/vietnam-asia%E2%80%99s-fastest-recovering-economy>

- **Vietnamese seafood exporters oppose US allegations**

Vietnam's seafood exporters have strongly rejected the contention of Catfish Farmers of America that their products are "dirty" and of low quality. "The allegations are slanderous and an unfair practice against Vietnamese seafood," the said Vietnam Association of Seafood Exporters and Producers or VASEP said in a statement.

On the [www.safecatfish.com](http://www.safecatfish.com) website launched last month, Catfish Farmers of America alleged Vietnam's seafood shipments seriously violated food quality standards in the first quarter of 2010. The website said that by examining the residues of banned chemicals and antibiotic at enterprises, it was found that the quality of Vietnamese seafood was affected during the pre-processing period, i.e., breeding, catching and preserving.

It said Vietnam needs to strengthen supervision of its exports, as well as the use of veterinary medicines. The website has a 4.16 minute video clip about catfish production in the Mekong River titled "Dirty Waters, Dangerous Fish".

The video shows polluted rivers and fish-processing factories that are not well maintained. VASEP said the tra fish or pangasius were raised in floating farms that meet international standards like SQF 1000 and GAP.

Seafood exports in the first four months of the year reached \$1.2 billion. In April alone, export revenues of \$350 million marked a 17.4 percent year-on-year increase, said the website which said EU continued to be the leading buyer of Vietnamese seafood, followed by Japan and the US. The country's seafood export target of \$4.5 billion this

year, a year-on-year growth of 7.1 percent, can be reached, but it depends on Vietnam taking steps to deal with the abovementioned problems, the website said.

<http://www.thanhniennews.com/2010/Pages/20100615114708.aspx>

- **Social front**
- **Vietnam criticizes US human trafficking report**

A female worker in Ho Chi Minh City. Vietnam has dispelled a US report putting it on the human trafficking watch list, but official figures show that the country still has a lot to do to protect its vulnerable women from smuggling rings.

Vietnam has dismissed a US government report putting it on a human-trafficking watch list as government officials said the country was taking great strides to stamp out this “dangerous crime.” The US Department of State report, released on June 14, “contains political characteristics and unjust comments that fail to reflect the real situation in Vietnam”, Foreign Ministry spokeswoman Nguyen Phuong Nga said in a statement on June 16.

The US’s 2010 Trafficking in Persons (TIP) report listed Vietnam and its neighbors Thailand and Singapore as countries that failed to prevent women from being forced into prostitution. But Nga confirmed that Vietnam has always considered the trafficking of humans, particularly women and children, a dangerous crime that undermines human rights and social development.

With a government action plan implemented since 2004 to deal with the problem, Vietnam’s efforts in the anti-trafficking campaign have delivered solid results and garnered recognition by the international community, Nga said.

Turning the tables

For the first time, the US included itself in the report. It ranked itself in compliance.

But the report has opened much room for debate as experts pointed to human-trafficking prevention policies of the US itself. “The section of the Trafficking in Persons Report 2010 on the United States clearly indicates that the US is [also] a source country and a destination country of trafficking in persons,” said Prof. Carl Thayer of the Australian Defense Force Academy.

The Singapore’s Foreign Ministry also reacted indignantly to the report and turned the issue on its head. “How, for example, can the US rank itself in Tier One when it is well known that the US has been unable to stem a flood of illegal workers, many of whom are trafficked by organized criminal gangs?” AFP quoted a statement released on June 15 by the ministry. “It has not been able to cope adequately with the problem and that is among the reasons why immigration is such a hot political issue in the US,” the statement said.

“The US should perhaps examine its own record more carefully before presuming to

pronounce on other countries. Then its reports may be more credible.”

#### Deep-seated issue

Vietnamese official statistics show that Vietnamese women and children have continued to fall prey to human-trafficking rings.

The Ministry of Labor, War Invalids and Social Affairs said in a report in June that from 2005 until May this year, 3,190 women and children have been repatriated to Vietnam after being sold to foreign countries by trafficking rings.

Surveys conducted by the Vietnam Women’s Union indicated that most the victims sold to China were subjected to drudgery, sex abuse, and forced prostitution. Many of them have returned to Vietnam with psychological disorders, sexually transmitted or acute diseases, or infertility, the union said.

Another study conducted by NGO ActionAid in 2008 confirmed the seriousness of the problem.

Outcomes of the surveys, conducted in eight communes/wards and four districts/cities in Dien Bien and Cao Bang provinces in the northern mountainous region, the northern port city of Hai Phong, and Vinh Long in the Mekong Delta, showed that trafficking of women and children took place in all surveyed areas. There is a number of reasons for the problem but from the perspective of women, the biggest issues are economic difficulties and dissatisfaction with their lives, the survey said.

The survey pointed out those women who were susceptible to trafficking rings wanted to have better jobs and happy marriages, but lack the knowledge to prevent trafficking. They hope to get rid of life’s difficulties with foreign marriages that might help them pay off debts. But they don’t have plans for a sustainable marriage, the survey said.

<http://www.thanhniennews.com/2010/Pages/20100619162524.aspx>

#### **Singapore**

- **Political Front**
- **Economic Front**
- **Experts suggest using green strategies to prevent floods**

Experts that MediaCorp spoke to on Friday said Singapore has good facilities to prevent flooding, but they suggested taking a holistic approach such as having more green buildings.

The rooftops of buildings and the space between buildings are some areas that can be used to help prevent floods and save water, said Dr Ole Larsen from the Dansk Hydraulisk Institut-Nanyang Technological University Research Centre and Education Hub.

Dr Larsen, Centre Director, DHI-NTU Research Centre and Education Hub, said: "When

it rains heavily, it might be an advantage to store some of the water on the rooftops - for instance in a roof garden, etc. That requires, of course, that the buildings are constructed appropriately. "The shopping centre could capture the water in a tank and basically have a separate piping system for flushing toilets."

Experts said cities like Singapore rely heavily on storm water systems to prevent floods. They noted that Singapore has done well in this aspect, but there is room for improvement. As the effects of climate change could spell more unpredictable weather, experts said countries like Singapore need to brace for more freak storms.

Dr Michael Butts, head of Innovation, Dansk Hydraulisk Institut, said the most important consideration for Singapore is the rising sea level. "We are in a low-lying country and an island and if the sea level rises a metre or so, it's going to have a dramatic affect. "There will be an increase in rainfall - exactly how they will occur, we are not sure. It could be there will be more tropical storms, more intense rainfall," he added.

The effort to turn existing buildings into green structures is costly for owners. One way to get around this is to incorporate green strategies into future building plans.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1064152/1/.html>

- **Repositioning S'pore for growth**

MANPOWER Minister Gan Kim Yong will share his thoughts on Singapore's plans to reposition its economy for sustainable and inclusive growth at the annual International Labour Conference in Geneva, Switzerland, organised by the International Labour Organisation (ILO).

He will also give an update on Singapore's tripartite efforts to address the economic downturn. The conference, which runs from June 2 to 18, brings together governments, employers and workers' representatives from 183 member countries.

The Singapore delegation, led by Mr Gan, includes three labour movement representatives: Mr John De Payva, Mr Lim Swee Say and Mdm Halimah Yacob. They are, respectively, president, secretary-general and deputy secretary-general of the National Trades Union Congress (NTUC). Also in the delegation are Mr Stephen Lee and Mr Bob Tan, president and vice-president respectively of the Singapore National Employers Federation; and Mr Koh Juan Kiat, its executive director.

During the conference, Mr Gan will also be holding bilateral meetings with his counterparts from other countries. Topics to be discussed at this year's conference include the ILO's response to the global economic crisis, domestic workers and workplace practices.

[http://www.straitstimes.com/BreakingNews/Singapore/Story/STIStory\\_539010.html](http://www.straitstimes.com/BreakingNews/Singapore/Story/STIStory_539010.html)

- **Use of social media technology becoming more popular way to boost productivity**

It appears that more companies are turning to social media technology to boost efficiency and productivity in the workplace. And experts said the Asia Pacific market for such tools and solutions called unified communications and collaboration market is set to more than double to US\$5 billion by 2014.

The growth will also be boosted by the expected increase in global spending on infocomm technology. Email and instant messaging may be relatively common tools for office communication.

But experts said there's a case for companies to start looking at using blogs and and wiki pages to communicate internally. Wikis are websites that allows the easy creation and editing of any number of interlinked web pages via a web browser.

Assistant Professor Michael Netzley, corporate communication practice, SMU, said: "There are many opportunities to find efficiencies with social media or enterprise 2.0. When used well they can increase the speed of communications, they can increase productivity and collaboration. "They give us amazing opportunities for employee engagement and there can even be cost savings in terms of reducing paper costs.

"With internal wikis, one of the advantages here is that a wiki is basically just an empty sheet of digital paper with a lot of functionality to it. So people can go in and use that site for whatever purpose they need.

"It allows people from different time zones and different functional units to all have a common space come together and collaborate. And it seems companies are now more willing to spend and adopt such technology.

That's because they can reap substantial cost savings when workers become more efficient. For instance, observers said the average cost of an employee searching for information is about US\$3,300 per worker per year. According to Avanade's global survey on collaboration in the enterprise, experts said people spend up to 40 hours a week collaborating with co-workers and business partners.

The survey polled over 538 C-level executives, business unit leaders and IT decision-makers from across the world. Craig Dower, president, APAC, Avanade Asia, said: "We're seeing a lot more people that are saying that this is fundamental to success. 80 per cent of the executives that we surveyed globally said that using collaboration technology was not only important but critical to success.

"What we're now starting to see a is concern around whether the tools get used effectively or whether they get abused. Is this something that is really creating productivity and enhancement or is it wasting people's time? "Our view of that is it's not

really the tools that do that, people can find ways to waste time in all sorts of ways in the office. You can spend a lot of time sitting around the water cooler or go downstairs and have a 25 minute cigarette break. These are really around the culture, how do you want to use the tools effectively.” Experts said other concern to consider when implementing such technology includes the workplace culture.

Obstacles may also come in the form of senior management who are unfamiliar with the use and benefits of such technology. Research firm Gartner expects the market for enterprise applications is set to grow at a compounded rate 25 per cent annually over the next four years.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1063716/1/.html>

- **Complaints against anti-competitive business behaviour rising, tougher measures to come**

The number of complaints against anti-competitive business behaviour are on the rise in Singapore. So far this year, the Competition Commission has received 58 complaints, up from 30 in the same period a year ago.

As the 2006 Competition Act starts to gain more awareness in the business community, observers said these complaints are likely to continue to rise and they say this could mean tougher penalties for non-compliance with competition law in future. SISTIC was fined nearly S\$1 million in early June for abusing its dominant position in Singapore's ticketing industry.

The Competition Commission was keen to stress that SISTIC's 85 per cent share of the market was not a breach of competition law. But it fell foul of the rules when it signed exclusivity agreements with 19 entertainment venues.

SISTIC's experience is something that companies that have a dominant market share in their industry may want to note. Teo Eng Cheong, chief executive, Competition Commission Singapore, said: “For companies that are dominant, meaning they have a big market share, they are obviously an important player in the market. For these companies, they have to be extra cautious because their action will have a huge impact on the market and therefore, if they were to undertake any activities that stop potential competitors or existing competitors from increasing market share then that potentially can be an infringement of the Competition Act.” Observers said the food and beverage sector is one industry that has to be mindful of its dominant position because of a lack of overseas competition.

Another sector is distribution, where pricing on the import of alcohol products is controlled. Experts also note that as awareness grows around competition law, more cases are likely to be brought before the commission.

This could mean tougher measures to deter anti-competitive behaviour in Singapore. Ian Mcewin, visiting professor, Faculty of Law, NUS, said: "I think you will find the size of fines increase. There's absolutely no doubt about that. In some countries, price fixing is a criminal offence. Executives can go to jail and that happens in the US, increasingly in Europe and now Australia. "That hasn't been the case so far but I wouldn't be surprised in a few years if that sort of thing was criminalised because that's a trend around the world." Observers said the cost of compliance is marginal for companies with a high initial set up cost but low cost for monitoring the company's activities. They added that competition law should be embraced by enterprises as it helps companies focus more strongly on their area of the market and their strategy to compete.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1063687/1/.html>

- **S'pore explores better financial cooperation with Bahrain & UAE**

Singapore's Senior Minister, Goh Chok Tong, met the governors of the central banks of Bahrain and United Arab Emirates at the Istana this week.

Mr Rasheed Mohammed Al Maraj of Bahrain and his counterpart from the UAE, Mr Sultan Bin Nasser Al Suwaidi, were in Singapore for the inaugural World Islamic Banking Conference: Asia Summit, held on June 14 and 15.

During their meeting, the governors and Mr Goh, who is also the chairman of the Monetary Authority of Singapore, discussed recent economic and financial developments in the Middle East and Asia and explored initiatives to enhance bilateral financial cooperation.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1063405/1/.html>

- **Geo strategic Front**
- **Social Front**
- **MFA questions US human trafficking report which downgraded Singapore's ranking**

Singapore's Foreign Ministry (MFA) has questioned a US Department of State's human trafficking report which has downgraded Singapore's ranking on the issue of human trafficking. The "Trafficking in Persons Report 2010", which was released on Monday, put Singapore on a watch list this year.

MFA is puzzled and said the US has not satisfactorily explained how it had arrived at this conclusion. In a statement, the Ministry added the Singapore Government is committed to tackling the human trafficking issue, and its efforts in dealing with the issue have not weakened since last year.

MFA said it will respond in detail as appropriate in due course. It stressed that the report is more a political ritual than an objective study.

The Singapore Government questioned how the US could rank itself in Tier One, when it is well known that the US has been unable to stem a flood of illegal workers, many of whom are trafficked by organised criminal gangs. MFA suggested that the US should perhaps examine its own record more carefully before presuming to pronounce on other countries

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1063388/1/.html>

- **17 suspects arrested for online vice & prostitution**

Seventeen female foreigners were arrested during a joint four-hour operation at a budget hotel along Balestier Road on Thursday. Another was arrested for immigration offences. More than 40 officers from the Criminal Investigation Department (CID) and Tanglin Police were involved in the operation.

Preliminary police investigations indicated that some of those arrested had made use of the Internet to advertise their sexual services. The police said investigations are ongoing and they are currently trying to track down the operators behind the vice activities.

Assistant director of the Specialised Crime Division, Superintendent of Police Goh Lam Kiong, said: "The police take a serious view of such syndicates which conduct their illicit businesses over the Internet and will continue our enforcement efforts against such vice activities... "Any hotel operator who is found to have knowingly allowed such syndicates to operate in their premises will also be taken to task."

Under the Hotels Licensing Regulations, no licensee of a hotel shall permit any person who he knows or has reason to believe is a prostitute to occupy a room in the hotel or to frequent the premises.

A licensee who is convicted can be fined up to S\$1,000. The court may also cancel or suspend any certificate of registration or licence granted under the Act.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1064204/1/.html>

## **Laos**

- **Political front**
- **Laos ranked 34th Most Peaceful Country in the world**

The Global Peace Index has ranked the Lao People's Democratic Republic the 34th World most peaceful country for 2010. Last year, Laos was ranked 45th of the Global Peace Index's list.

The said institute released its latest survey last Tuesday, June 8 in London, United Kingdom.

The survey was conducted for 149 countries around the world and, according to the survey, Laos is the third most peaceful country in ASEAN behind Malaysia, which ranks the 22nd World most peaceful country. Another ASEAN member, Vietnam is ranked the

forth most peaceful country in Asean and the 38th in the world, Indonesia fifth in Asian and the 67th in the world, Cambodia sixth and 111th, Thailand 7th and 124th, the Philippines 8th and 123rd, and Myanmar 9th and 132nd.

The top five most peaceful countries are New Zealand, Iceland, Japan, Austria and Norway. Meanwhile, Iraq, Somalia, Afghanistan, Sudan, Pakistan and Israel are ranked first to fifth world's least peaceful countries, respectively.

The Global Peace Index ranks the most peaceful countries in the world based on statistics on crime, terrorism, government, democracy and respect for human rights.

<http://www.kpl.net.la/english/news/newsrecord/15.06.2010/edn4.htm>

- **China influence rising in Laos**

THE man widely expected to become China's next leader will seek to boost his country's fast-growing ties with Laos during a visit on Tuesday, as Beijing competes with Vietnam for influence in the small but resource-rich nation, observers say. Vice-President Xi Jinping will meet his Laotian counterpart during the 'very important' one-day stop, Lao government spokesman Khenthong Nuanthasing said.

China, along with Vietnam and Thailand, is among the top investors in Laos, and trade links are 'growing very fast,' said the World Bank country economist for Laos, Somneuk Davading. Trade between the two countries reached about US\$500 million (S\$699.8 million) in value last year, he said. Imports are expected to continue growing while mineral, agricultural and wood exports from Laos will also rise, Mr Somneuk added.

Ian Storey, a fellow at the Institute of South-east Asian Studies (ISEAS) in Singapore, said it would not be a surprise if several major deals were announced during the visit by Mr Xi, the heir apparent to President Hu Jintao.

China is particularly keen on investing in rubber plantations to supply its automotive industry, and in hydroelectricity, Mr Storey said. It has also devoted a lot of money to upgrading Laos's transport network to help Chinese goods reach Thailand, a major trading partner and regional hub, he added.

Mr Xi is on a regional tour that takes him to New Zealand and Australia after Laos. He began his trip in Bangladesh with talks on improving defence ties and building a deepwater port, officials there said.

[http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory\\_540578.html](http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_540578.html)

- **Laos , Vietnam co-operation on state inspection expanded**

The National State Inspection Authority of Laos and its Vietnamese counterpart have signed in Vientiane on 13 June a MoU to expand their co-operation for 2010-2011 and 2011-2015. The MoU was signed by Dr. Bouasy Lorvansay, Head of the State Inspection Authority and his Vietnamese counterpart Dr. Vuong Dinh Hue.

According to the signed MoU, the Vietnamese side will help Laos to build the training center, a strategy development plan for 2011-2015 and 2015 to 2020, to receive some of Lao official to train in Vietnam and to create a very close co-operation between their respective regional offices. The sides will also make an annual exchange visit between their delegation at directorial and technical levels to exchange their experiences of state inspection.

<http://www.kpl.net.la/english/news/newsrecord/15.1.06.2010/edn11.htm>

- **Economic Front**
- **Laos-India Business Forum held in Vientiane**

Laos India Business Forum was held in Vientiane Capital last Friday. Both sides discussed their cooperation on agriculture, trade and investment.

Present at the event were Minister of Agriculture and Forestry of the Lao PDR, Mr. Sitaheng Rasphone; Indian Ambassador to Laos, Dr Jitendra Kumar Nath Misra; Minister of Parliamentary Affairs and Water Resource of India Pawan Kumar Bansal, who is on a working visit in Laos between June 10-13, and business people of both sides.

India is one of the biggest foreign investors in Laos and has made commendable progress in its investment operations in Laos, said Mr. Sitaheng.

He said that Laos is considering developing suitable agriculture land lease policies and incentives, which include land concessions and contract farming, in order to invite more private investment and food production and in other agriculture commodities.

On the occasion, Indian Ambassador to Laos, Dr. Misra highlighted the significant achievements by Indian companies in developing irrigation, transmission lines, hydropower and electrification projects. The government of India has already provided easy credits worth US\$50 million to Laos. It is believed that India would further provide two additional credits worth US\$102 million for power and irrigation projects in the Lao PDR.

Business ties between India and Laos are growing very fast and bilateral trade grew by 76 per cent in 2009 but it is only US\$9.5 million in value, said Dr. Misra. We need to address this problem so that trade reaches its true potential.

The government of India has taken important steps to promote trade and tariff concessions it has granted under the Duty Free Tariff Preference Scheme for Least Developed Countries and the India-ASEAN Free Trade Agreement will help stimulate trade. Dr Misra said, We look forward to the completion of the internal procedures and the notification of the India-ASEAN Free Trade Agreement by the government of the Lao PDR so that the agreement can come into force. India has coped well with the global financial crisis and has maintained a growth rate of 7.4 per cent in the financial

year ending March 2010.

With a trillion dollar economy, India is already the fourth largest economy in the world in purchasing power parity, and is poised to rise to the third rank.

The vast Indian Market with a middle class of 300 million offers a lot of opportunities to Lao Exporters.

<http://www.kpl.net.la/english/news/newsrecord/15.06.2010/edn8.htm>

- **Govt believes GDP will exceed by 0.3 percentage point**

Prime Minister has expected the national economy would grow beyond the target by 0.3 per cent, up from 7.5 per cent to 7.8 per cent this year.

Prime Minister Bouasone Bouphavanh, reported at the ongoing 9th ordinary session of National Assembly's sixth legislature the implementation of the socio-economic development plan for 2009-2010, saying that the robust economic growth in this year would be contributed by conducive conditions in the country such as the using of potentials in economic development and the implementation of policies and economic stimulant measures, the manageable financial system as well as the significant grow in export. Besides the imposing of economic stimulant measures, the government has paid attention to resolving Ketsana destruction in central and southern provinces by spending 111 billion kip from the national emergency reserve to rehabilitate social and economic infrastructures.

Revenues collection in the first six months is valued at 5 trillion kip, equivalent to 49.9 per cent of the annual target. These include almost 4 trillion kip of domestic revenues, equal to 48.8 per cent of the target.

National expenditure in the first half of this fiscal year is 5.4 trillion kip or 44.06 per cent of annual target.

<http://www.kpl.net.la/english/news/newsrecord/15.1.06.2010/edn1.htm>

- **Social Front**
- **Govt focuses on poverty reduction**

Lao government will spend 47.51 billion kip borrowing from foreign countries on the implementation of the poverty reduction programme in rural and remote area in order to achieve the Millennium Development Goals (MDGs) by 2015.

This was a proposal of Prime Minister Bouasone Bouphavanh at the ongoing 9th Ordinary Session of National Assembly's sixth legislature.

He said that Laos will attempt to reduce the poverty rate to 24 percent in this year from 27.6 percent, and pay attention to improve living conditions of people in 21 poorest districts in Luang Namtha, Houaphanh, Savannakhet, Saravane, Phongsaly, Xiengkhouang, Champassak and Sekong provinces. All sectors should follow and pay

attention to promote people and children in rural and remote areas access to basic education, PM Bouasone advised. The implementation of poverty reduction programme and the eradication of slash-and-burn cultivation should be moved together . To fulfill the alleviation of slash-and-burn cultivation, the Government will set up a community development project in rural areas by focusing on the constructions of roads, electricity, water supply, school and health care service, club and allocation of agricultural production areas.

Between 5 and 10 per cent of villages of all rural districts will be developed as the development village cluster that will establish in every two small districts and large scale district.

The small factories, markets, agricultural technique service centres, credit services and village development funds will be built in the districts.

However, the government will further provide agricultural techniques and train vocational skills for farmers, especially the technique of rice plantation and animal rising. He expected the production of agriculture will increase by 3.5 per cent next year. The Lao government will actively further carry out an investment promotion policy to ensure the volume of domestic investment in this year which will reach more than 10 trillion kip or US\$1 billion

In order to magnetize more overseas investors, Laos will improve the investment promotion policy, which focuses on providing more conveniences to investors, said PM Bouasone. The promotion of domestic investment in market-oriented production through the banking system should be also conducted.

<http://www.kpl.net.la/english/news/edn4.htm>

## **Brunei**

- **Political Front**
- **Grassroots leadership's role vital in ensuring welfare**

IT IS the welfare of the people that remains the "core business" of the Ministry of Home Affairs, and it is through the grassroots leadership exhibited within the consultative councils that this welfare is ensured and the villages and mukim (sub-districts) they represent are raised towards excellence.

This was yesterday highlighted by Home Affairs Minister Pehin Udana Khatib Dato Paduka Seri Setia Ustaz Hj Badaruddin Pengarah Dato Paduka Hj Othman when he gathered about 250 people comprising village and mukim heads as well as ministry officials at the Fire and Rescue Department headquarters in Old Airport, in his first "formal meeting" with them in his capacity as Home Affairs minister.

The meeting is for the purpose of, among others, find ways to further develop the roles of

the village and sub-district consultative councils.

In his remarks, the minister said these councils served as the mechanism for grassroots leadership, whereby all the "elements" that make up a village or a mukim such as representatives of mosques, schools, associations and companies in that village or mukim can meet and discuss ways to achieve progress in their respective areas.

"You (village and mukim heads) are in a strategic position (as) chairmen of these consultative councils. I do not doubt your capabilities as leaders (and) I am confident that you are all capable and wise in leading these consultative councils," Pehin Dato Ustaz Hj Badaruddin said.

He stressed the importance of cooperation within these councils and the ministry, in creating and developing projects such as that under the "One Village, One Product" programme. It was the success of such projects that would set the standard for success and develop the glory of a village or mukim.

The minister added that sincerity was also another value of grassroot leadership and trusted that the leaders were sincere and that none of them was in their position for self-gain.

He said that they were the "catalysts" of development, advancement and safeguarding the welfare of the community in their respective villages and mukim.

During the meeting, the minister hoped to find ways to make the consultative councils more effective and to identify its strengths and weaknesses. He assured that these bodies did not replace the "institution" of village heads and penghulu mukim, but rather provided added value in strengthening said institution.

However, the actual discussions between the media and the grassroot leaders were closed off to the media. Although, when asked afterwards, several village chiefs said that it was mostly localised woes and concerns that were raised. The Brunei Times

<http://www.bruneitimes.com.bn/news-national/2010/06/20/grassroots-leaderships-role-vital-ensuring-welfare>

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- **Economic Front**
- **Brunei poultry export push falters**

ONE of the issues hindering Brunei's potential to export poultry has always been that producers are unable to compete with the price of global exporters.

With Brunei producers faced with higher cost of production than global exporters, as well as not having enough volume to gain a secure market, what is being done with relation to helping the sector?

Of the total consumption of chicken in Brunei, domestic production accounted for only 32 per cent in 1992. This soared to 61 per cent in 1997 and 76 per cent in 1998, according to official government statistics. In 2006, local poultry farmers grabbed 95.6 per cent of the domestic market for chicken products. Local chicken farmers appreciate the government's efforts to make the export ambition a reality, but there remains a number of challenges to overcome.

At the beginning of this year, three local farms entered into a joint venture with a Malaysian company to build a \$7-million feedmill, the first of its kind in the Sultanate. Scheduled to begin production by the first quarter of 2012, the feedmill will have capacity of 130,000 metric tonnes per year for poultry feed. The joint venture was signed among Gold Coin Malaysia Group and Brunei's QAF Farms, Hua Ho Agriculture Farm and Soon Lee Holdings, with the aim of reducing production costs for poultry farmers and to allow them to be more competitive in the global arena.

However, the initiative could be a debatable solution, said an industry expert, who wished to remain anonymous. "It really depends on the cost of the raw materials, and how much it is at the time. The feedmill is supposed to be finished in 2012, but if at that time, corn prices go down, then of course we will save, but if they don't then we cannot," he said. He added it was unclear how much the feedmill will aid in lowering the cost of production for poultry farmers.

Should the farmers be able to save on the cost of poultry feed, the next step to move into the export industry, would be to first expand their operations to accommodate overseas demand. "Poultry farmers would need to expand their operations, but by doing that each farmer would need a big investment, which is one of the constraints in Brunei, because if we can't secure a market yet, then no one will start to expand," he said. The price of feed went up by 40 per cent from \$25 per 50kg in January 2007 to nearly \$40 per 50kg in 2008.

<http://www.bruneitimes.com.bn/business-national/2010/06/20/brunei-poultry-export-push-falters>

- **ACB gets 74 graft complaints in first 5 months of year**

A TOTAL of 74 corruption complaints were received by the Anti-Corruption Bureau (ACB) against four ministries and six government departments from January to May this year. Some of the cases have been brought to court and are awaiting trial.

Without disclosing the specific departments and ministries, deputy director of ACB, Hj Abdul Raub Hj Mohd Yassin in an exclusive interview with The Brunei Times, touched on the integrity of civil service. Corruption is not all about money, he said it also covers

employment opportunities and favours. It is no longer dominant in public sector but also in the private sector.

The cause of corruption is not merely low salary, he said. Corruption is driven by greed, desire and opportunity all of which can lead to the abuse of power or position. If corruption is rampant, the integrity of the person (in this case civil servant) would be worthless, he added. He added, without integrity a person can be easily bribed for an insignificant amount of money. The Brunei Times previously reported 15 customs officers charged with graft before the Magistrate's Court. The officers have been accused of receiving bribes ranging from \$3 to \$10 in exchange for not taking action against fuel smugglers.

This will jeopardise the reputation of the departments and ministries, the deputy director said. The majority of Bruneians still do not fully comprehend the true meaning of corruption. In creating more awareness, the bureau is active in disseminating information to the public, government agencies and private sector. The deputy director reported that there has been a gradual increase in corruption awareness through the briefing and talks.

The ACB also began giving talks to senior officers and the private sector in March this year via its Integrity and Good Governance Centre, first announced in December 2007 by the then ACB's director, Pg Kasmirhan Pg Hj Tahir. The centre will involve all government agencies and the private sector in understanding and learning issues of integrity and good governance, Hj Abdul Raub said.

Combating corruption is not only up to ACB but also the responsibility of the government ministries, private sector and the public. The challenge here is that people pretend not to know what corruption is, the deputy director said.

Citing an example from a corruption case, Hj Abdul Raub said, "We just finished giving them briefing (during an induction course), they know that it is wrong, even their head of department knows this but they still do it." "They consider corruption as petty matter. They think that we would not know," the deputy director added.

Head of Special Investigation at ACB, Pg Emran Pg Hj Metarsad raised the question on the extent of integrity understanding among the people. "It is difficult to assess integrity. There is no standard that can be used to gauge integrity, and we cannot predict integrity," said Pg Hj Emran. He added, "It all comes from the person himself. It comes from the heart of the person".

"For Malays and Muslims, use Al-Quran as a guideline (in performing your duties)," Pg Hj Emran said. "According to our experience (in investigating corruption cases), corruption is when it is proven that the person is dishonest in his work and who obtains

advantage through means which are illegitimate, immoral, and/or inconsistent with one's duty or the rights of others. If we can prove that these elements are involved, then it is corruption," he said.

"We do not expect that after the talks, there will be 100 per cent no corruption. It is up to them (the civil servants)," he added. The Brunei Times

<http://www.bruneitimes.com.bn/news-national/2010/06/20/acb-gets-74-graft-complaints-first-5-months-year>

- **Social Front**

## **ASEAN**

### **Political Front**

- **Asean Must Use Thai Crisis To Rethink Noninterference**

The recent crisis in Thailand affected not only the country's domestic politics but also shook the regional stability of the Association of Southeast Asian Nations. During the Bangkok standoff last month, Indonesia called for Asean to push Thailand to settle the conflict peacefully, while Vietnam and Cambodia recommended establishing a summit to coordinate a resolution.

The moves show that Asean's state sovereignty boundary and noninterference policy should not be seen as walls to addressing human rights issues. Member countries had little choice but to respond to the Thai crisis.

According to Rotary International Peace and Conflict Studies, the crisis has impacted the region in three ways.

First, economically. Decreased tourism and foreign investment, not to mention damaged infrastructure, affect Asean's broader economy, especially important now that we have an open market with China.

Second, the crisis has disrupted the Thai-US partnership, especially with regard to military aid. And third, the crisis directly affected Asean activities, forcing a summit in Thailand to be canceled. Asean's policy of noninterference has been a double-edged sword ever since the association's founding.

It strives to ensure harmonious relations among member countries, but it has also been a stumbling block on occasion for greater and more constructive cooperation. Former Thai Prime Minister Thaksin Shinawatra abused this policy in the past, using it as an excuse to table human rights issues and internal conflict.

At the Asean summit in Laos in 2004, he even threatened to walk out if the subject of the Thai insurgency was broached. We cannot deny that Asean has made marvelous achievements so far on its road to the Asean Community 2015, such as the ratification of the Asean Charter, the publishing of the Asean Community 2015 Blueprint and the

creation of the Asean Intergovernmental Commission on Human Rights.

However, simply realizing regional institutions does not constitute comprehensive functional bodies. The AICHR, for example, was finally established last year but was set up poorly.

The body was formed of 10 government representatives, one from each member state, with its key purpose to promote and protect human rights and fundamental freedoms across the region.

However, in executing its mandate, the AICHR's authority has been limited in that it operates only within the guidelines of the United Nations' Universal Declaration of Human Rights.

The AICHR has been chided by activists for its poor record of protecting victims, such as ethnic minorities in Burma, journalists in the Philippines and even the family members of communists killed in Indonesia from 1965 to 1966.

Officials at the AICHR recognize that too many compromises are needed in order to reach a consensus between member countries. Not surprisingly, the noninterference policy is often brought out as an excuse. There is too much at stake if Asean fails to meet its 2015 vision.

The promise of economic integration, with a larger market that can create more opportunities for economic expansion and hopefully a more stable region, will vanish if member countries are not willing to compromise.

It would be both an economic and political loss if an individual country's ego or traditionalist principles were to leave collective action by the wayside in tackling the contemporary economic, political and sociocultural issues affecting the region.

Today, threats do not only come from other states, but also from transnational issues such as health and the environment. Even within the state system itself, there may occur a threat that demands a multinational, collective approach. A strong and collective political will of member countries is needed to overcome collective problems.

The Thailand crisis can provide us with momentum to prove Asean's commitment in strengthening its regional ties and redefining the policy of noninterference.

In the future, the policy should be seen as a principle to respect member countries' decisions, but one that must be in line with the shared values of democracy and respect for human rights. It should not be used as a shield to cover up human rights violations by governments. Asean should take the initiative to defend human rights and democracy across the region.

It's more contextual and nuanced approach to regional issues might work better than the

aggressive moves of other international institutions to help ameliorate Thailand's human rights issues. The recent trend of Asean member countries stepping in with advice for Thailand suggests that they have started to move away from their comfort zone of keeping silent.

This is the first step. Now someone needs to blow the whistle loud. Asean needs to get there soon before more lives are sacrificed.

<http://www.thejakartaglobe.com/opinion/asean-must-use-thai-crisis-to-rethink-noninterference/381299>

**Economic Front**

**Social Front**

