

Report # 129**Business and Politics in Muslim World****South East Asia****Tatheer Zahra Sherazi****From 17 July to 23 July****(Outline)**

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Summary

At political Front

- Indonesia

Not taking Russia into account in discussions about East Asia's present and future has been a feature of conventional wisdom for the last 20 years. For me, it is a boring sign of traditional, inside the box thinking. An easy way to start thinking outside the box is to dwell on Russia's fundamental aspirations and on its probable contributions to the region in the process of successfully pursuing them. But how, in the first place, did the former superpower manage to become just barely visible in this part of the world? In the late 1990s Indonesian analysts coined the term *krisis multidimensi* to define the state of the nation after the fall of Soeharto's New Order.

This is exactly what Russia had gone through in the first post-Soviet decade — a multidimensional crisis. Since in our case it manifested itself not just in the collapse of the old political structure and repudiation of official values, but in an abrupt and radical overhaul of a socio-economic system, its impact was even more painful than in the case of Indonesia.

- Thailand

Prime Minister Abhisit Vejjajiva indicated yesterday that the emergency decree may be lifted next week in provinces where there are no longer serious security concerns.

Mr Abhisit said the government has been monitoring the security situation in the country over the past two months and found that overall it had gradually returned to normal.

He said he the government next week could lift the emergency decree in some of the 19 provinces where it is in effect. The Centre for the Resolution of the Emergency Situation (CRES) would consider first which provinces no longer require the decree's enforcement, Mr Abhisit said. The final decision will rest with cabinet.

The conflict between Thai authorities and antigovernment protesters shifts to the polling stations Sunday, in a special election that pits an imprisoned "Red Shirt" protest leader against a member of the ruling Democrat Party, which presided over bloody crackdowns on red-clad demonstrators in Bangkok in April and May.

An election for a parliamentary member brings Thai citizens to voting booths for the first major vote after violent clashes shook the capital in May. Many see this as a preview to what could happen if Thailand called for national elections.

The election, though for just a single seat in Parliament and only covering part of the capital, is a new chapter in Thailand's political feuds. It is the first such vote since the recent clashes, which left nearly 90 people dead, and could serve as a preview of national

elections if they are held as expected by the end of next year. Sunday's vote is unlikely to affect the balance of power in Thailand's 480-seat parliament, in which the Democrats rule in a coalition. But the winning side will be able to claim an important edge in the battle to win hearts and minds after the recent violence, and could pick up significant momentum heading into any future national elections.

- **Philippine**

Philippine President Benigno Aquino III said yesterday that political connections would no longer be the route to promotion in the nation's coup-prone army, as he named a decorated general as the new head of ground forces. Despite making several top military appointments since taking office three weeks ago, Aquino said he had ended political patronage as part of his government's efforts to restore trust and confidence in the military.

At Geo Strategic Front

- **Indonesia**

Indonesia and the United States have prepared for establishing comprehensive partnership on defense, Indonesian Defense Minister Purnomo Yusgiantoro said here Thursday. The Minister made the statement after meeting with the United States Defense Secretary Robert M. Gates at his office here.

Purnomo said that among the cooperation would be set up and boosted were cooperation on defense industry, intelligence and military education.

The United States will cautiously resume cooperation with Indonesia's special forces while still pursuing reforms in the commando unit more than a decade after ties were severed over its alleged human rights abuses, officials said Thursday.

Both countries stressed that the Indonesian military had improved its human rights record, and American officials noted the decision required that those reform efforts continue.

Pakistan Defense Minister Chaudhary Ahmed Mukhtar offers his Indonesian counterpart the latest jet fighter called the JF-17 during his visit to Jakarta on Wednesday. Defense Minister Purnomo Yusgiantoro responded to the offer, saying that further discussion would be conducted in October. Minister Mukhtar was here to sign the Defense Cooperation Agreement between the two countries at the Defense Ministry. "We will see it first before we decide if we have an interest in purchasing the aircraft," Purnomo said.

He said the JF-17 jet fighter was the product of a joint production between Pakistan and China. The manufacturers claimed the jet to be cheaper and stronger than the US F-16. Purnomo said he learned there had been 500 JF-17 jet fighters produced; 350 are

allocated for Pakistan and the remaining 150 are for China. "I have been informed that Pakistan's jet fighter's level is above the US F-16 jet fighter, as well as Russia's Sukhoi. But we need to see it first hand," he said.

- **Philippine**

American soldiers will remain in the southern Philippines to help the local military in their fight against Muslim extremists, a top US diplomat said on Wednesday. US Undersecretary of State for Political Affairs William Burns said the troop commitment was part of US efforts to develop the strife-torn region of Mindanao, where al-Qaeda-linked militants are active. "Our presence will remain here to do whatever we can on [behalf] of the Filipino government," Burns said during a visit to Cotabato City in Mindanao. "Our soldiers and Filipino troops are closely working for peace and development," he said at the launch of a US-supported education program in the south. About 500 US Special Forces troops train Filipino soldiers in Mindanao to combat militants from the al-Qaeda-linked Abu Sayyaf group, which the United States lists as a terrorist organization. The US troops are not allowed to take part in combat operations in the Philippines. Two American soldiers were killed in Mindanao last year when suspected Abu Sayyaf members set off a roadside bomb.

- **Cambodia**

A senior U.S. State Department official visiting Cambodia defended U.S. support for Cambodia's military on Sunday. His comments follow strident criticism by a leading opposition parliamentarian over U.S. support for Cambodia's military. The Under-Secretary of State for Political Affairs, William J. Burns, was in Cambodia this weekend to return seven looted antiquities recovered by U.S. officials.

Thailand and Cambodia have descended into a loud political feud about Bangkok's 2006 coup, and Thailand's current threat to demand the extradition of its fugitive former prime minister Thaksin Shinawatra.

The rift between the two Buddhist-majority nations in the heart of Southeast Asia was expected to worsen if Mr. Thaksin accepts Cambodian Prime Minister Hun Sen's surprise offer of a temporary house.

- **Vietnam**

Opening a new source of potential friction with China, the United States said on Friday that it was ready to step into a tangled dispute between China and its smaller Asian neighbors over a string of strategically sensitive islands in the South China Sea.

At economic Front

- **Indonesia.**

Indonesia on Thursday predicted that its economic growth will accelerate to 5.9 percent

this year, higher than assumption in the state budget, boosted by 6 percent growth in the second half, Bisnis Indonesia daily quoted a minister as saying here. "We see first half growth of around 5.8 percent and 6 percent in the second half, supported by increasing international trade volume and improving non-tax state income," said Finance Minister Agus Martowardojo. The full-year growth projection is at the higher-end of the government's forecast range of 5.5 percent to 6 percent.

Indonesian lawmakers approved a proposal that Bank Indonesia Acting Governor Darmin Nasution take the job permanently, ending a 14-month impasse over the central bank's leadership. The 54 lawmakers representing Commission XI, the body charged with considering Darmin's nomination, agreed by consensus late yesterday to approve him following two days of questioning. Indonesia has held back from tightening monetary policy even as neighbors from Malaysia to India raised borrowing costs this year to avert asset bubbles and contain inflation in a region that's leading the global economic recovery. The country's benchmark interest rate is at the lowest level since it was introduced in July 2005.

Southeast Asia's largest economy expanded 5.7 percent in the first quarter from a year earlier, the fastest pace since 2008.

Indonesia's target to achieve economic growth of 7 percent a year within the next few years will be difficult to reach if no significant improvement is made in the country's transportation system, an economist says. World Bank economist Sjamsu Rahardja said Tuesday that domestic connectivity remained a major challenge for investors doing business in Indonesia.

- Thailand

The Bank of Thailand has sharply revised upward its economic growth forecast for the year to 6.5-7.5 per cent, thanks to limited political impact and the global economic recovery, which should continue spurring export growth.

- Singapore

Nestle has set up a regional hub for innovation in Singapore. The facility will expand its current research and development (R&D) work into beverages, with a focus on coffee mixes. Nestle also expects to boost sales through creating more affordable and accessible versions of its current products.

At Social Front

- Indonesia

Indonesia's top Islamic body declared Tuesday that Muslims can drink civet coffee — the world's most expensive coffee, which is extracted from the dung of civet cats.

A preacher recently suggested the beverage might not be "halal" — or religiously

approved — because its provenance makes it unclean. But after a long discussion Tuesday, the influential Indonesian Ulema Council said that the coffee, known locally as Kopi Luwak, could be consumed as long as the beans were washed. Kopi Luwak, which takes its name from the Indonesian word for civets, is made from hard beans that have been eaten by the nocturnal critters and then fermented in their stomachs before being pooped out and roasted. Civet cats are mongoose-like animals.

Indonesia's Muslims learned on Friday they have been praying in the wrong direction, after the country's highest Islamic authority said its directive on the direction of Mecca actually had people facing Africa.

Muslims are supposed to face the holy city of Mecca in Saudi Arabia during prayer and the Indonesian Ulema Council issued an edict in March stipulating westward was the correct direction from the world's most populous Muslim country. "But it has been decided that actually the mosques are facing Somalia or Kenya, so we are now suggesting people shift the direction slightly to the north-west," the head of the Indonesian Ulema Council, Cholil Ridwan, said.

A view of evening traffic passing through downtown Kuala Lumpur. Malaysia is among such countries where there was little political pressure on state-owned and government-linked firms to distribute their income to boost domestic consumption. That warm glow and soft purring emanating from South Korea was the International Monetary Fund trying, yet again, to put the Asian financial crisis behind it. The IMF needs Asia on its side. As the fastest-growing part of the world economy, the region will wield more clout at global institutions like the IMF and provide more of their funding.

- Malaysia

Prime Minister Datuk Seri Najib Tun Razak reiterated that a combined and cumulative effort from the public and private sector will ensure Malaysia's success towards achieving a high income economy. He said the responsibility for economic transformation was not the government's alone. The viability of the nation as an achieving society is a combined and cumulative effort of all stakeholders and sectors, encompassing the public and private sectors," he said in a speech after being conferred an honorary fellowship by the Management Institute of Malaysia (MIM) here Monday night. "In other words, performing public sector is a necessary and pre-requisite condition for a highly performing private sector," he added.

The economic slowdown in Europe will not affect the flow of its investments to Malaysia, said Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed. Mustapa said there was still interest from the Germans and French to invest here due to their strong growth compared with their friends in the European Union.

"The UK and Holland are still the major sources of investments in Malaysia. We think it will not affect their investments here," he told a media briefing after officiating the ministry's inter-agency sports meet at the Petronas Training Centre here Saturday.

Malaysia's economic recovery will be more pronounced next year following the implementation of aggressive recovery measures. Deputy Prime Minister Tan Sri Muhyiddin Yassin said the government was confident there would be an influx of investors which would lead to more employment opportunities." We have implemented economic reforms to the best of our ability and we have seen a 10 per cent Gross Domestic Product (GDP) growth in the first-quarter of this year. The government also introduced several new approaches including the New Economic Model.

The economic growth of Malaysia and East Asian countries will not be much affected by the worsening economy in Europe and the United States if they cooperate in accelerating the economy, Institute of Strategic and International Studies (ISIS) director-general Datuk Dr Mahani Zainal Abidin said Tuesday.

"Concerning expectation of a second recession, it will not be so severe because all countries will work together to overcome the situation," she told reporters after a seminar on "New Economic Model: View from an Islamic Perspective" organised by the Institute of Islamic Understanding Malaysia (IKIM) here.

South Korea's won and Malaysia's ringgit led weekly gains among Asian currencies on signs global investors are seeking higher returns in emerging markets because of their faster economic growth.

The government targets 36 million tourist arrivals by 2020 as there has been a steady increase in the numbers of tourists visting Malaysia each year, said Tourism Minister Datuk Seri Dr Ng Yen Yen. She said 36 million tourist arrivals would enable the government to get a revenue of RM3 billion a week.

"Malaysia is becoming more and popular as a tourist destination, in fact were were in ninth place as the most visited country last year," she told a press conference after opening the 1Malaysia Clean and Beautiful campaign at the FLORIA 2010 flower festival, here Sunday

- Thailand

"The only way to solve the poverty problems in rural areas is to adopt His Majesty the King's sufficiency economy. This approach not only solves the poverty problem, it also helps reduce farmers' accumulated debts as well as promoting unity in the community," said Ennu Suesuwan, executive vice president of the Bank for Agriculture and Agriculture Cooperatives as reported by Thai Rath.

- Philippine

The death toll from a typhoon that struck the Philippines last week has risen to 111, but a miracle rescue offered hope that dozens of other people still missing may survive, the government said on Friday. The number of dead jumped from 79 after 32 bodies, mainly those of fishermen, were found in recent days, said Benito Ramos, administrator for the Office of Civil Defence.

A spate of political killings in the Philippines has cast a shadow over an otherwise optimistic start to the presidency of President Benigno Aquino III. Six activists have been murdered since Aquino's inauguration on June 30, raising suspicions that the killings are aimed at testing his administration's response to attacks against left-wing organisations.

"This is a fair conclusion and not just from the government but other parties," said

The Philippine government said yesterday it would give money directly to poor families in an effort to fight a sharp rise in the number of Filipinos enduring severe hunger.

President Benigno Aquino's new administration said it wanted to act after a survey released yesterday reported that about 780,000 families in the Philippines, 4.2% of the total, felt hunger "often or always".

The results of the Social Weather Stations survey, covering April to June, amounted to a big increase from the 2.8%, or 530,000 families, that reported experiencing hunger in the previous three months.

- **Cyber world**
- Malaysia

A Malaysian ministry of science, technology and innovation agency, Cyber Security Malaysia, has held a five-day workshop to focus on security aspects of wireless communication,.

- Thailand

The Thai government is struggling to preserve 'proper Thai' amidst the growth of digital communication. Facebook and Twitter are causing deteriorating language skills among Thai students and authorities want them to return to the bygone tradition of letter-writing, the Culture Ministry said Friday. A national survey conducted by the ministry found that four out of 10 Thai youths think "proper Thai" should only be used on formal occasions. Roughly a third of Thai youths are not concerned about misspellings, abbreviations and grammatical mistakes that are common in text messaging and social media conversations. "Excessive use of Facebook, Twitter and mobile phone messages distorts the language. But we can't stop people from communicating," Culture Minister Nipit Intarasombut told The Associated Press on Friday, a day after releasing results of the survey.

ASEAN

At political Front

ASEAN leaders gather in Hanoi this week for the 43rd ASEAN Ministerial Meeting, with a focus on the implementation of the newly ratified 2008 Charter. The Charter provides a legal framework for the regional body and sets goals for the political, economic and sociocultural development of its member states. This is the final part of three stories on ASEAN's modalities to achieve its goals. ASEAN leaders gather in Hanoi this week for the 43rd ASEAN Ministerial Meeting with a focus on the implementation of the newly ratified 2008 Charter. The Charter provides a legal framework for the regional body and sets goals for the political, economic and sociocultural development of its member states. This is the last of three stories on ASEAN's modalities to achieve its goals.

Indonesia

- **Political front**
- **Russia, ASEAN and Indonesia in the regional context**

Not taking Russia into account in discussions about East Asia's present and future has been a feature of conventional wisdom for the last 20 years. For me, it is a boring sign of traditional, inside the box thinking. An easy way to start thinking outside the box is to dwell on Russia's fundamental aspirations and on its probable contributions to the region in the process of successfully pursuing them. But how, in the first place, did the former superpower manage to become just barely visible in this part of the world? In the late 1990s Indonesian analysts coined the term *krisis multidimensi* to define the state of the nation after the fall of Soeharto's New Order.

This is exactly what Russia had gone through in the first post-Soviet decade — a multidimensional crisis. Since in our case it manifested itself not just in the collapse of the old political structure and repudiation of official values, but in an abrupt and radical overhaul of a socio-economic system, its impact was even more painful than in the case of Indonesia. Reforms through shock therapy produced depressing results: in the popular mind, the notions of market economy and political democracy became associated with disorder, corruption and yawning social gaps. Suspicions that Russia would follow the path of the Soviet Union and disintegrate spread widely in the midst of war in Chechnya. Introspective at the time when globalization was becoming a household world, abandoned by former satellites and subjected to new geostrategic pressures by the West, Russia looked like a hopeless loser in the post-Cold War world. Rich in natural wealth, but neglected Far Eastern areas of Russia were in a state of disarray.

To say that between 2000 and 2008 president Putin changed the face of Russia beyond recognition would be an exaggeration. But he had certainly done a lot to arrest the trend towards decline and to lay the foundation for reconstruction. During his years in Kremlin, order visibly prevailed over chaos. Improvements in governance went hand in hand with positive economic changes: on the average, annual GDP growth exceeded 6 per cent.

Peace in Chechnya has been restored.

On the international arena, Putin proved to be a versatile and skilful player. He consistently promoted the interests of Russian oil and gas exporters, paid much attention to building stronger political and economic ties with China and India, looked for compromises on strategic issues with the West, but was never afraid to call a spade a spade (like he had done in his famous Munich speech in February 2007), and succeeded in restoring Russia's great

power status to a sufficient degree. Although the beginning of Dmitry Medvedev's presidency was marked by Georgia's armed adventure in South Ossetia with all its well-known consequences and the start of the Global Crisis, these trials had not led to anything catastrophic. Yes, industrial production declined in 2008-2009, and declined considerably, but on the whole the situation has been a far cry that of 1992 or 1998.

In fact, the crisis has alerted the authorities to the urgency of modernizing the national economy and increasing its innovative component. The Far Eastern regions also get their share of attention from the authorities: no other part of Russia (with the possible exception of Sochi, the site of 2010 Winter Olympics) is visited more frequently by former president and now Prime Minister Putin. Oil and gas development on the island of Sakhalin, construction of pipelines from the oil and gas fields of Eastern Siberia to the Pacific Coast and into China, building of new modern shipyards and automobile assembly plants, revival of aircraft construction, creation of a new launching site for spaceships and Earth satellites — many of these and other projects designed to give new life to the Russian Far East have been brought to various stages of implementation.

In Vladivostok where APEC Summit is scheduled for 2010, a whole number of infrastructure projects is under way. On the whole, the Russia of 2010 is clearly different from the Russia of 1992. Nonetheless, its belonging to East Asia is not something that the bulk of regional pundits would easily and happily confirm. "Although Russia's trade with the region is consistently growing, it grows much slower than that of China and India."

Why so? Presumably, because Russia's progress is eclipsed by other, more crucial developments and challenges — such as the dramatic rise of China and India; the prospect of US — China and China — India rivalries; the possibility of ASEAN's marginalization as a result of being unable to manage these dangerous trends, as well problems of domestic and bilateral character.

Although Russia's trade with the region is consistently growing, it grows much slower than that of China and India. In the mean-time, economic situation in the Russian Far East is only starting to improve. Last but not least, Russia's image in global media remains predominantly gloomy and unattractive. Apparently, signs of our recovery are not good news to everyone — in the arrogant West as well as in the upwardly mobile East Asia.

How about ASEAN's perception of Russia? The fact that in April 2010 ASEAN spoke in favor of inviting Russia to East Asian Summits seems to be telling in itself.

This, by the way, would not be possible without a significant shift in Indonesia's position: Five years ago Jakarta, along with Canberra, openly objected to Russia's membership in that forum.

Integration with East Asia will be a truly rewarding process if only Russia is able to add

to the region's dynamism — and to help in sustaining it. What Russia does not need under any circumstances is regional conflicts — not to speak of a major war or direct involvement in it. Too many of Russia's late 20th century misfortunes are linked to the terrible losses and damage of two World Wars. Even a distant glimpse of such upheavals can ruin East Asia's dynamism, seriously diminishing the chances of Russia's modernization. If such a scenario starts to unfold, a country of Russia's proportions and resources may be drawn into it even against its own wish. Therefore, Russia's best strategic option is to try to preempt scenarios of this type and to coordinate activities with players who have similar views and intentions. A recent document of the Russian Foreign Ministry that was slipped to the media and into the web points to the necessity of developing a well-balanced system of bilateral and multilateral partnerships in the Asia Pacific. Excessive dependence on relations with any single partner should be avoided.

Among other things, it means that, for the sake of greater freedom of maneuver, progress in relations with one particular partner must be matched by progress in relations with others. My final observation will be very brief: once you start thinking outside the box, the ties of Russia and ASEAN — just like those of Russia and Indonesia — will look more important and promising than they do to “insiders”. Hopefully, the need to develop both pairs of relations will be equally felt by all the parties.

<http://www.thejakartapost.com/news/2010/07/13/russia-asean-and-indonesia-regional-context.html>

- **Geo-Strategic Front**
- **Indonesia, U.S. seeks for comprehensive partnership on defense**

Indonesia and the United States have prepared for establishing comprehensive partnership on defense, Indonesian Defense Minister Purnomo Yusgiantoro said here Thursday. The Minister made the statement after meeting with the United States Defense Secretary Robert M. Gates at his office here.

Purnomo said that among the cooperation would be set up and boosted were cooperation on defense industry, intelligence and military education.

The plan would be discussed during the upcoming visit of President Barack Obama scheduled in November, Purnomo was quoted by detik online as saying.

The United States reaffirmed its praise on Indonesia's success on cracking down terrorism. Meanwhile, Gates said on Thursday that the United States Military will resume relation with Indonesian army special force known as Kopassus after 12 years of ban due to allegedly poor human rights record. The secretary said that the decision was made after evaluating the Indonesian military reform over the past decade, ongoing professionalism of the Indonesian Armed Forces or TNI and the recent action taken by the Indonesian

Ministry of Defense to address human rights issues.

<http://english.people.com.cn/90001/90777/90851/7077472.html>

- **US to resume ties with Indonesia's special forces**

The United States will cautiously resume cooperation with Indonesia's special forces while still pursuing reforms in the commando unit more than a decade after ties were severed over its alleged human rights abuses, officials said Thursday.

Both countries stressed that the Indonesian military had improved its human rights record, and American officials noted the decision required that those reform efforts continue.

Human rights activists, however, were skeptical that the special forces would be held accountable for past alleged abuses or would reform enough to prevent future abuse. U.S. Defense Secretary Robert Gates made the announcement after meeting with Indonesia's President Susilo Bambang Yudhoyono in the capital of Jakarta.

Indonesia's special forces were accused of major abuses through the 1990s in the provinces of Papua and Aceh and in East Timor, a former province that has gained independence. The U.S. cut ties with the special forces under a 1997 law that banned U.S. training for foreign military units accused of human rights violations. The ban can be lifted if there have been substantial measures to bring culprits to justice. "As a result of Indonesian military reform over the past decade ... and recent actions taken by the Ministry of Defense to address human rights issues, the United States will begin measured and gradual programs of security cooperation activities with the Indonesian Army Special

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"This initial step will take place within the limit of U.S. law and does not signal any lessening of the importance we place on human rights and accountability," he added. Yudhoyono guaranteed there would be no more rights abuses by the Indonesian military. "I'll guard the Indonesian military reform and ensure that what happened 10 or 20 years ago will not happen again," the president was quoted as saying by Defense Minister Purnomo Yusgiantoro, who also attended the meeting with Gates.

U.S. State Department spokesman P.J. Crowley told reporters Thursday that Indonesia has improved its human rights. "That said, we're going in with our eyes open," Crowley said. "Kopassus has a dark past; we recognize that. We're going to be insisting that Indonesia live up to its stated commitments. This is very limited. It's not a slippery slope."

Washington severed all ties with the Indonesian military in 1999 after troops rampaged through East Timor when it voted to secede from Indonesia. The U.S. lifted that overall

ban in 2005 but kept its restrictions against the special forces—known as Kopassus. International rights groups have said members of Kopassus were linked to the disappearance of student activists in 1997 and 1998 and were never held accountable.

Sen. Patrick Leahy, who authored the U.S. law, said Kopassus was unrepentant and unaccountable still, but he cautiously hoped the new cooperation would lead to reforms. "I deeply regret that before starting down the road of re-engagement, our country did not obtain and Kopassus did not accept the necessary reforms we have long sought. But a conditional toe in the water is wiser at this stage than diving in," the Vermont Democrat said in a statement.

He and Gates noted that U.S. cooperation hinges on future reforms, which Leahy said includes suspending Kopassus officers credibly linked to abuses and cooperating in criminal prosecutions. Hendaridi, a prominent rights activist, criticized the decision he claimed was based on economic interest. "This decision just shows that America is an opportunist which is no longer consistent with its own standard," said Hendaridi, once a lawyer of Xanana Gusmao, now East Timor's prime minister.

But Gates said that he and U.S. Secretary of State Hillary Clinton were both convinced that rapprochement was "the right thing to do at this time." Human Rights Watch strongly criticized the decision as undermining the slight progress that Indonesia's military has made and said in a statement that the United States was disregarding the problems that will persist in implementing reforms and accountability.

"The Indonesian justice system rarely vigorously investigates or prosecutes anyone from the military, so forces like Kopassus will likely still be able to commit abuses with impunity and still meet the Obama administration's standards," said Sophie Richardson, Asia advocacy director at the U.S.-based human rights group. "It's hard to see the administration's decision as anything other than a victory for abusive militaries worldwide."

http://www.twincities.com/national/ci_15575134?nclick_check=1

- **Pakistan offers jet fighter to Indonesian Military**

Pakistan Defense Minister Chaudhary Ahmed Mukhtar offers his Indonesian counterpart the latest jet fighter called the JF-17 during his visit to Jakarta on Wednesday. Defense Minister Purnomo Yusgiantoro responded to the offer, saying that further discussion would be conducted in October. Minister Mukhtar was here to sign the Defense Cooperation Agreement between the two countries at the Defense Ministry. "We will see it first before we decide if we have an interest in purchasing the aircraft," Purnomo said.

He said the JF-17 jet fighter was the product of a joint production between Pakistan and China. The manufacturers claimed the jet to be cheaper and stronger than the US F-

16. Purnomo said he learned there had been 500 JF-17 jet fighters produced; 350 are allocated for Pakistan and the remaining 150 are for China. "I have been informed that Pakistan's jet fighter's level is above the US F-16 jet fighter, as well as Russia's Sukhoi. But we need to see it first hand," he said.

Minister Mukhtar said the jet fighter project was a result of years of engineering improvements that was made by the Pakistan defense industry back home. "We have developed our defense industry properly, we have prepared for those who plan to disrupt our peace," he said.

Pakistan Ambassador to Indonesia Sanaullah, who also attended the press conference, promoted the product, saying the aircraft had met the requirements to be used by the Indonesian military.

The Defense Ministry is currently developing its own jet fighter project with South Korea. Dubbed the KFX project, the project is aimed at providing both countries with five jet fighter prototypes before 2020. Mass production of the KFX jet fighter is expected to take place after the project reaches its break-even point of 200 aircraft units.

Bhatara Ibnu Reza, Imparsial's research coordinator, warned that the Indonesian military should prioritize the improvement of its own defense industry. He said if offers like that from Pakistan contributed to the reinforcement of the country's defense industry, then Imparsial suggested Indonesia take advantage of it. "I strongly suggest that we pay serious attention to rebuilding our defense industry so it becomes a strong backbone for the future," he told The Jakarta Post. In addition to offering the jet fighter, the Pakistan defense minister also tightened cooperation in the field of education and sharing intelligence on counterterrorism. Both countries have also planned to conduct a joint naval exercise in December this year. "We face similar internal security problems here. Therefore cooperation will enable us to tackle these problems," he said. The Pakistani defense minister visit is the latest, after China's Central Military Commissioner, Guo Boxiong, visited the country in May.

<http://www.thejakartapost.com/news/2010/07/22/pakistan-offers-jet-fighter-indonesian-military.html>

- **Economic Front**
- **Boost for auto industry**

Located on the banks of the Pahang River, the quaint town of Pekan is synonymous with a few things. Firstly, it is closely associated with nature. The town is named after the Bunga Pekan – a flower that is found in abundance along the Pahang River.

Next are its historical roots: Pekan is said to predate the 17th century and its name was recorded by several Chinese and Arab historians. The royal town of the state of Pahang,

Pekan is also the hometown of Prime Minister Datuk Seri Najib Tun Razak.

Mohd Khamil (third from right) having a chat with the first batch of students after the launch of the college.

The list goes on, but Pekan could be known for something else soon, as DRB-HICOM Bhd – one of Malaysia’s leading corporations in the automotive, property and services sectors – is all geared to turn it into a regional automotive knowledge hub. This comes through the formation of the International College of Automotive (Icam) which specialises in producing human capital for the automotive industry. Housed at a 4.8-acre (1.9 ha) land within DRB-HICOM’s integrated complex in the Peramu Jaya industrial area, Icam was established in April and boasts a student capacity of 1,300.

Its inaugural intake saw an enrolment of 75 students – all sponsored by the company – and a second batch of around 200 will commence classes in September. Currently offering three diploma programmes in Automotive Management Systems; Vehicle Assembly Management and Vehicle Inspection, Icam was formed to encapsulate the Government’s aspirations under the New Economic Model. “The automotive industry is highly aggressive, and the players must keep abreast and equip themselves with the latest technological advances to remain competitive,” said DRB-HICOM’s group managing director Datuk Seri Mohd Khamil Jamil.

“As such, we cannot compromise on knowledge and skills – more so in today’s ever-evolving business climate.” The group has grand plans for Icam, and a permanent campus – a 37-acre (15 ha) project with built-in facilities, amenities and workshops – is being planned adjacent to the present site. “World-class manufacturing facilities, coupled with a skilled and knowledgeable workforce, would definitely draw more international auto manufacturers to Pekan, which has been earmarked as an automotive hub under the East Coast Economic Region initiative,” added Mohd Khamil. “It is our fervent hope that Icam will eventually make significant contributions to the nation’s automotive industry.”

Created by an industry player for the industry, Icam also aspires to provide management and business courses which complement the automotive industry. Students will be taught by lecturers who have extensive industrial experience.

<http://thestar.com.my/education/story.asp?file=/2010/7/18/education/6674742&sec=education>

- **Indonesia predicts its economic growth to reach 5.9% in 2010**

Indonesia on Thursday predicted that its economic growth will accelerate to 5.9 percent this year, higher than assumption in the state budget, boosted by 6 percent growth in the second half, *Bisnis Indonesia* daily quoted a minister as saying here. “We see first half growth of around 5.8 percent and 6 percent in the second half, supported by increasing

international trade volume and improving non-tax state income," said Finance Minister Agus Martowardojo. The full-year growth projection is at the higher-end of the government's forecast range of 5.5 percent to 6 percent.

He said that the signal of recovering world economy will support Indonesian economy further. Previously, the International Monetary Fund (IMF) raised its prediction on global economic growth this year to 4.6 percent from 4.2 percent. Bank Indonesia is led by a board of governors consisting of one governor, one senior deputy governor and six deputy governors.

<http://english.people.com.cn/90001/90778/90858/90863/7059473.html>

- **Indonesia Parliament Approves Nasution as Central Bank Governor**

Indonesian lawmakers approved a proposal that Bank Indonesia Acting Governor Darmin Nasution take the job permanently, ending a 14-month impasse over the central bank's leadership. The 54 lawmakers representing Commission XI, the body charged with considering Darmin's nomination, agreed by consensus late yesterday to approve him following two days of questioning.

President Susilo Bambang Yudhoyono nominated Nasution, 61, to be central bank chief in June, seeking to plug a gap in the country's economic leadership after the previous governor, Boediono, resigned in May 2009 to become Yudhoyono's running mate in last year's presidential election. Indonesia has left its benchmark interest rate at a record low of 6.5 percent since August 2009.

"The approval is expected to increase market confidence after the post was left vacant for more than a year," said Juniman, an economist at PT Bank Internasional Indonesia in Jakarta. "The market wants to know what monetary policies will be taken by the central bank." Yesterday's approval will be formalized at a plenary meeting. Nasution will be the 14th governor in the central bank's 57-year history.

Rate Decisions

Indonesia has held back from tightening monetary policy even as neighbors from Malaysia to India raised borrowing costs this year to avert asset bubbles and contain inflation in a region that's leading the global economic recovery. The country's benchmark interest rate is at the lowest level since it was introduced in July 2005.

Southeast Asia's largest economy expanded 5.7 percent in the first quarter from a year earlier, the fastest pace since 2008. Consumer prices, which rose 5.05 percent in June, are forecast to climb in a range of 5.8 percent to 6 percent this year, Bank Indonesia Deputy Governor Hartadi Sarwono said on July 20.

Standard & Poor's raised Indonesia's sovereign credit rating to a 12-year high of BB from BB- on March 12, with a positive outlook. S&P and Moody's Investors Service

both rank Indonesia two levels below investment grade, while Fitch Ratings on Jan. 25 raised it to one step below investment.

Nasution received his doctorate in economics from University of Paris, Sorbonne, France in 1986,

to the Bank Indonesia website. He was chairman of Indonesia's Capital Market and Financial Institution Supervisory Agency, or Bapepam, in 2006, and was director general of taxation at the Ministry of Finance before moving to the central bank.

<http://www.businessweek.com/news/2010-07-22/indonesia-parliament-approves-nasution-as-central-bank-governor.html>

- **Transportation remains major issue for investors**

Indonesia's target to achieve economic growth of 7 percent a year within the next few years will be difficult to reach if no significant improvement is made in the country's transportation system, an economist says. World Bank economist Sjamsu Rahardja said Tuesday that domestic connectivity remained a major challenge for investors doing business in Indonesia.

"We may see a 7 percent economic growth if we can have improved connectivity within the country," he said after a seminar.

Citing a statement last year by Vice President Boediono, he said connectivity was a critical problem that should be quickly addressed. "We cannot go further without resolving connectivity problems," he said.

Apart from the country's resiliency amid the recent global financial crisis, he said Indonesia should make greater efforts to better improve its current achievements.

"Indonesia can get away unscathed from the recent crisis. Its economic growth is quite stable, which is a good point," he said, citing two other points proving Indonesia's resiliency — an improved fiscal indicator and a reduction in the poverty rate. "The question is, what do we want to see next: Indonesia floating or rising? If we want to keep rising, then we will have to move faster to be able to enter a new prestigious category: a middle-income country," he said.

He said that Indonesia was now moving from a lower-middle income towards middle income. "In this situation, higher demand for supporting services and domestic connectivity will usually emerge. I think the government should better facilitate so service providers can easily expand their businesses and investments," he said. Indonesian Chamber of Commerce and Industry (Kadin) vice chairman for investment and communication Chris Kanter said infrastructure should be improved due to its important role in attracting investment. Without improved infrastructure, he said, it would be difficult to increase investments. "We know that many investors have shown interest in

investing in Indonesia. But many of them are still concerned about the lack of infrastructure, which they see as one of the biggest obstacles. So they wait and see," he said, adding that improved connectivity might bring benefits such as lower and more stable prices for goods and services and wider market access leading to improve competitiveness of Indonesian products. (ebf)

<http://www.thejakartapost.com/news/2010/07/21/transportation-remains-major-issue-investors.html>.

- **At social Front**
- **Indonesian mullahs say Muslims can drink coffee from civet cat droppings, if beans are washed**

Indonesia's top Islamic body declared Tuesday that Muslims can drink civet coffee — the world's most expensive coffee, which is extracted from the dung of civet cats.

A preacher recently suggested the beverage might not be "halal" — or religiously approved — because its provenance makes it unclean. But after a long discussion Tuesday, the influential Indonesian Ulema Council said that the coffee, known locally as Kopi Luwak, could be consumed as long as the beans were washed. Kopi Luwak, which takes its name from the Indonesian word for civets, is made from hard beans that have been eaten by the nocturnal critters and then fermented in their stomachs before being pooped out and roasted. Civet cats are mongoose-like animals.

The coffee is highly prized for its smooth flavor and bitterless aftertaste, sometimes fetching well over \$200 a pound (\$440 per kilogram) online. "Kopi Luwak can be declared 'halal' after passing through a washing process," said Maruf Amien, acting head of the council. "Producing, selling and drinking it is allowed."

In Indonesia, the world's most populous Muslim nation, Kopi Luwak is produced in the main Java island, Sumatra and Sulawesi. It is also found under different names elsewhere in Southeast Asia. Only 1,000 pounds (450 kilograms) are said to be produced annually worldwide.

The Ulema Council has often issued fatwas, or edicts, including several controversial rulings against smoking and yoga. Its edicts are not legally binding, but many devout Muslims abide by them. <http://southflorida.sun-sentinel.com/news/custom/fringe/sns-ap-as-indonesia-civet-coffee,0,5339918.story>

- **Indonesians told to face Mecca**

Indonesia's Muslims learned on Friday they have been praying in the wrong direction, after the country's highest Islamic authority said its directive on the direction of Mecca actually had people facing Africa.

Muslims are supposed to face the holy city of Mecca in Saudi Arabia during prayer and

the Indonesian Ulema Council issued an edict in March stipulating westward was the correct direction from the world's most populous Muslim country. "But it has been decided that actually the mosques are facing Somalia or Kenya, so we are now suggesting people shift the direction slightly to the north-west," the head of the Indonesian Ulema Council, Cholil Ridwan, said.

"There's no need to knock down mosques, just shift your direction slightly during prayer." Ridwan said Muslims need not fear that their prayers have been wasted because they were facing the wrong way. "Their prayers will still be heard by Allah," he said.

Mr Agil Siradj, head of Indonesia's largest Muslim organization Nahdlatul Ulama, told an English language newspaper the Jakarta Globe that the confusion showed the council issued edicts too fast and that this was a lesson for them. The Ulema council has, in the past, issued controversial edicts banning Muslims from chanting during yoga, and from smoking. Indonesia is a majority Muslim but officially secular country

<http://www.asianage.com/international/indonesians-told-face-mecca-673>

- **Former Indonesian Minister Says He Is Victim of Corruption Investigation**

Former Justice Minister Yusril Ihza Mahendra, a suspect in a Rp 410 billion (\$45.5 million) embezzlement case, says he is being made a scapegoat as part of a sinister political plot involving blackmail and the PT Bank Century bailout.

In a discussion at the House of Representatives on Friday, Yusril said he had been told of a conspiracy to make him the fall guy in the case, which involves a Web site at the Ministry of Justice and Human Rights that allowed companies to register online. Prosecutors say site operator PT Sarana Rekatama Dinamika took 90 percent of the revenue generated by the site, with ministry officials getting 10 percent.

Yusril claimed that Bambang Tri, the brother of Attorney General Hendarman Supandji, had told him that Hendarman had been blackmailed by members of House Commission III, which oversees legal affairs, to name him a suspect. He said he was told that lawmakers had pressured Hendarman by claiming to have evidence that the attorney general and State Secretary Sudi Silalahi had received a combined \$3 million from the Web site. United Development Party (PPP) lawmaker Ahmad Yani, who was at the discussion, confirmed that he and five other Commission III members had met privately with Hendarman, but refused to discuss the blackmail threat. He did say that Hendarman had told the lawmakers that he had been gunning for Yusril for a long time. "But if he really got his brother to tell this story to Yusril, then his position must be reviewed because he has clearly bowed to political pressure," he said, adding that Commission III would call a hearing with Hendarman to discuss the matter.

Yusril said this was not his first run-in with attorney general. He said that in 2005, Hendarman, then the head of an antigraft task force, summoned him for questioning in a corruption case. "When I asked him why he'd summoned me, he said it was Sudi's call, based on the president's order," he said.

He added that when he confronted President Susilo Bambang Yudhoyono and threatened to quit the cabinet, the president denied giving any such order. Yusril also said that shortly after his name topped a survey of potential presidential candidates in 2008, he was again hauled up by the attorney general, this time for questioning in the ministry Web site case, but no charges were pressed. This is not Yusril's first attack on Hendarman since being named a suspect. He is also challenging the legality of the attorney general's position at the Constitutional Court. In addition, he claimed that the current charges went back to the controversial Bank Century bailout. "The powers that be are trying everything they can to distract the public from the case," Yusril said. "I won't let them get away with it. When the time comes, I'm going to tell everything I know about the bailout."

<http://www.thejakartaglobe.com/home/former-indonesian-minister-says-he-is-victim-of-corruption-investigation/386316>

- **Four Indonesian Universities Make Asia's Top 100 List**

Four Indonesian universities have been ranked in a list of Asia's top 100 colleges compiled by a Spanish public research body using Internet data.

The "Webometrics Ranking of World Universities," an initiative of the Cybermetrics Lab, a research group belonging to the Consejo Superior de Investigaciones Científicas (High Council of Scientific Investigation), ranked the Bandung Institute of Technology (ITB) in 56th place, Yogyakarta's Gadjah Mada University (UGM), 61, the University of Indonesia, 84, and Gunadarma University, 88.

"University activity is multi-dimensional and this is reflected in its Web presence," Webometrics said on their Web site. "So the best way to build the ranking is combining a group of indicators that measures these different aspects."

Webometrics used four indicators in arriving at its conclusions, including the number of files that were able to be recovered using four search engines, and the results of searches for the publication of academic and research papers, among other things.

The body also ranked Indonesia's top 10 universities using the same measures:

1. Bandung Institute of Technology (ITB)
2. Gadjah Mada University (UGM)
3. University of Indonesia (UI)
4. Gunadarma University
5. Petra Christian University

6. Bogor Institute of Agriculture (IPB)
7. Sepuluh November Institute of Technology (ITS)
8. Airlangga University (UNAIR)
9. Diponegoro University (UNDIP)
10. Sebelas Maret University (UNS)

The world's top ten universities are dominated by the United States, with Harvard as the reigning champion.

<http://www.thejakartaglobe.com/home/four-indonesian-universities-make-asias-top-100-list/387357>

- **Cyber world**

Malaysia

- **Political Front**
- **Economic Front**
- **More claims of irregularities in Selangor sand sale**

Selangor Umno deputy chief Datuk Seri Noh Omar claimed that the party had proof of irregularities in the sale of sand by the state government subsidiary, Kumpulan Semesta Sdn Bhd (KSSB).

He claimed that based on information received, a company was given 22% or RM4 discount for each tonne of sand while others were only given a discount of 50 sen for each tonne. "I was told that because of this, the company had taken advantage of the privilege and become a 'broker' for other companies and make a big profit.

"Is the company a proxy to any political party? Why is this company given such a privilege?" he told a news conference here Saturday. Noh also alleged that KSSB provided credit facilities to the company and five others to mine sand without having to pay deposits."These companies had also abused the privilege by not paying KSSB after they had mined the sand," he said.

He also claimed that KSSB allowed the contractors to process and sell fine sand in the mining area but issued receipts stating that the sale was for coarse sand. Noh also said that the state government should stop the issuance of sand-mining permit if it wanted to solve the issue in a transparent manner, and not blaming the federal government for their failure. On the move by the state government to name the companies and individuals who were given licence to mine sand between 2005 and 2007, the period before Pakatan took over the state government, Noh said it should also list the names of those given licence after Pakatan took over the state administration.

"I challenge the state government to dissolve KSSB to pave the way for an internal investigation," he said, adding that he also received complaints from KSSB staff about

irregularities taking place in the company. Noh said he was prepared to face the possibility of being sued by the state government for exposing the alleged irregularities. "We have proof and we have witnesses. If they want to sue, let them sue," he said. Bernama

<http://thestar.com.my/news/story.asp?file=/2010/7/17/nation/20100717201437&sec=nation>

- **IMF to Asia: Change economic habits**

A view of evening traffic passing through downtown Kuala Lumpur. Malaysia is among such countries where there was little political pressure on state-owned and government-linked firms to distribute their income to boost domestic consumption. That warm glow and soft purring emanating from South Korea was the International Monetary Fund trying, yet again, to put the Asian financial crisis behind it. The IMF needs Asia on its side. As the fastest-growing part of the world economy, the region will wield more clout at global institutions like the IMF and provide more of their funding.

The problem, to put it bluntly, is that Asia does not need the IMF or like the IMF, whose invasive policy prescriptions are blamed in the region for having exacerbated the 1997/98 meltdown. Hence the charm offensive by the fund's managing director, Dominique Strauss-Kahn, at a big conference in the central South Korean city of Daejeon last week. "Let me be candid: we have made some mistakes," he said. "We have learned the importance of focusing on essential policies, and of protecting the most vulnerable, when tackling a crisis."

Declaring that he wanted Asian countries to see the IMF as a second home, Strauss-Kahn added: "Asia's time has come in the global economy, and so it must be at the IMF."

But there was an implicit quid pro quo. In return for a bigger role, Asia had to take more responsibility for reducing global imbalances. Governments had to nurture a "second engine of growth" -- domestic demand -- instead of relying so much on exports now that Europe and America face years of belt-tightening.

In a nutshell, Strauss-Kahn seemed to be saying, the IMF is ready to change. Is Asia? "The decisions made now will impact Asia's performance for decades to come," the IMF chief said.

Against that background, it's reasonable to ask whether Asia will be able to rise to his challenge.

Shares in Indonesia are near record highs, reflecting confidence in economic reforms. India and Malaysia have both cut domestic fuel price subsidies to reduce their budget deficits.

Yet some contributors to a recent VoxEU.org publication, "Rebalancing the Global

Economy: A Primer for Policymaking," wonder whether Asia really can change its spots. The most striking imbalance in Asia is that it saves too much, and a major reason for that thriftiness is beyond the control of governments: the bulk of Asians are in their prime working years when people salt away money for their old age. But policymakers could do much more to promote more balanced growth, for example by building social safety nets to lessen the need to save for a rainy day, allowing currency appreciation and reducing corporate savings. Jong-Wha Lee, chief economist at the Asian Development Bank, said governments should give priority to enhancing the investment climate; Asia's current account surpluses reflect in part a paucity of domestic investment, especially in long-term infrastructure, he argued.

"The business environment across the region lags behind the world's competitive economies because of serious shortcomings in regional institutions and skill shortages. Remedying these weaknesses will help translate domestic savings effectively into domestic investment," Lee wrote. His case is buttressed by a new World Bank report, "Investing Across Borders, 2010," which examines the openness of 87 economies to foreign direct investment.

East Asia and the Pacific score poorly, with more curbs than any other region in the world on foreign equity ownership, starting a local business and accessing industrial land. Underdeveloped financial sectors are also holding up Asia's economic transformation.

The old model of a bank-dominated financial system that paid depositors a pittance and funnelled cheap loans to exporters and manufacturers is past its sell-by date. People would need to save less if they got higher returns on the money they do save. "The process of creating diverse financial institutions has happened too slowly relative to the needs of the rising middle class and aging demographics," Andrew Sheng, an adjunct professor at the University of Malaya and Tsinghua University in Beijing, wrote in the latest East Asian Bureau of Economic Research newsletter.

Deeper foreign exchange and capital markets would also help countries to absorb capital inflows instead of imposing administrative controls on them, as Indonesia and South Korea have done recently. Linda Lim, a professor of business strategy at the University of Michigan, said financial sector liberalization had helped Asian rebalancing but was incomplete because of nationalist objections and resistance to increased competition.

One example was the continued dominance of China's state-owned banks, Lim wrote in the VoxEU.org e-book. "But it is the corporate restructuring necessary to reduce high corporate savings rates that is likely to prove most politically intractable, requiring authoritarian and semi-authoritarian governments to relinquish state control of economic resources and activity on which their political power is partly based," Lim added.

Lim singled out Singapore, Malaysia and China as countries where there was little political pressure on state-owned and government-linked firms to distribute their income to boost domestic consumption. Yung Chul Park, a professor at Seoul National University, also put economic rebalancing squarely in a political context.

<http://www.thedailystar.net/newDesign/news-details.php?nid=147579>

- **Malaysia To Enhance Cooperation With Turkmenistan And Uzbekistan**

Malaysia and Turkmenistan have recognised the enormous potential for further expansion of cooperation in areas of economy, trade and investment, including oil and gas sectors. A statement issued by the Foreign Ministry here Monday said both sides also agreed to enhance cooperation in promoting regional peace and stability.

It said the decision was made during Foreign Minister Datuk Seri Anifah Aman's official visit to Turkmenistan on July 14 and Uzbekistan on July 15 and 16. During the visit, Anifah met President Gurbanguly Berdimuhamedov and his counterpart, Rashid O. Meredov. According to a statement, Berdimuhamedov emphasized the need for both Malaysia and Turkmenistan as developing countries, to broaden the scope of cooperation, for mutual benefit. Berdimuhamedov also expressed his appreciation to Malaysia for providing training and opportunities for the Turkmenistan people to seek higher education under the Malaysian Technical Cooperation Programme.

Besides education, the president conveyed his appreciation to Malaysia for the important role that Petronas has played in developing the oil and gas industry in Turkmenistan.

Meanwhile, during his visit to Uzbekistan, both sides recognised the considerable opportunities to strengthen cooperation in areas such as economy, human resource development, infrastructure, biotechnology, tourism, information technology and Islamic Banking. During the visit, Anifah made a courtesy call on Uzbekistan Prime Minister Shavkat Mirziyoev and his counterpart Vladlmir Norov. Mirziyoev had among others, conveyed Uzbekistan's request to secure Malaysia's assistance in relation to technical and managerial expertise as well as investment from private sectors to strengthen the industrialization process in the country for stronger and sustainable economic growth.

It said both sides also took the opportunity to exchange views on regional and international issues such as Afghanistan and the Middle East peace process. During the visit, Anifah on behalf of the Malaysian government contributed USD30,000 (RM99,000) to support the ongoing humanitarian programmes undertaken by the government of Uzbekistan and the UN, for Kyrgyzstan civilians.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=514891>

- **Public & Private Sector Must Work Together For Malaysia's Success, Says Najib**

Prime Minister Datuk Seri Najib Tun Razak reiterated that a combined and cumulative effort from the public and private sector will ensure Malaysia's success towards achieving a high income economy. He said the responsibility for economic transformation was not the government's alone. The viability of the nation as an achieving society is a combined and cumulative effort of all stakeholders and sectors, encompassing the public and private sectors," he said in a speech after being conferred an honorary fellowship by the Management Institute of Malaysia (MIM) here Monday night. "In other words, performing public sector is a necessary and pre-requisite condition for a highly performing private sector," he added.

Najib said Malaysia's future economic performance and its ability to sustain its growth trajectory over a period of time very much depended on how it can become globally competitive.

He said it was a priority to enhance Malaysia's competitiveness vis-a-vis the region and the rest of the world. The prime minister said one way for Malaysia to move forward in an era of increasing globalisation will be by enhancing the managerial traits found in the people at every level of our society. The Honorary Fellowship is accorded to meritorious individuals for their contribution and services to management. To date, only 14 individuals have received the award. Among them were a ruler, five prime ministers, two deputy prime ministers, a governor of bank negara, a lord president of the judiciary, a royal professor and an economic advisor to three prime ministers. At the event, Najib also launched MIM's Talent Management and Transformation Leadership Centre.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=514881>

- **Slowdown In Europe Will Not Affect Investment Flow, Says Mustapa**

The economic slowdown in Europe will not affect the flow of its investments to Malaysia, said Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed. Mustapa said there was still interest from the Germans and French to invest here due to their strong growth compared with their friends in the European Union.

"The UK and Holland are still the major sources of investments in Malaysia. We think it will not affect their investments here," he told a media briefing after officiating the ministry's inter-agency sports meet at the Petronas Training Centre here Saturday.

He said there were news reports on European countries like Portugal, Greece, Iceland, Ireland and Spain facing economic slowdown but their investments in Malaysia were not significant.

Mustapa said this year, his ministry would focus on wooing investors from neighbouring countries in Asia, especially Singapore.

He said Singapore was one of the important sources of investments in Malaysia and

efforts had started to increase the promotion to woo the investors."The potentials are big. I will visit Singapore on Aug 4-5. Last month, 88 Singapore companies visited Iskandar Malaysia in Johor," he said. Mustapa said with limited land resources, Singapore needed to find suitable location and Iskandar Malaysia has the potential to attract the companies," he said.

He said Singapore has been Malaysia's largest source of tourists and the third largest investors. Japan, South Korea and India were also able to increase their investments this year other than Singapore, Indonesia and Vietnam, he said. Mustapa will lead a trade and investment mission to Seoul and Busan, South Korea from today to July 22, 2010.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=514334>

- **Economic Recovery To Be More Pronounced Next Year, Says Muhyiddin**

Malaysia's economic recovery will be more pronounced next year following the implementation of aggressive recovery measures. Deputy Prime Minister Tan Sri Muhyiddin Yassin said the government was confident there would be an influx of investors which would lead to more employment opportunities." We have implemented economic reforms to the best of our ability and we have seen a 10 per cent Gross Domestic Product (GDP) growth in the first-quarter of this year. The government also introduced several new approaches including the New Economic Model.

"Yes, maybe the impact (of these reforms) are yet to be realised but I am confident, beginning next year, the people will be able to enjoy rapid economic growth," he said when opening Umno Tanah Merah's delegates meeting and the Tanah Merah Parliamentary Constituency Peoples' Carnival.

He said increased employment opportunities and foreign investments would be among factors that would result in Malaysia attaining a high per capita income. Muhyiddin said Prime Minister Datuk Seri Najib Tun Razak had undertaken reforms to align the country's economic and political situation with current global developments or else Malaysia would have been left behind."If the economic scenario has changed, we too must change the way we manage the economy in order to remain effective

"The spin off effects (of a well-managed economy) will be felt by the people," he said. Later, Muhyiddin announced a RM2.5 million allocation to upgrade piped water infrastructure for residents of Peralla, a remote area in the district.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=513893>

- **Investors Remain Confident Of Malaysia's Economic Performance**

While the general market sentiment remains cautious, Malaysia is one of the better performing markets in the world currently, with higher level of confidence among its investors, according to a survey by insurance house, ING.

Confidence level in Malaysia remains as 65 per cent of investors surveyed believed that the country's economic performance is on track to meet forecast, it said quoting the findings of its quarterly Investment Dashboard Survey.

Compared to North Asian countries, Malaysian investors are more upbeat about the economic performance in the second half of 2010, said Mark Wang, Chief Investment Officer of ING Insurance Bhd. "The investment landscape got another boost recently with Fitch Ratings affirming Malaysia's long-term foreign currency issuer default rating at 'A-' with a stable outlook," he said in a statement released here Thursday.

The ING Investor Dashboard survey measures and tracks investor sentiment and behaviour of mass affluent investors each quarter from 12 Asia Pacific markets namely China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan and Australia. According to the survey, overall investor sentiments in the region remained moderately optimistic despite the fall of the European markets in early May.

Malaysian investors appear to be maintaining caution, favouring low risk, low return investment and generally are less optimistic on return on investment, it said. "Local investors are adopting a bearish stance due to both external and internal factors. Investors are deterred by the European sovereign debt crisis, as the economic bloc remains a significant export market for Malaysia," Wang said. On the other hand, internal factors such as the sluggish domestic equity market as well as the decline in export growth are also prompting Malaysian investors to reconsider high risk investment, he added.

The survey also highlighted the impact of Asia's economic powerhouse, China, on the rest of the region, with most investors anticipating robust growth in the Chinese market despite the European debt crisis. Wang said China's recent recognition of Malaysia as an approved investment destination under China's Qualified Domestic Institutional Investor (QDII) scheme, was not expected to yield any immediate benefit to Malaysia but would encourage Chinese investment to Malaysia in the long run.

Most investors were also found to be in favour of a more balanced investment strategy that looks for medium to long term growth with stable return with investors tending to choose a more balanced portfolio for their asset allocation in 2010. More than half of the local investors are looking into investing more in financial services sector stocks with energy sector stocks coming in near second, it said.

Meanwhile, 35 per cent of the investors surveyed indicated that they will most likely increase their foreign investment. "Malaysians are anticipating more investor-friendly announcements in the upcoming Budget 2011 as well as continuous efforts by the government to attract private investments mediated with moderate spending," Wang said.

Under the Survey, the Pan-Asia (ex-Japan) ING Investor Sentiment Index softened slightly from last quarter, but remained in the optimistic territory for the fifth consecutive quarter with a slight decrease to 136 for Q2 2010 from 145 for Q1 2010. This suggests that while the Asian markets are relatively stable in light of the crash of European markets, the economies still move in tandem with the global activities and the effect of the debt crisis in Europe will somehow affect the global economic growth in the long run. It said sentiments remained largely consistent across markets making up the Pan-Asia Index, with investors optimistic that their investments would have a stable return with India investors again appearing to be the most optimistic, followed by those in Philippines and Malaysia. Philippines and Indonesia show the largest improvement in sentiment and Australia has the sharpest decline in this wave and has shifted from 'optimistic' to 'neutral' zone. China and Hong Kong also declined considerably in this wave, leaving both markets to lag behind Pan-Asia Index.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=513733>

- **Malaysia And East Asian Countries Need To Cooperate To Improve Economy**

The economic growth of Malaysia and East Asian countries will not be much affected by the worsening economy in Europe and the United States if they cooperate in accelerating the economy, Institute of Strategic and International Studies (ISIS) director-general Datuk Dr Mahani Zainal Abidin said Tuesday.

"Concerning expectation of a second recession, it will not be so severe because all countries will work together to overcome the situation," she told reporters after a seminar on "New Economic Model: View from an Islamic Perspective" organised by the Institute of Islamic Understanding Malaysia (IKIM) here.

If a recession occurs, it will affect global economic growth, including that of Asia as well as Malaysia whose markets are in Europe and the US, Mahani said. Due to this, she said it was important for developing countries in East Asia like China, India and South Korea to accelerate their economies to overcome problems in the global economy. On Monday, former prime minister Tun Dr Mahathir Mohamad warned that Malaysia faced the possibility of double-dip recession in view of the worsening conditions in European countries. Returning from a trip to England, he said there were signs of double-dip recession in the European countries and this indirectly could influence the economic conditions of Malaysia. According to Mahani, the government should look into cutting its expenditure in order to reduce the budget deficit.

However, she said if threatened by external conditions, the government might be forced to continue spending for the domestic economy to keep growing. Mahani said the

government should create investment opportunities by identifying new industries to prioritise and promote with the aim of expanding the economy. She said a step had been taken to move towards a high-income economy with focus on the 12 National Key Economic Areas (NKEA) which have the potential to generate high income.

Among the sectors with potential that could be given attention were tourism, oil and gas, palm oil and related products, and Greater Kuala Lumpur, Mahani said. "In Malaysia there are still many financial sources which have not invested due to a lack of confidence in the economic environment," she said. She added that the country could still encourage investment from domestic sources or projects from foreign sources.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=513130>

- **Won, Ringgit Lead Weekly Advance in Asia on Growth Prospects**

South Korea's won and Malaysia's ringgit led weekly gains among Asian currencies on signs global investors are seeking higher returns in emerging markets because of their faster economic growth.

Asian equities and emerging-market debt attracted more fund inflows last week as investors withdrew money from developed-market stocks, according to Cambridge, Massachusetts-based research company EPFR Global. Federal Reserve Chairman Ben S. Bernanke, who has kept benchmark rates near zero since December 2008, said July 21 U.S. policy makers are prepared to take steps to aid growth because of an "unusually uncertain" outlook.

"The comments on the U.S. economic outlook will support risk-taking momentum and demand for higher yields," said Godwin Chan, a trader in Kuala Lumpur at OSK Investment Bank Bhd.

The won rose 0.4 percent this week to 1,199.15 per dollar in Seoul, according to data compiled by Bloomberg. The ringgit and the Singapore dollar each appreciated by the same amount in the week to 3.1965 and S\$1.3709, respectively.

The Bloomberg-JPMorgan Asia Dollar Index has climbed 0.4 percent in the past five days as the MSCI Asia Pacific Index of regional stocks had a third straight weekly advance. Developing economies in Asia will expand 9.2 percent in 2010, compared with 2.6 percent for advanced countries, the International Monetary Fund said on July 7.

South Korea

The Bank of Korea boosted its benchmark interest rate this month to 2.25 percent from a record-low 2 percent. Bank Negara Malaysia raised its overnight rate three times so far this year to 2.75 percent after first-quarter economic growth accelerated at the fastest pace in a decade.

"Any currency belonging to a country with rising growth is attractive relative to the U.S.

dollar,” said Douglas Borthwick, Connecticut-based managing director and head of trading for Faros Trading LLC.

Taiwan’s dollar, which is little changed for the week, gained 0.1 percent to NT\$32.152 yesterday. Foreign investors have pumped \$1.2 billion into the island’s stocks this month, according to exchange data. A government report released after the market closed yesterday showed factory output rose 24 percent in June from a year earlier, exceeding the median estimate in a Bloomberg Survey of economists for a 22 percent increase.

“Hot money is pouring into the stock market,” said Eric Hsing, a debt trader at First Securities Inc. in Taipei. “The central bank will continue to slow the Taiwan dollar’s growth to keep its edge on exports.”

Indian Rupee

The Indian rupee climbed 0.4 percent yesterday to 46.945 per dollar, paring its loss for the week to 0.4 percent, after the EPFR report showed investors poured money into equity funds focused on India and China in the week ended July 21. India funds received a net \$187 million, the most in 51 weeks, while China money managers took in \$138 million, EPFR said. Funds investing in stocks in Asia excluding Japan got more than \$800 million for the second week in a row, it said.

The baht strengthened 0.2 percent yesterday to 32.22 per dollar, paring its weekly loss, on speculation foreign funds are flowing into Thailand and after the improved profit outlook by U.S. companies eased concern the global economic recovery is faltering.

United Parcel Service Inc. and AT&T Inc. increased their profit forecasts on July 22, bolstering optimism for corporate earnings in the U.S. Elsewhere, Indonesia’s rupiah and Philippine peso are little changed for the week at 9,048 and 46.315 against the dollar, respectively.

<http://www.businessweek.com/news/2010-07-23/won-ringgit-lead-weekly-advance-in-asia-on-growth-prospects.html>

- **Malaysia’s Inflation Accelerates to Fastest Pace in 13 Months**

Malaysia’s inflation rate climbed in June to the highest level in more than a year, an increase that may be augmented as the government cuts fuel and food subsidies.

Bank Negara Malaysia has raised interest rates three times since early March as a regional rebound from last year’s global recession prompted policy makers from India to South Korea to boost borrowing costs. Prices are expected to rise at a “gradual pace” in the coming months as the Malaysian economy improves and the government adjusts prices of subsidized goods, the central bank said this month. “Strong growth and improvement in the labor market are the main reasons why inflation is set to rise going forward,” Irvin Seah, an economist at DBS Group Holdings Ltd. in Singapore, said

before the report. "Though the effects of the recent fuel and sugar subsidy cuts are unlikely to be as significant as the last round in June 2008, there will certainly be some impact on headline inflation numbers."

The Southeast Asian nation trimmed subsidies for sugar, gasoline, diesel and liquefied petroleum gas on July 16 to narrow the budget deficit. Still, Malaysian food and drinks companies gave assurances to the government they won't pass on higher sugar and fuel costs to consumers, Minister for Domestic Trade, Co-operatives and Consumerism Ismail Sabri Yaakob said this week, a move that may limit price pressures.

Food prices, which account for about 31 percent of Malaysia's inflation index, rose 2.7 percent in June, today's report showed. The cost of housing, utilities and fuels gained 0.8 percent. Transport increased 1.3 percent.

<http://www.businessweek.com/news/2010-07-21/malaysia-s-inflation-accelerates-to-fastest-pace-in-13-months.html>

- **Malaysia to conduct survey on Indians in estates**

Malaysian government is all set to conduct a survey on ethnic Indians working in estates in order to find out ways to improve their living standards. The survey will be conducted by the Special Affairs Department (Jasa) starting with those in Selangor state, Bernama reported. Malaysia's Information, Communication and Culture Minister Datuk Seri Rais Yatim, said the survey is aimed at understanding the community better. It will also try to find out ways to improve their living standard. "We have often heard that the Indian community is in dire needs of help but we cannot see it through the present window of the society and do something about it. "We want to see this survey open several windows of new understanding on how we can interact and improve their way of life in the estates," he was quoted as saying. - PTI

<http://www.thehindubusinessline.com/blnus/10191520.htm>

- **Malaysia Targets 36 Million Tourist Arrivals By 2020**

The government targets 36 million tourist arrivals by 2020 as there has been a steady increase in the numbers of tourists visiting Malaysia each year, said Tourism Minister Datuk Seri Dr Ng Yen Yen. She said 36 million tourist arrivals would enable the government to get a revenue of RM3 billion a week.

"Malaysia is becoming more and more popular as a tourist destination, in fact we were in ninth place as the most visited country last year," she told a press conference after opening the 1Malaysia Clean and Beautiful campaign at the FLORIA 2010 flower festival, here Sunday. Dr Ng said, from January till May this year, tourist arrivals also increased to 9.6 million persons as compared to 9.2 million for the same period last year.

"In Asean, Malaysia has the highest tourist arrivals followed by Singapore," she said. On

the campaign, Ng said each and every Malaysian must do his or her part towards ensuring cleanliness of their surroundings.

She said the tourism industry was a very competitive one and that clean surroundings gave the country an edge over its competitors.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=514523>

- **Social Front**
- **Anwar Ibrahim loses ground to rival as Malaysia sodomy trial drags on**

The slow-moving sodomy trial for Anwar Ibrahim underscores his bitter rivalry with Prime Minister Najib Razak, who has grown increasingly popular in Muslim-majority Malaysia since his election in April 2009.

Malaysia's opposition leader, Anwar Ibrahim, and his wife, Wan Azizah Wan Ismail, arrive at the courthouse in Kuala Lumpur July 19. The sacked former deputy prime minister is standing trial for alleged sodomy. Anwar, 62, has denied the charge and says it is a repeat of a government conspiracy that saw him dismissed as deputy prime minister in 1998.

The controversial sodomy trial of Malaysia's opposition leader Anwar Ibrahim was postponed Monday until Aug. 2 after his lead attorney fell ill.

The two-week delay is the latest setback in a slow-moving case that could sink the political career of Mr. Anwar, a former deputy prime minister. He has pleaded not guilty to sodomizing a male aide, a crime punishable by up to 20 years in jail in Malaysia, a Muslim-majority country. Even a lighter sentence would automatically disqualify him from holding public office.

Anwar accuses Prime Minister Najib Razak of conspiring against him in a virtual rerun of his highly politicized sodomy trial in 1998 that ended in a guilty verdict. Anwar was freed in 2004 after a higher court ruled his conviction unsound.

Mr. Najib has denied any involvement. In May, Anwar's accuser, Saiful Mohamad told the court that he met privately with Najib, who was then deputy prime minister, and Malaysia's most senior policeman, before filing his complaint in June 2008.

Bitter rivalryThe trial has underscored the bitter rivalry between Anwar and Najib, who took over as prime minister last April after a near-defeat in 2008 for his ruling coalition. Anwar covets the same job, and was heir apparent to long-serving premier Mahathir Mohamed until Anwar was sacked and jailed in 1998. Public interest in the latest trial has waned as the hearings drag on, in contrast to the rowdy scenes over a decade ago when Anwar's supporters staged mass protests in the streets.

One reason is that Malaysians have already prejudged the outcome, says Ibrahim Suffian,

director of Merdeka Center, an independent polling institute in Kuala Lumpur. "Most people have made up their mind that it's all a political show trial," he says.

Anwar's missteps

After a rocky start, Najib has won praise for his handling of the economy, which has rebounded after last year's recession, and for taking on a corruption-plagued system of preferences for Malay-Muslims and other indigenous groups. A recent poll by Merdeka Center put his approval rating at 72 percent, up from 44 percent before he took power.

Distracted by the trial, Anwar has struggled with defections from his multiracial party, which is aligned with two other ethnic-oriented opposition parties. He has also courted controversy by labeling Malaysian government policies as "Zionist," a slur that has raised eyebrows among his supporters in Washington. These missteps have played into the hands of Najib, the scion of a political dynasty who is leader of the dominant United Malays National Organization (UMNO) in parliament. He has also courted the Obama administration, which has cited Malaysia as a moderate voice in the Muslim world.

<http://www.csmonitor.com/World/Asia-Pacific/2010/0719/Anwar-Ibrahim-loses-ground-to-rival-as-Malaysia-sodomy-trial-drags->

[on?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+feeds%2Fworld+%28Christian+Science+Monitor+|+World%29](http://www.csmonitor.com/World/Asia-Pacific/2010/0719/Anwar-Ibrahim-loses-ground-to-rival-as-Malaysia-sodomy-trial-drags-on?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+feeds%2Fworld+%28Christian+Science+Monitor+|+World%29)

- **Cyber world**
- **Focusing on wireless communications security: CyberSecurity Malaysia**

A Malaysian ministry of science, technology and innovation agency, Cyber Security Malaysia, has held a five-day workshop to focus on security aspects of wireless communications.

The workshop was co-organised by Universiti Putra Malaysia (UPM's) department of communication technology and network, faculty of computer science and information technology (FSKTM). It addressed current wireless communications security issues and was conducted by Professor Ki-Hyung Kim from Ajou University, South Korea, said CyberSecurity Malaysia chief executive officer, Lt. Col. Husin Jazri (retired).

"We are very pleased with the collaboration programme," said Husin. "In the workshop, which was free of charge and open to students, academic and IT personnel, CyberSecurity Malaysia's role was to identify the relevant wireless security issues and researches to align with the UPM's initiatives and efforts in developing the wireless security research project for the nation."

Held in July, and themed 'Secured Wireless Network towards Secured Nation,' the workshop 's objectives were to focus on research, support and knowledge issues that

would help to ensure efficient management of the latest national threat via cyber space management, according to Husin.

CyberSecurity Malaysia's wireless security analysts of the security assurance department conducted a series of demonstrations on wireless security vulnerability and the deployments of wireless security tools, he said.

"Professor Ki-Hyung Kim, from the school of information and computer engineering, Ajou University in South Korea, has wide experience and knowledge in the wireless communication field and has been actively involved in many projects related to the development of information communication technology (ICT)," said Husin. Participants were able to increase their knowledge in the area of wireless communications.

"The collaboration between CyberSecurity Malaysia and UPM will indeed foster stronger relationships between the industry players and the research fraternity," he said.

<http://mis-asia.com/news/articles/focusing-on-wireless-communications-security-cybersecurity-malaysia>

Philippine

- **Political Front**
- **Aquino pledges to end political patronage in coup-prone army**

Philippine President Benigno Aquino III said yesterday that political connections would no longer be the route to promotion in the nation's coup-prone army, as he named a decorated general as the new head of ground forces. Despite making several top military appointments since taking office three weeks ago, Aquino said he had ended political patronage as part of his government's efforts to restore trust and confidence in the military.

Aquino has replaced several generals who were closely identified with his predecessor, Gloria Macapagal Arroyo, notably General Delfin Bangit, who she made head of the 130,000-strong military in the final months of her term. Arroyo had relied on loyal generals to defeat three coup attempts during her 9-1/2 year rule. Patronage within the military was among the key complaints of the rogue soldiers who tried to grab power.

Aquino on Friday appointed Major-General Arturo Ortiz, commander of the military's elite forces, as head of the 80,000-strong ground forces. Ortiz earned the country's highest combat honour after leading an assault on a Maoist guerrilla base the late 1980s.

The assumption of command of General Ortiz is a concrete step to show the end of political patronage in the army," Aquino said during his fourth visit to an army base since taking office on June 30. "He will be our partner in the reforms we will undertake in the army, including the modernisation of equipment, and make sure our people continue to trust our soldiers.

Ortiz said he would uphold civilian supremacy and resist military intervention in politics. Aquino, who as president is also commander-in-chief, repeated his plans to provide funds to upgrade equipment, recruit troops and look after soldiers and their families. He gave no details on how his cash-strapped government could fund the planned defence spending, that could cost about 10 billion pesos (\$215 million) over and above annual budget of 57 billion, or around 1 percent of the country's GDP. "It's my duty as your commander-in-chief to look after their welfare so you can take care of the country," Aquino, who was a lawmaker for 12 years before he won the presidency in May. "Only with peace and order can stability take hold. And only with stability can economic pr

http://www.kuwaittimes.net/read_news.php?newsid=MjE1NDc2MDA0

- **Geo-strategic Front**
- **US TROOPS TO STAY IN MINDANAO, SAYS ENVOY**

American soldiers will remain in the southern Philippines to help the local military in their fight against Muslim extremists, a top US diplomat said on Wednesday. US Undersecretary of State for Political Affairs William Burns said the troop commitment was part of US efforts to develop the strife-torn region of Mindanao, where al-Qaeda-linked militants are active. "Our presence will remain here to do whatever we can on [behalf] of the Filipino government," Burns said during a visit to Cotabato City in Mindanao. "Our soldiers and Filipino troops are closely working for peace and development," he said at the launch of a US-supported education program in the south.

Burns, the number-three official at the US State Department, met President Benigno "Noynoy" Aquino 3rd on Tuesday in Manila. He was the first senior US official to visit the Philippines since President Aquino took office on June 30 following a landslide election win. The United States has since 2002 had hundreds of troops stationed in Mindanao to help train local troops as they fight Islamic militants who are blamed for the country's worst terrorist attacks.

About 500 US Special Forces troops train Filipino soldiers in Mindanao to combat militants from the al-Qaeda-linked Abu Sayyaf group, which the United States lists as a terrorist organization. The US troops are not allowed to take part in combat operations in the Philippines. Two American soldiers were killed in Mindanao last year when suspected Abu Sayyaf members set off a roadside bomb.

<http://www.manilatimes.net/index.php/top-stories/22054-us-troops-to-stay-in-mindanao-says-envoy>

- **Economic Front**
- **At Social Front**
- **End to poverty and corruption top citizens' SONA wish list**

\ Bayan Patrollers want freedom from poverty and corruption, a government that serves them, and a chance to improve their lot – possibly mirroring what typical Filipinos would say out loud if they had the chance to tell President Benigno “Noy” Aquino III what they wanted to hear in his first State of the Nation Address (SONA) Monday. The wishes came from at least 550 citizens who responded to a question posed by Bayan Mo, iPatrol Mo: Ako ang Simula (BMPM), the citizen journalism project of ABS-CBN.

The question, “Anong gusto mong marinig sa State of the Nation Address ni Pangulong Aquino?” sought from citizens what about their livelihood or their community they wished would be addressed when Aquino delivers his SONA for the first time. Presidents have traditionally outlined programs and legislative agenda when they delivered their SONA every last Monday of July, the Constitutionally-mandated opening of Congress sessions yearly. BMPM posted this question July 16 on its site (bmpm.abs-cbnnews.com), and on its accounts on Facebook (facebook.com/bayanmoipatrolmo.akoangsimula) and Twitter (twitter.com/bayanmo). BMPM gathered citizens’ responses a week after and ranked these according to volume. Topping the list of citizens’ wishes were those related to being freed from poverty. Most mentioned problems were the lack of jobs, the need to improve people’s standards of living, and the need to improve provisions for water and electricity. In the BMPM’s site, job-related issues comprised 8 of 15 responses. Four of the 15 talked about the need to increase take-home pays. Several others tackled job security and the need to stamp out corruption.

Coming in second among citizens’ top 10 wishes was to rid government agencies of corruption. The need for better health program and benefits came in third, while discipline and efficiency among state workers ranked fourth.

Education – improving its quality and making it available for more people, especially those in the far-flung areas – was fifth. Bulk of the citizens responded by texting to BMPM’s SMS/ MMS number 2366, while the rest came through emails to ireport@abs-cbn.com, BMPM staff’s Facebook accounts and Twitter.

The complete list of citizens’ wishes follows:

1. Freedom from poverty (solutions to jobs problem, water and electricity crises)
2. End to corruption
3. Better health program and benefits
4. Discipline and efficiency among state workers
5. Education (Improving quality and equal opportunity for everyone, especially those in the far-flung areas)
6. Caring for the environment (Program on climate change)
7. Crime Prevention (Peace and order)

8. Improvement/ upgrade of infrastructures and technology, road projects, government facilities

9. Overseas Filipino workers' situation (security and benefits, lower taxes)

10. Agriculture (program for small farmers, land reform)

<http://www.abs-cbnnews.com/nation/07/23/10/end-poverty-and-corruption-top-citizens-sona-wish-list>

- **Philippine typhoon death toll rises to 111**

The death toll from a typhoon that struck the Philippines last week has risen to 111, but a miracle rescue offered hope that dozens of other people still missing may survive, the government said on Friday. The number of dead jumped from 79 after 32 bodies, mainly those of fishermen, were found in recent days, said Benito Ramos, administrator for the Office of Civil Defence.

Ramos said rescue workers were continuing to search for 45 other people still missing after Typhoon Conson slammed into the country on July 13. "We are not losing hope that some of them could still be alive. They may be adrift at sea," he told reporters.

He cited the dramatic rescue on Monday of three fishermen who survived on seaweed and raw fish while their damaged boat drifted at sea for six days. "The (army), coast guard, and others are still there conducting search operations. They were inspired by the story of the three, of their will to survive," Ramos said. "The troops will not go home until they recover the missing, whether they are already dead or still alive."

The three survivors were rescued by fellow fishermen, and are now recovering in relatively good conditions at a local clinic, Ramos said. Conson directly hit Manila and other parts of the main island of Luzon with a ferocity that caught weather forecasters by surprise. It left Manila and much of Luzon without electricity for two days.

http://news.yahoo.com/s/afp/20100723/wl_asia_afp/philippinestphoon

- **Major 7.3 quake hits Philippines - USGS**

A major 7.3 magnitude aftershock to an earlier earthquake has shaken the Philippines this morning, the US Geological Survey reported. The aftershock, which occurred Saturday morning local time, struck 106 km southwest of Cotabato, Mindanao, Philippines, at a depth of 595 km, the USGS said.

USGS first said the aftershock had a magnitude of 7.5. The initial quake that preceded the aftershock had a magnitude of 6.9, the USGS said.

<http://tvnz.co.nz/world-news/major-7-3-quake-hits-philippines-usgs-3671799>

- **Political killings mar start to Philippine president's term**

A spate of political killings in the Philippines has cast a shadow over an otherwise optimistic start to the presidency of President Benigno Aquino III. Six activists have been

murdered since Aquino's inauguration on June 30, raising suspicions that the killings are aimed at testing his administration's response to attacks against left-wing organisations.

"This is a fair conclusion and not just from the government but other parties," said Teresita Deles, Aquino's adviser on the peace process to end insurgencies by Communist and Muslim rebels. A large number of activists, from members of left-wing political parties to those from peasant organisations, were assassinated during the previous administration. Many of the victims were killed in broad daylight by masked shooters on motorbikes.

Leftists blame the killings on a dirty war being run by the military targeting organisations suspected of providing support to the Communist rebels. In one of Asia's longest-running insurgencies, guerillas of the New People's Army have been operating in the country's hinterlands, attacking military and business targets since the late 1960s. A presidential commission concluded in 2007 that enough evidence pointed to "elements and personalities" in the military allowing and even encouraging the killings of left-wing activists. But it found no evidence the attacks were sanctioned by the high command.

Justice Secretary Leila de Lima, a former chair of the country's Commission on Human Rights, told reporters this week that military men may be behind the latest attacks. "How do you explain these killings? Coincidence? Look at their MO (modus operandi) - motorcycle-riding men in tandem in ski masks. It's all too familiar."

Victims included three members of the left-wing Alliance of Concerned Teachers (ACT). One of them, Josephine Estacio, 46, was shot in front of students and teachers during the morning assembly at her school in Bataan province on July 12. Representatives from ACT were among a number of activist groups who recently met Aquino and members of the security forces to discuss the killings. According to Karapatan, a leftist group monitoring the killings, 1,206 activists were murdered during the nine-year presidency of Gloria Arroyo. The authorities put the toll in the low hundreds. Seven activists were killed in the first four months of this year. Seventeen others have been killed since May. "The human rights violations under the previous administration constitute a major issue," said Deles. "There is a major commitment by the Aquino government... to end extrajudicial killings." But activists say the new administration needs to get that message across. "President Aquino should have issued a categorical statement for the killings to stop in his inaugural speech," said Karapatan chairman Marie Hilao-Enriquez.

The Justice Department is studying whether to set up a new agency to investigate the killings of activists and journalists. Under the new agency, prosecutors and the police work side by side to build strong cases. Calling on Aquino to show his resolve to stop the killings, The Philippine Star said in an editorial: "As in the attacks on left-wing activists,

the failure to solve the killings of journalists has bred a climate of impunity."

The 50-year-old President has himself been touched by the same grief as the families of victims of extrajudicial killings: His father was believed to have been killed by groups close to then President Ferdinand Marcos at Manila's airport in 1983.

<http://www.asianewsnet.net/news.php?id=13278&sec=1>

- **Philippines acts to cut sharp rise in acute hunger**

The Philippine government said yesterday it would give money directly to poor families in an effort to fight a sharp rise in the number of Filipinos enduring severe hunger.

President Benigno Aquino's new administration said it wanted to act after a survey released yesterday reported that about 780,000 families in the Philippines, 4.2% of the total, felt hunger "often or always".

The results of the Social Weather Stations survey, covering April to June, amounted to a big increase from the 2.8%, or 530,000 families, that reported experiencing hunger in the previous three months.

"We are looking at conditional cash transfers through the Department of Social Welfare," Aquino's spokesman, Edwin Lacierda, said when asked what the government would do to try to reverse the trend.

The social welfare department will identify the poorest families most in need of the money, he told reporters. Budget Secretary Butch Abad said earlier the funds would come from a cancelled P3.3bn (\$71mn) programme set up by the previous government by which cash was given to schools to feed students.

Abad said the schools' funding programme was flawed because students who were not poor often received aid. The new programme would allow the government to identify the poor families and give them money directly.

However the government, which took office on June 30, has yet to specify the conditions the families would be required to meet to qualify for help.

The Social Weather Stations did not say why the number of Filipinos experiencing severe hunger had gone up.

However officials at the government economic planning department said the country had suffered a decline in agricultural growth in the first half of the year due to drought.

The number of Philippine families that reported suffering any kind of hunger from April to June stood at 21.1%, accounting for about 4mn families (about 20mn individuals), Social Weather Stations said. AFP

<http://www.gulf->

[times.com/site/topics/article.asp?cu_no=2&item_no=375692&version=1&template_id=45&parent_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=375692&version=1&template_id=45&parent_id=25)

- **Environmental Front**
- **Cyber world**

Thailand

- **Political Front**
- **PM tips end of decree in 19 provinces by next week**

Prime Minister Abhisit Vejjajiva indicated yesterday that the emergency decree may be lifted next week in provinces where there are no longer serious security concerns.

Mr Abhisit said the government has been monitoring the security situation in the country over the past two months and found that overall it had gradually returned to normal.

He said he the government next week could lift the emergency decree in some of the 19 provinces where it is in effect. The Centre for the Resolution of the Emergency Situation (CRES) would consider first which provinces no longer require the decree's enforcement, Mr Abhisit said. The final decision will rest with cabinet.

The government does not have to follow CRES recommendations. The cabinet revoked the enforcement of the decree in Kalasin, Nakhon Pathom, Nakhon Sawan, Nan and Si Sa Ket on July 6, despite the suggestion by CRES to extend it in all 24 provinces for another 90 days. Mr Abhisit reiterated his determination to bring about national reconciliation.

Mr Abhisit yesterday also conducted a video conference to address 15,000 members of a committee scrutinising the role of police forces, telling them that the police would play a key role in ensuring law and order in the country after the decree is lifted. The broadcast from Bangkok went out to members in Nakhon Ratchasima, Chiang Mai and Surat Thani. The committee was set up in 1999 to monitor the work of police forces nationwide and is chaired by the prime minister. It also has arms in all provinces. Mr Abhisit said the committee would force police to become more efficient to boost public confidence in them, he said. Acting police chief Pol Gen Pateep Tanprasert said the committee's work would help bridge the communication gap between police and the public. Mr Abhisit also said that Surachai Thewarat, the prime suspect in eight violent incidents between March 28 and May 19 related to the red shirt protests, would receive fair treatment. He is alleged to have been involved in attacks on soldiers near Ratchadamnoen Avenue who were trying to disperse a demonstration at Phan Fa bridge. Col Romklao Thuwatham, a deputy chief-of-staff of the Prachin Buri-based 2nd Infantry Division, was killed in that attack. In response to a remark by Mr Surachai's family that the suspect was being made a scapegoat, Mr Abhisit assured them that his arrest and the subsequent investigation were not attempts to defame him. Authorities should be given time to investigate this case, he said, insisting that no conclusions had been reached on Mr Surachai's guilt.

Department of Special Investigation (DSI) chief Tharit Pengdit said Mr Surachai had

allegedly asked for an additional two days before he could tell the agency details of the violent incidents of which he is accused of having taken part. He is being detained at Bangkok Remand Prison, pending the DSI's investigation. Mr Surachai was arrested on Thursday in Lop Buri. Authorities said he was an aide of army specialist Khattiya Sawasdipol, who was shot dead near Sala Daeng intersection on April 11. Police arrested him after intercepting his mobile phone signal. He reportedly went into hiding in Cambodia after Maj Gen Khattiya's death. Mr Surachai had reportedly contacted Rachata Wongyot, who was believed to have also been another close associate of Maj Gen Khattiya, said Mr Tharit. He said he could not release further details about Mr Rachata.

<http://www.bangkokpost.com/news/local/186605/pm-tips-end-of-decree-in-19-provinces-by-next-week>

- **Thai Divisions Shift to Voting Booth**

The conflict between Thai authorities and antigovernment protesters shifts to the polling stations Sunday, in a special election that pits an imprisoned "Red Shirt" protest leader against a member of the ruling Democrat Party, which presided over bloody crackdowns on red-clad demonstrators in Bangkok in April and May.

An election for a parliamentary member brings Thai citizens to voting booths for the first major vote after violent clashes shook the capital in May. Many see this as a preview to what could happen if Thailand called for national elections.

The election, though for just a single seat in Parliament and only covering part of the capital, is a new chapter in Thailand's political feuds. It is the first such vote since the recent clashes, which left nearly 90 people dead, and could serve as a preview of national elections if they are held as expected by the end of next year. Sunday's vote is unlikely to affect the balance of power in Thailand's 480-seat parliament, in which the Democrats rule in a coalition. But the winning side will be able to claim an important edge in the battle to win hearts and minds after the recent violence, and could pick up significant momentum heading into any future national elections.

"The government definitely regards this as something they need to win," says Michael Montesano, a Thailand expert and visiting research fellow at the Institute of Southeast Asian Studies in Singapore. If it doesn't win, "it will really undermine the narrative they're trying to put out," which holds that most Thais don't support the Red Shirt protest movement.

The movement is driven in part by Thais who think Thailand's government—which came to power in a 2008 parliamentary vote with military backing, after protesters allied with Thailand's royalist elite took over Thailand's main airport—is illegitimate, since it didn't come after a fresh national vote. Many of the protesters want to see a return of former

Prime Minister Thaksin Shinawatra, who was deposed in a 2006 coup after launching populist programs such as low-cost health care.

Jailed 'Red Shirt' leader Kokaew Pikulthong leaves a Bangkok district office on June 28 after registering as a candidate for Sunday's election.

Supporters of the government argue that Mr. Thaksin was guilty of widespread corruption and human-rights abuses, and was exploiting lower-income voters to enhance his power. Mr. Thaksin, who now lives in self-imposed exile overseas, has denied the allegations.

Many political analysts argue that a national election may be the only way to ease Thailand's tensions, even though it is likely Mr. Thaksin's supporters would win. Yet it is still unclear when one will happen. Since the protests ended May 19, Prime Minister Abhisit Vejjajiva has declined to specify a date, saying it would be too difficult to hold a national vote soon given Thailand's instability, though by law he must call one by the end of 2011. In the meantime, Mr. Abhisit has launched reconciliation measures, including committees to study social and political overhauls over the next three years. Analysts say they believe the government is hoping to buy more time to convince everyday Thais it deserves to remain in power.

The main opposition candidate in Sunday's special vote, a 45-year-old engineer and businessman named Kokaew Pikulthong, was an organizer of the Red Shirt rallies earlier this year. He was incarcerated in May on terrorism charges for allegedly encouraging violence—a charge he denies. It isn't yet clear when or if his case will go to trial, nor is it clear if he will be allowed to serve if he wins. A Thai court ruled that Mr. Kokaew could leave his Bangkok prison cell briefly on June 28 to register his candidacy as a member of Thailand's Puea Thai party, which is allied with Mr. Thaksin and heavily supported by Red Shirt rank-and-file. Otherwise, authorities have kept him under lock and key and limited his communications with the outside world, though he is allowed to meet with his lawyer and family members. Prison authorities didn't respond to a request by The Wall Street Journal to interview Mr. Kokaew. His backers are doing everything they can to build Mr. Kokaew into a popular hero. They proposed using a robot to campaign on his behalf and have papered voting areas with posters depicting their man as a statesman in spectacles and a tie. A catchy campaign jingle about Mr. Kokaew includes a Thai singer who croons, "even if his body is in prison, his heart is free." Backers of the Democrat Party candidate, a former Bangkok deputy-governor and investment manager named Panich Vikitsreth, question Mr. Kokaew's fitness for office and note he could wind up stuck in jail even if he wins.

In an interview, Mr. Panich said he realizes the vote is important on a national level. But

he says he is more focused on spending time with prospective constituents to learn more about local issues—like traffic.

The opposition "decided to choose someone who is very symbolic of the Red Shirts instead of someone who could come out and campaign against the Democrats," he says. "This is their problem." Even if Mr. Kokaew loses, analysts say, his supporters could declare a moral victory by saying he did better than expected given his jail stay. At minimum, the election gives Red Shirt supporters a chance to keep airing their complaints in public, despite a state of emergency in Bangkok and elsewhere that bans political gatherings of more than five people. Exceptions are made for sanctioned campaign events.

At one recent election rally in the neighborhood, 200 or more Red Shirt supporters gathered in what looked like a miniature repeat of the massive protests earlier this year. Vendors sold Red Shirt paraphernalia, including T-shirts with images of Mr. Thaksin.

Chalerm Yubamrung, chairman of the Puea Thai members of Parliament, said in an interview at the event that his party is already testing platform positions to roll out in a national election. They include more populist measures, including a plan to let individual Thais suspend their debts for five years, he said.

The party is also planning to bring Mr. Thaksin back if it wins a national vote, and may offer an amnesty for anyone involved in the 2006 coup that unseated Mr. Thaksin as a gesture of reconciliation, he said.

<http://online.wsj.com/article/SB10001424052748703954804575380672424871564.html>

- **2,000 police deployed for by-election**

About 2,000 police officers will be deployed at polling stations in the lead-up to and during the by-election in Bangkok's Constituency 6 on Sunday. Police will increase their presence from 6pm on Saturday until midnight on Sunday during balloting and counting in the constituency's four districts of Bung Kum, Klong Sam Wa, Kannayao and Nong Chok, deputy city police chief Wimon Pao-in said yesterday.

The sale of liquor is banned on voting day and violators will face arrest, he said. Pol Maj Gen Wimon held a meeting yesterday with senior police officers responsible for providing security for poll candidates and preventing campaign posters from being vandalised or destroyed. Vandals will be charged with damaging assets and will be liable for a three-year jail term and a fine of 6,000 baht.

The candidates have intensified their campaigns in the last lap of the by-election. The Puea Thai Party has played audio recordings made by Korkaew Pikulthong, the detained red shirt co-leader representing the party in the race, to voters. He is being held at

Bangkok Remand Prison on a terrorism charge related to the red shirt rally. Mr Korkaew, who is looking to capture the sympathy vote, said the recordings are the only way he can communicate with local residents. "I can't go out to seek votes or meet you to learn your problems," he said in one recording. "Although I'm in jail, I've just lost physical freedom. My mind and thoughts are never chained." His party will organise a major campaign rally tomorrow near Siam Park. Key speakers will include Puea Thai heavyweights such as chief of its MPs Chalerm Yubamrung and party-list MP Jatuporn Prompan. Mr Korkaew's main rival, Democrat candidate Panich Vikitsreth, will receive help from Democrat leaders in a major campaign by the party on Saturday.

Mr Panich, a former deputy Bangkok governor, said his party planned to hold four simultaneous rallies on Saturday at venues yet to be disclosed. The party will enlist the help of well-known party MPs to speak at the rallies.

<http://www.bangkokpost.com/news/local/187269/2000-police-deployed-for-by-election>

- **Thai poll seen as referendum**

A BY-ELECTION on Sunday with a contender campaigning from his jail cell will provide an opportunity to take Thailand's political temperature barely two months after large-scale anti-government protests in the streets of the capital were put down with the use of deadly force. The poll is seen as a test of strength for the so-called Red Shirts, who from March to May camped out on some of Bangkok's major thoroughfares to demand Prime Minister Abhisit Vejjajiva dissolve parliament and call a general election. They charge he came to power illegitimately.

There are six candidates vying for the House of Representatives seat in Bangkok's Constituency 6, left vacant by the death of the incumbent, a member of the ruling Democrat Party.

Panich Vikitsreth, a former Bangkok deputy governor and vice minister for foreign affairs, will try to hold the seat for the Democrats.

His only serious challenger is Korkaew Pikulthong, who to register his candidacy on behalf of the opposition Pheu Thai Party had to be escorted from prison, where he is being held on terrorism charges for his alleged role in the violence that accompanied the recent protests. Mr Korkaew was a leader of the Red Shirt protest movement.

'This by-election is Bangkok residents' referendum on the government,' said Pheu Thai spokesman Prompong Nopparit.

http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_557372.html

- **Thousands Gather for Thai "Red" Rally Before Vote**

Supporters of Thailand's main opposition party rallied in Bangkok on Friday in the first big political gathering since a deadly military crackdown on anti-government protesters

two months ago.

At least 4,000 massed at a theme park ahead of a pivotal Bangkok by-election in a defiant show of support for a detained "red shirt" protest leader representing the Puea Thai Party, the movement's powerful parliamentary arm. Supporters dressed in red braved the rain to rally in spite of a state of emergency in place across a quarter of the country since fierce fighting, arson and deadly riots in May that marked the worst political violence in Thailand's modern history.

The gathering was the latest sign of rebellion by "red shirt" supporters who have been driven underground by a draconian emergency decree that has allowed swathes of arrests without charge, bans on public gatherings and broad media censorship.

Illegal demonstrations by "red shirts" have taken place at the upscale Rachaprasong intersection they had occupied in downtown Bangkok to draw attention to the 90 people who died and 2,000 who were wounded during the clashes between soldiers and protesters in April and May.

DETAINED CANDIDATE

The government allowed the campaign rally to take place to ensure fair play ahead of Sunday's vote, although the Puea Thai candidate, Korkaew Pikulthong, remained in detention.

"For the liberty of the people, the equality of the public, democracy in Thailand and for the world to know that Thai people hate injustice, vote number four -- Korkaew," a party member said on stage, reading a hand-written letter by Korkaew.

Korkaew is one of 12 senior "red shirt" figures being held on terror charges having been denied bail. Others have fled into hiding, some pledging to turn themselves in when the state of emergency is lifted.

Both Puea Thai and the "red shirts" are believed to be led by Thaksin Shinawatra, the self-exiled, graft-convicted former billionaire premier ousted in a 2006 coup by the royalist, pro-establishment army.

<http://abcnews.go.com/International/wireStory?id=11235457>

- **New White Paper Calls for Accountability for Excessive Force Against Bangkok Protesters**

A newly released document asserts that the Thai Royal Army and its government may be responsible for human rights abuses and possible crimes against humanity in connection with the bloody suppression of protests in Bangkok in April and May, which resulted in the deaths of approximately 90 people. The document outlines Thailand's obligations under International Law to allow independent and impartial bodies to investigate and

prosecute all responsible parties.

The 80-page white paper entitled "The Bangkok Massacres: A Call for Accountability" was prepared by international lawyer Robert Amsterdam of Amsterdam & Peroff LLP, whose firm has been retained by former Thai Prime Minister Thaksin Shinawatra as international advisors to the legal defense team for protesters arrested in the crackdown.

"The recent violence in Thailand is part of a larger campaign of political persecution designed to eliminate the movement calling for restoration of the basic right to self-determination through genuine elections," said Amsterdam. "The supposed 'reconciliation' efforts by the current unelected regime are belied by its ongoing use of emergency powers to criminalize the political opposition, and are nothing more than a cover-up to protect the unelected regime and preserve its unlawful grip on power. This white paper emphasizes the need for truth, accountability and genuine elections as prerequisites for real and lasting reconciliation in Thailand."

The white paper examines both historical and current events, and argues that there is sufficient evidence of human rights violations by the Thai military and its civilian chain of command to warrant a complete investigation by truly independent and impartial bodies. The white paper argues that the investigative committee established by Prime Minister Abhisit Vejjajiva is neither independent nor impartial, and that international involvement may be needed to persuade Thailand to comply with its obligations under International Law.

<http://www.prnewswire.com/news-releases/new-white-paper-calls-for-accountability-for-excessive-force-against-bangkok-protesters-99003899.html>

- **Economic front**
- **GDP growth could hit 7.5%: BOT**

The Bank of Thailand has sharply revised upward its economic growth forecast for the year to 6.5-7.5 per cent, thanks to limited political impact and the global economic recovery, which should continue spurring export growth.

The central bank had earlier set the forecast at 4.3-5.8 per cent. However, gross domestic product (GDP) now is expected to expand 7 per cent in the second quarter, which will push the first-half growth figure to 10 per cent. In effect, the revised full-year forecast demonstrates the expectation of less buoyant growth in the latter half.

Growth momentum will continue in the second half, said BOT Assistant Governor Paiboon Kittisrikangwan, but with some risks, particularly uncertainties over global recovery and the European debt crisis. Either factor could slow down exports, Thailand's key economic engine.

At home, despite some stability, the political outlook is not totally smooth. Moreover, all

eyes are on the government's handling of the Map Ta Phut case, he said.

The BOT is maintaining its 2011 GDP forecast at 3-5 per cent on the basis of strong domestic fundamentals and continued global recovery.

Siam Commercial Bank chief economist Sethaput Suthiwart-narueput noted in a report that Thailand's economy in the first half was boosted mainly by exports. If US domestic consumption does not recover as expected, in light of continuing debt problems in Europe and China's measures to stem economic overheating, this would affect the export sector.

"Looking ahead, the global economy could slow down, and this would affect Thailand in the second half," he said.

Export value in the first half skyrocketed nearly 40 per cent from last year. Manufacturing alone could contribute 6 percentage points to the growth rate in the second quarter, Sethaput said. The rest would come from the service sector, as logistics and trade grew despite the smaller number of tourist arrivals.

Though raising the 2010 GDP forecast, the central bank has lowered the core inflation target, excluding volatile items such as energy and food, to 0.5-1.3 per cent, from an earlier forecast of 1-2 per cent, thanks to government subsidies and consumer-product price controls. Headline inflation, including volatile items, is also expected to fall to 2.5-3.8 per cent, from an earlier forecast of 3.3-4.8 per cent.

Next year's target core inflation is maintained at 2-3 per cent, while headline inflation is revised up from 2.3-4.3 per cent to 2.5-4.5 per cent because of the end of government subsidies, higher consumption, and higher wages on a tight labour supply.

"The figures confirm the upward interest trend. Yet it is pure assumption to say to what levels the rates will rise," Paiboon said. "In practice, the Monetary Policy Committee will thoroughly review data before making a decision, with different sets of data at each meeting, so that the decision best fits the circumstance."

He also cautioned that thanks to high export income and robust growth in Asia, the baht and other Asian currencies tended to strengthen against the US dollar and ride into greater volatility.

<http://www.nationmultimedia.com/home/2010/07/24/business/GDP-growth-could-hit-7-5-BOT-30134468.html>

- **Thailand confident to target 6 pct economic growth for 2010**

The government is still confident that Thailand's economy in 2010 will grow 6 percent year on year as targeted earlier, the Prime Minister said on Thursday, the Thai News Agency (TNA) reported. Prime Minister Abhisit Vejjajiva made the remarks amid the country's robust exports' growth, especially in June this year.

The domestic economy is expanding in light of the global economic recovery, the prime

minister said. Thailand's exports have surged for eight consecutive months since last November as the exports in June, 2010, surged 46.3 percent year on year.

The country's exports in the first six months (Jan-Jun), 2010, totaled 93.1 billion U.S. dollars, or a year-on-year hike of 36.6 percent. Imports were up 51.7 percent year on year with a total value of 86.7 billion U.S. dollars, resulting in the country's trade surplus of 6.4 billion U.S. dollars, she said.

<http://english.people.com.cn/90001/90778/90858/90863/7077054.html>

- **Farm exports rise despite production woes**

However, growth over the entire year is expected to be about 2.2 to 2.3 per cent, because some problems have begun to ease.

Agriculture Minister Theera Wongsamut said yesterday that climate change had caused drought in many agricultural areas with good potential, resulting into lower agricultural output than last year. Cassava output in the first six months fell by 26 per cent year on year because of an outbreak of plant lice. However, para rubber and palm oil production tended to increase to meet higher demand from international markets.

He said exports of cassava, para rubber, sugar and palm oil were buoyed by the recovering world economy and were likely to show increases in terms of both volume and value. Overall, output from plant crops in the first half of the year was expected to show slight growth of 0.8 per cent, year on year. Theera said output in the livestock sector in the first half of this year was expected to grow by 2.1 per cent because prices were still at the good level, compared with the first half of 2009. Throughputs of livestock were in line with producers' plans. However, while exports of livestock had grown in terms of volume, they had fallen in terms of value, especially for chicken and chicken products. This was because chicken exports had faced price competition, he said.

The fishery sector is expected to record year-on-year growth of 3.3 per cent in the first six months, Theera said. The domestic price of shrimps has been on rise, while world demand has also been higher. The result has been increased shrimp production, particularly in the south of the country, which has contributed 60 per cent of total shrimp output. Production in the south rose by 18.9 per cent, year on year, in the first six months. Theera said gross agricultural production should be better in the second half of the year. He forecast a full-year growth rate between 2 and 3 per cent for the country's agricultural economy. The Office of Agricultural Economics said prices of agricultural products overall were expected to be good in the second half of the year because, at a global level, output was likely to fall.

It said Thailand's exports of agricultural products would probably increase. Some export products, such as rice, might slow down because of a lack of price competitiveness

resulting from the strength of the baht, the office said.

Output of manufacturing sugar, corn used for animal feed, para rubber and palm oil are expected to surge in the second half of the year, while production of yellow beans, cassava and rice is expected to drop. Lower rice production will result from the drought.

The Office of Agricultural Economics said Russia and China were both looking for new sources from which to import chickens, to replace the United States as a supplier, and both would favour chickens exported from Thailand. Meanwhile, Japan and Africa have approved Thailand's production standards for frozen chicken, and this will also boost chicken exports.

Exports from the fisheries sector, and of processed-wood products, wood furniture and paper products, are expected to continue to increase in second half of this year, following global economic recovery, the office said.

<http://www.nationmultimedia.com/home/2010/07/16/business/Farm-exports-rise-despite-production-woes-30133943.html>

- **Pakistan, Thailand to cooperate in tourism**

Pakistan and Thailand will cooperate in the field of tourism and hospitality, said Federal Minister for Tourism Atta-ur-Rahman in a meeting with a six-member Channel-5 TV team from Thailand.

According to an official spokesman, the delegation comprised three representatives from Channel-5 TV (Thailand) and three editor and columnists from Bangkok Daily Post newspaper, daily the Nation and daily the News (Thailand).

The minister said Pakistan is exploring new venues to promote the tourist destinations for foreign tourists. Pakistan, being the custodian of Buddhist Heritage, likes to spread a message of peace and love through inviting renowned Buddhist scholars, religious leaders, students and pilgrims. He informed that there are countless sacred places of Buddhist religion in Pakistan.

He said that Islam is the religion of peace and serenity and we keep take care of our guest no matter which religion they belong. He added that non-Muslims have complete liberty of performing their religious activities, despite the prevailing situation in some parts of Pakistan.

He suggested that visit of travel writers, journalists and media teams from both the countries may be hosted by Thailand and Pakistan in order to create awareness among people of both the countries.

The minister urged the need for enhancing the level of mutual tourism trade between Pakistan and Thailand. He appreciated the progress of Thai media and emphasised the need for frequent exchange of media persons and training programmes in tourism and

hospitality sector.

The members of the delegation thanked the minister for meeting, warm hospitality etc. extended by the Government of Pakistan. They informed the meeting that during their stay in Pakistan, they would visit the tourist destinations around Islamabad, Taxila, Murree, Lahore and Karachi etc.

Secretary (Tourism) Hifz-ur-Rahman, General Manager PTDC Abdul Wahab Khan, Parliamentary Secretary (Tourism) Mufti Ajmal Khan, Joint Secretary (Tourism) Yasin Janjua, Deputy Secretary (Tourism) Samreen Zahra, Manager PTDC Sheikh Fayyaz Ahmed, and Deputy Manager PTDC Mukhtar Ali were also present on the occasion.

http://thenews.com.pk/daily_detail.asp?id=252540

- **Sufficiency economy can solve poverty problem**

"The only way to solve the poverty problems in rural areas is to adopt His Majesty the King's sufficiency economy. This approach not only solves the poverty problem, it also helps reduce farmers' accumulated debts as well as promoting unity in the community," said Ennu Suesuwan, executive vice president of the Bank for Agriculture and Agriculture Cooperatives as reported by Thai Rath.

A woman protester wearing a red hat, sunglasses and face mask is pictured in March. More and more academics are conducting studies on which groups in society make up the red shirts. Mr Ennu expressed his thoughts to the media while leading a group on a visit to a sufficiency economy village at tambon Nong Sarai, Phanom Thuan district, Kanchanaburi, which received His Majesty's trophy for outstanding achievement.

After the village adopted the sufficiency economy principle, within a few years the villagers had risen above the poverty line.

"Nong Sarai was a village like most villages in Thailand in that farmers work the land but face losses year after year. The more they work the land, the more indebted they became," Mr Ennu said.

"They also faced the problem of divisiveness within the village as they competed to sell to middlemen, resulting in lower prices. They lacked unity and thus could not form a group to bargain for higher prices.

"At first, the bank was not sure whether the sufficiency economy principle could solve the farmers' problems, but when it was applied systematically, step by step, the result was astounding."

The first step was to convince the villagers that they could depend on themselves, that they themselves wanted to be self-sufficient. In the past, agriculture development failed because it was delivered from the outside. Government projects did not consider the villagers' knowledge and skills such as the projects to raise dairy cows and plant cashew

trees.

The result was spectacular failure with farmers incurring heavy debts. The dairy cow project was talked derisively of as "plastic cows" as the cows could not yield milk or not in sufficient quantity because of problems including low quality and insufficient feed, Mr Ennu said.

For this reason, the farmers held protests and demanded the government pay off debts from participating in the "plastic cows" project. Since then, the villagers have been wary of any project introduced by the government.

When the bank introduced the sufficiency economy project, it was not easy to convince Nong Sarai villagers that it could work as they were still scared about past failures of government-initiated agriculture projects, Mr Ennu said.

So the approach was different from the old projects. The bank's officials adopted His Majesty's advice about "Understanding, Access and Develop". The officials went and lived with villagers to understand their problems, their skills, what they wanted and how debts were incurred.

The most important information is to get to know who is the real leader in the village who can convince other villagers to believe. It is not enough just to visit kamnan and village chiefs who might not be the real leaders.

"The past development failures stem from the fact that the government thought only of increasing farmers' income without thinking much about expenditure. If development increases income as well as expenditure, what use is the development? Isn't it better to have the same income but reduced expenditure, and more profit?" noted Mr Ennu. This is the main issue of the development. Villagers were encouraged to do simple household expenditure accounting, to see for themselves how much they spend daily and monthly. This way, the villagers could see what items they could do without to reduce expenditure so as to have more income and be self-sufficient.

Mr Ennu said Nong Sarai villagers planted cassava for 20 years. The more they planted, the more indebted they became, mostly from using chemical fertiliser costing about 500 baht a rai. When they were encouraged to use bio-fertilisers, the expenditure was reduced to only 20 to 30 baht a rai. Not only did it reduce farming costs, the bio-fertiliser also raised productivity. Previously using chemical fertiliser yielded 8 to 10kg of cassava a tree. The first year of bio-fertiliser application, the yield rose to 20kg. The yield increased to 30 to 40kg for the subsequent years.

Planting cassava for 20 years incurred debt and more debt. When the new approach was adopted, within four years Nong Sarai farmers could pay off their accumulated debt.

They can now boast of being self-sufficient and debt-free. Once the success of villagers who used bio-fertiliser was known, other villagers came to ask for the know-how or participated in bio-fertiliser experiments to make the best fertiliser. When they talked and listened to each other's opinions, the once acrimonious relationship began to evaporate and they became united.

Mr Ennu said this village demonstrated very well the success of the sufficiency economy principle. Do whatever makes the villagers be self-sufficient. However, the principle implementation could not be rushed. Each village takes at least two to three years to bear initial fruit. The next step is for the whole village cluster (tambon) to be self-sufficient, which needs another two to four years.

The third step is to create a sufficiency economy network throughout the country, which will take at least another three years. Altogether at least 10 years are required to implement the sufficiency economy principle throughout the country.

However, Mr Ennu did not think the sufficiency economy model can be implemented throughout the country due to the bureaucracy and the budget hurdles. Thai bureaucracy judges a project's success when it is implemented, not the project's outcome because the budget must be used in one year. However, sufficiency economy projects need more than a year to be implemented successfully. This means Thailand must reform three government organisations: the Budget Office, the Comptroller-General's Department and the Civil Service Commission. The practice of spending the allocated budget within one year does not work well with government officials who work to develop rural communities. It takes many months before the budget is available for use. It takes several months before officials can get access to villagers, understand their needs and convince them to participate in the project. All this takes time and the budget may not be totally spent in that year, which is deemed by the bureaucracy as being inefficient.

For this reason, government officials often try to spend the allocated budget within the budget year. Instead of sounding out the opinions of villagers, they think of the projects themselves which may not be the ones needed by villagers. This results in the failure of rural development projects at the expense of taxpayers.

Is it not time to reform the Thai bureaucracy and budget allocation, especially the requirement to spend allocated budgets within one year?

Who are the red shirts and why? From the latest survey of 99 samples, it was found that more of the red shirts are farmers and non-system workers than the yellow shirts, noted Aphichart Sathitniramai, writing for Matichon. The survey revealed that 53% of the red shirt respondents were farmers against 35% of yellow shirts. About 9% of red shirts worked in the non-formal system against only 4% of the yellow shirts.

On the other hand, 35% of the yellow shirts worked as government officials or in state enterprises against 25% of the red shirts. The yellow shirts also outnumbered the red shirts 27% to 6% on trade and business occupations. About education, the yellow shirts also scored higher with 38.46% having at least a bachelor's degree while for the red shirts it was 18.73%. On income, the yellow shirts on average earned 31,427 baht/month against 17,034 baht/month for the red shirts. What was surprising was the neutral group in the survey earned 11,955 baht on average a month. This means the red shirts are not the poorest and can be said to belong to the lower middle class, noted Mr Aphichart, adding that poverty may not be the major factor that creates political division. When asked to evaluate themselves, both the red shirts and yellow shirts said they thought their economic status was lower than the general population (23.08% and 18.75%, respectively) when compared to the neutrals (14.63%). Meanwhile most neutrals (78.05%) thought themselves to be in the middle class group, 61.54% of the yellow shirts thought so while only 50% of the red shirts thought the same. On income disparity, the yellow shirts were least accepting of the widening wealth gap (42.31%) while the red shirts who were supposed to be most dissatisfied came second at 25%. The neutrals group was the least dissatisfied at 12.2%. Mr Aphichart then revealed an in-depth interview with red shirts about their feelings of being typecast as being at the bottom of society. The response varied according to region. This feeling was felt strongly in Ubon Ratchathani (Northeast) while those in Nakhon Pathom (Central) did not feel this as much, and nor did the Chiang Mai red shirts. On the other hand, Nakhon Pathom red shirts expressed optimism about the future for themselves and their children, while the Chiang Mai reds were not so confident and the Ubon reds less so again. About Thaksin's populist policies, 81% of red shirts said they got the most benefits, especially the universal health care while 54% of yellow shirts believed they got this benefit. This opinion was in accord with the survey that most red shirts were farmers and in non-formal occupations.

The survey also revealed that the red shirts found the One Tambon, One Product and village fund schemes beneficial. The red shirts mentioned that during Thaksin's time the country's economy was good and this was reflected in their higher income.

The red shirts also liked Thaksin for his war on drugs which made them feel secure that their children would not fall prey to drug pushers. The survey pointed out the reasons why the red shirts came out to demand that Abhisit Vejjajiva resign. The main reason was they opposed the military coup and intervention, followed by double standards and injustice and the last reason was that the Abhisit government was not directly elected by the people. No red shirts mentioned economic inequality as the main factor for their coming out to protest.

Mr Apichart concluded that the main reason for the red shirts' protest was more political than economic.

<http://www.bangkokpost.com/news/local/187633/sufficiency-economy-can-solve-poverty-problem>

- **Thai PM calls for closer links with Gulf countries**

Qatar, the Gulf and the rest of the Middle East all play an important role in Thailand's future, according to Prime Minister Abhisit Vejjajiva who hopes to visit the region early next year, depending on the state of domestic affairs in his country.

Speaking to Gulf Times and other members of the regional media recently, Abhisit conceded that with the recent violent protests in Bangkok he had had to focus his attention on resolving the domestic situation and had not been able to commit as much time as he would have liked to develop foreign ties.

"I have been kept back by a lot of domestic issues over this year and a half, but I think as things stabilise I will certainly be looking for further opportunities to make visits to the region," he said.

"One of my advisers has just returned from Egypt and I think we have identified a number of areas where we can enhance our bilateral relationship, as well as Thailand's relationship with the rest of the Middle East and Africa.

"Clearly there are still a number of economic opportunities so there can be expansion in trade and investment but there are also areas such as cultural and educational contacts which we think we can work on," he said, adding "for instance in the area of Islamic studies there is still room for expansion of co-operation, and I have asked my adviser to explore these avenues."

Abhisit referred to the increasing amount of Thai citizens who are heading to the Gulf and Middle Eastern countries in search of employment.

"We have a sizeable number of Thai workers in the region, and we are trying to facilitate the process of sending Thai workers abroad and making sure they are working under good conditions," he argued.

He also pointed out that Thai companies, especially in areas like the construction sector, were keen to work abroad.

"We have a trade representative office which is identifying a number of opportunities for Thai construction companies, and I believe there will be plenty of opportunities in the region." He said Thailand recognised the potential of growth in the GCC countries and "we have been very supportive of the GCC-Asean relationship".

"My expectation is that the GCC and Asean countries will move rather quickly to make this relationship at a high level as this is an area there is potential," he said, referring to

the possibility of assisting Qatar and other countries with their food security issues. However, foreign issues have taken something of a back seat in recent months, as the political situation in Thailand has been destabilised by protests and rioting.

“As you know we are facing numerous challenges but the goal of the government is to achieve recovery, reform and reconciliation and we are making steady progress on all fronts,” explained the prime minister.

<http://www.gulf->

[times.com/site/topics/article.asp?cu_no=2&item_no=375392&version=1&template_id=57&parent_id=56](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=375392&version=1&template_id=57&parent_id=56)

- **Social Front**
- **Thailand government shuts down 26 community radio stations**

Anti-government red shirt protesters shout slogans holding a poster with a defaced photo of Thailand's Prime Minister Abhisit Vejjajiva reading "Arrest warrant, live or dead - a prime minister who ordered mass killing of the public" during a protest in central Bangkok July 18, 2010. Despite the state of emergency in Thai capital that bans such gatherings, several hundreds red shirts demonstrated at the site of their former encampment and protests in Bangkok's shopping district that culminated in bloody clashes with Thai troops two months ago. Thai authorities, using the emergency decree, have recently shut down 26 more community radio stations in nine provinces, media reports said.

The Nation said six more stations were pressured to discontinue their operations. The English-language newspaper also reported that 35 people working for these stations, like radio hosts, station managers and executives, are facing lawsuits for allegedly encouraging their listeners to join the Red Shirt protest rally in Bangkok a few months ago, and for distorting information.

Suthep Wilailert, secretary-general of the Campaign for Popular Media Reform (CPMR), which organised a seminar on July 14 under its Community Radio Watch project, however, said "there are no clear details to substantiate these charges." Suthep said sometimes as many as 200 soldiers would come to a community radio station to threaten the media workers and confiscate transmission equipment.

The CPMR reported that in Ubon Ratchathani, some 200 officials showed up to shut down a community radio station, while in Chiang Mai, up to 500 officials were deployed to close down another community radio station. Suthep said some of these officials were even armed with automatic weapons. Some community radio stations continued to operate under much restriction, Suthep said. Staff were reminded not to air political comments to avoid getting into trouble with the government.

In the seminar, Dr Surat Metheekhul of the National Telecommunications Commission (NTC) said that although the commission supervises community radio stations, the emergency decree - which had been recently extended in Bangkok and several provinces - allows the government to intervene. Dr Niran Pitakwatchara, a commissioner of the National Human Rights Commission, said that shutting down these radio stations could backfire on the government.

<http://www.newswatch.in/newsblog/6958>

- **Is Facebook hurting the Thai language?**

The Thai government is struggling to preserve ‘proper Thai’ amidst the growth of digital communication. Facebook and Twitter are causing deteriorating language skills among Thai students and authorities want them to return to the bygone tradition of letter-writing, the Culture Ministry said Friday. A national survey conducted by the ministry found that four out of 10 Thai youths think “proper Thai” should only be used on formal occasions. Roughly a third of Thai youths are not concerned about misspellings, abbreviations and grammatical mistakes that are common in text messaging and social media conversations. “Excessive use of Facebook, Twitter and mobile phone messages distorts the language. But we can't stop people from communicating,” Culture Minister Nipit Intarasombut told The Associated Press on Friday, a day after releasing results of the survey.

Every generation has its own slang but the use of “official Thai” must be nurtured, he added. “We must preserve our national language. If nobody sees its importance, then we're doomed,” Nipit was quoted as saying in Thursday's Thai Post newspaper. “Nowadays kids do not write letters anymore. They forget the correct way to write.”

One common online shortcut: When Thai youths want to type ha-ha to indicate laughter online — the equivalent of LOL — they use the number “5” because the word for five in Thai is “ha.” The Culture Ministry intends to roll out letter and essay writing competitions to promote better writing, he said.

Earlier this week, the ministry sent written requests to all television stations asking program hosts, news anchors and celebrities to use proper Thai on-air, he said. The survey polled 6,500 youths over age 13 nationwide. It did not include a margin of error.

The minister's comments came ahead of Thailand's national language day, which will be celebrated July 29. “Sometimes I don't understand what Thai kids are saying in their mother tongue,” Mr. Nipit said. “But our duty as government is to conserve the good parts of the Thai language.”

<http://www.theglobeandmail.com/news/technology/is-facebook-hurting-the-thai-language/article1649434/>

- **Asean wants H1N1 flu alert level review**

The Association of Southeast Asian Nations has urged the World Health Organisation to review the pandemic alert levels issued for H1N1 influenza. The joint call was made among health ministers of 10 Asean countries plus China, Japan and South Korea.

The ministers agreed during their biennial meeting that the H1N1 outbreak in the region is on the way to becoming ordinary seasonal flu. "An update on the pandemic alert level will enable international communities including Asean to reduce public fears over the severity of the virus while educating the public on good hygiene and seasonal flu vaccination," said Public Health Minister Jurin Laksanavisit. WHO is evaluating its response guidelines to the H1N1 pandemic after criticism over its decision to raise the global alert for H1N1 flu to the highest level last year.

The Review Committee of the International Health Regulations was in charge of the assessment and identifying lessons learned as to what constitutes pandemics and other public health emergencies. Asean nations have brought down their alert status as the H1N1 pandemic no longer poses a threat.

Singapore Health Minister Khaw Boon Wan, the meeting's chairman, said Asean also looked forward to a speedy resolution of the mechanism for viruses and benefit sharing.

"We welcome the review of the global response to the H1N1 pandemic by the international health regulations review committee and we look forward to the outcome soon." The ministers also agreed to designate June 15 as Asean Dengue Day in a bid to raise public awareness on dengue outbreaks in the region.

The plan will be implemented from 2011 onwards. The proposal was made by Indonesia and the Philippines, as those countries face a severe spread of the vector-borne disease.

Agreements reached on regional dengue collaboration covered strengthening epidemiological networks, information exchanges, and raising money to stamp out the disease in countries in the region. In Thailand, health authorities are on high alert over dengue outbreaks this year as the total cases stand at 36,185 including 36 deaths, which is 60% higher than last year. Youngsters aged between 15-24 years suffered most from dengue fever, said the Public Health Ministry.

<http://www.bangkokpost.com/news/local/187627/asean-wants-h1n1-flu-alert-level-review>

Cambodia

- **Political Front**
- **Cambodian ruling party's plenum reaffirms Hun Sen for PM post in next terms**

The Cambodia's ruling party -- the Cambodian People's Party (CPP) on Thursday reaffirmed at its plenum Hun Sen's candidate for prime minister post for the next terms.

"The plenum reaffirms its endorsement of Samdech Akka Moha Sena Padei Techo Hun Sen's candidacy for the post of prime minister for the next terms," announced the party's communique released at the ending of the 35th Plenum of the Fifth-Term Central Committee of the CPP. Almost 900 party members from across the country gathered at its headquarters in Phnom Penh to have a two-day plenum started on Wednesday.

Party President Chea Sim, Vice President Hun Sen attended the 35th central committee meeting. This was the first meeting of CPP's Central Committee this year and it usually assembles twice annually. Last month, at the gathering to commemorate CPP's 59th founding anniversary, Chea Sim also reaffirmed party's decision to support for the candidacy of Hun Sen for the post of prime minister for the following terms.

Hun Sen, 59, has ruled the country, as the prime minister for more than 20 years. Cambodia is holding general election every five years. The last election was held in 2008 and the next one will come in 2013.

In last general election, the CPP won 90 seats out of 123-seat parliament, following by opposition Sam Rainsy Party with 26 seats, Human Rights Party with 3 seats, and two each obtained by Norodom Ranariddh Party and FUNCINPEC party.

CPP was found on June 28, 1951 and is, so far, the biggest political party in the country.

The CPP is now headed by Chea Sim who is also president of the Senate and Hun Sen is positioned as deputy chairman of the party while Heng Samrin is honorary chairman and also president of the National Assembly.

<http://english.people.com.cn/90001/90777/90851/7077474.html>

- **Geo-strategic Front**
- **US State Department Defends Military Aid to Cambodian Army**

A senior U.S. State Department official visiting Cambodia defended U.S. support for Cambodia's military on Sunday. His comments follow strident criticism by a leading opposition parliamentarian over U.S. support for Cambodia's military. The Under-Secretary of State for Political Affairs, William J. Burns, was in Cambodia this weekend to return seven looted antiquities recovered by U.S. officials.

Burns's visit coincides with the 60th anniversary of the establishment of U.S.-Cambodian diplomatic ties. It also comes during a two-week military exercise in Cambodia involving more than 1,000 troops from 23 Asia-Pacific nations and the United States. It is part of the Global Peace Operations Initiative, a U.S.-run effort to improve peacekeeping skills among other nations. But some Cambodian military units, including the tank unit hosting the provincial exercise, stand accused of human rights abuses. Earlier this month Human Rights Watch said it was "outrageous" that the United States was supplying millions of dollars of equipment to army units, and undermined U.S. protests against forced evictions

and land-grabbing. Some local politicians are also displeased. Opposition M.P. Mu Sochua condemned American support for the Cambodian military. "This is a huge insult to the people of Cambodia," said Mu Sochua. "This is not about helping democracy in Cambodia - this is about serving the US interests in the region."

At a news conference on Sunday, Burns stressed that all of America's military relationships were consistent with U.S. law, and said his government carefully vetted all participants. But Mu Sochua said Washington was evading its responsibility. She said the U.S. Department of Defense had lied when it told Congress that none of Cambodia's military units were guilty of human rights violations. "I am extremely disappointed by President Obama for allowing this to happen in Cambodia," she added.

Mu Sochua said donors, who earlier this year pledged more than \$1 billion to Phnom Penh, must tie aid to human rights and democracy. She said failing to do so meant the international community was failing in its obligations to Cambodia.

Mu Sochua's comments came Thursday as she awaited possible arrest for refusing to pay a fine levied in a defamation case filed by Cambodian Prime Minister Hun Sen. The court fined her \$4,000 after ruling that she had defamed Hun Sen by announcing her plan to sue him for defamation over comments he had made. Her case was thrown out of court, but Hun Sen went on to win his.

She said the case was highly political, and was further evidence that democracy was being undermined by the ruling party.

William Burns alluded to her case when he said the political arena was a better venue for resolving such disputes than the courts. Freedom of expression, said Burns, was "an essential value for any healthy political society".

<http://www1.voanews.com/english/news/asia/US-State-Department-Defends-Military-Aid-to-Cambodian-Army-98701889.html>

- **U.S. island mediation offer a rebuke to China**

Opening a new source of potential friction with China, the United States said on Friday that it was ready to step into a tangled dispute between China and its smaller Asian neighbors over a string of strategically sensitive islands in the South China Sea.

Secretary of State Hillary Rodham Clinton, speaking at an Asian regional security meeting in Vietnam, stressed that the United States remained neutral on which regional countries had stronger territorial claims to the islands. But she said that the United States had an interest in preserving free shipping in the area and that it would be willing to facilitate multilateral talks on the issue.

Although presented as an offer to help ease tensions, the stance amounts to a sharp rebuke to China. Beijing has insisted for years that all the islands belong to China and

that any disputes should be resolved by China. In March, senior Chinese officials pointedly warned their U.S. counterparts that they would brook no interference in the South China Sea, which they called a "core interest."

Many of the 200 tiny islands are just rocks or spits of sand, but they are rich in oil and natural gas deposits, and China views the islands as important outposts that extend its territorial waters far into the busy shipping lanes in the sea.

"The United States has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea," Clinton said.

International concern has been deepening about China's maritime ambitions, which have expanded with its economic and military muscle. China raised tensions with Vietnam this year with plans to develop tourism in one of the island groups, the Paracels, which the two nations fought over in 1974 before China assumed full control. They had another lethal clash in 1988 over the Spratly island group.

In recent months, administration officials said, China has harassed fishing boats and leaned on energy companies that have tried to make offshore deals with other countries.

Vietnam's strategy has been to "internationalize" the dispute by bringing in other players and forcing China to negotiate in multilateral forums. Clinton's announcement that the United States would be willing to play a part was a significant victory for the Vietnamese.

Twelve of the 27 countries at the security meeting spoke out in favor of a new approach to the South China Sea.

[http://www.sfgate.com/cgi-](http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/07/24/MNMI1EIUI9.DTL&type=politics)

[bin/article.cgi?f=/c/a/2010/07/24/MNMI1EIUI9.DTL&type=politics](http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/07/24/MNMI1EIUI9.DTL&type=politics)

- **Thailand & Cambodia Argue About Thaksin & the Coup**

Thailand and Cambodia have descended into a loud political feud about Bangkok's 2006 coup, and Thailand's current threat to demand the extradition of its fugitive former prime minister Thaksin Shinawatra.

The rift between the two Buddhist-majority nations in the heart of Southeast Asia was expected to worsen if Mr. Thaksin accepts Cambodian Prime Minister Hun Sen's surprise offer of a temporary house.

"There is an extradition process," warned Thailand's powerful Deputy Prime Minister Suthep Thaugsuban on Tuesday (October 27). "The turmoil following Cambodian leader Hun Sen's remarks, about ousted prime minister Thaksin Shinawatra being welcome in his country, has thrown the government into a spin," the Bangkok Post newspaper, which opposes Mr. Thaksin, reported on Tuesday (October 27).

Ratcheting up his rhetoric, Mr. Hun Sen compared Mr. Thaksin to Burma's pro-democracy leader Aung San Suu Kyi, a Nobel Peace Prize laureate who has languished under house arrest in Rangoon for 14 years. "Many people are talking about Mrs. Suu Kyi of Burma. Why can't I talk about the victim, Thaksin?" Mr. Hun Sen said on October 23.

"That cannot be regarded as interference by Cambodia into Thai internal affairs. Without the coup d'etat in 2006, such a thing would not have happened," Hun Sen said. Soft-spoken Thai Prime Minister Abhisit Vejjajiva lashed out Mr. Hun Sen's remarks.

"There are few people in the world who believe Thaksin is similar to that of Mr. Suu Kyi," Mr. Abhisit said later that day. "I hope Prime Minister Hun Sen will receive the right information and change his mind on the matter."

Cambodia's government spokesman Phay Siphon said on October 23: "Cambodia has a right to offer Thaksin to visit Cambodia, and we have no obligation to send him back to Thailand." If "former Thai prime minister Thaksin Shinawatra wishes to travel to Cambodia anytime...the Cambodian prime minister is ready to prepare a residence for [his] stay in Cambodia," reported Cambodia's government-run TVK television on October 22, according to Agence-France Presse. Mr. Thaksin has been an international fugitive, based mostly in Dubai, dodging a two-year prison sentence for a conflict of interest. That conviction involved a Bangkok real estate deal -- for his now divorced wife -- which was arranged when he was prime minister. Mr. Thaksin became prime minister in 2001 when most voters elected the billionaire telecommunications tycoon, hoping he would boost the economy and modernize Thailand. Mr. Thaksin was removed in September 2006 by Thailand's U.S.-trained military in a bloodless coup when they used tanks, armored personnel carriers, Humvees and other weapons to seize power. He has unsuccessfully tried to return to power with the help of allied politicians, and get back his two billion U.S. dollars worth of assets which the coup leaders froze.

International human rights groups, however, want Mr. Thaksin investigated for his role in the alleged extrajudicial murder of more than 2,000 people during his government's "war on drugs." Mr. Thaksin remains politically active in self-exile.

He helps lead a mass movement of so-called "Red Shirts" who claim to represent Thailand's majority lower classes, especially in the countryside. Together they demand an immediate election, expecting Mr. Thaksin's allies to win.

They are opposed by the "Yellow Shirts" who claim to support Thailand's urban middle class and constitutional monarchy. Led by Sondhi Limthongkul, the Yellow Shirts blockaded Bangkok's international and domestic airports in November 2008 for eight days, stranding more than 300,000 people worldwide.

Their blockade helped weaken a government allied to Mr. Thaksin, and paved the way

for Parliament to elect Mr. Abhisit. Mr. Abhisit's fragile coalition government enjoys the military's support, and much of his personal security is handled by the military.

Thailand's wealthy elite have mostly thrown their weight behind Mr. Abhisit as well, and appear nervous about Mr. Thaksin and the Red Shirts plotting to destabilize Bangkok. Cambodia's prime minister has thrown a wild card into this dangerous mix, apparently hoping to attract big investments by Mr. Thaksin and weaken Bangkok's strategy over a smoldering border dispute, according to some analysts.

"It is true that I would invite former Prime Minister Thaksin to visit Cambodia anytime, and to be my economic advisor," Mr. Hun Sen said on October 22. Thailand and Cambodia are former war-time enemies -- and current investment partners -- so the stakes are high for all sides to quell their public sniping.

Occasional killings on both sides have continued in and around the ancient stone ruins of Preah Vihear, a Hindu temple on the Thai-Cambodian border. That dispute dates back to the 1950s, and continued even after the International Court in the Hague, Netherlands, confirmed Cambodia's ownership in 1962.

The conflict flared again after the ruins were declared a World Heritage Site in July 2008 by the World Heritage Committee, based on Cambodia's proposal to cash in on its tourism potential. Thailand and Cambodia have suffered much worse relations in the past. After Richard Nixon became president of the United States in 1969, he used Thailand as one of several military staging areas for heavy aerial bombing raids against communists in Vietnam, Cambodia and Laos, until America's wars ended in 1975 -- one year after Nixon's presidency -- with the U.S. defeated in all three countries.

Washington and Bangkok later indirectly backed Cambodia's communist Khmer Rouge leader Pol Pot, when his jungle-based guerrillas were in a loose alliance with other Cambodian rebels fighting against Vietnam's 1979-1989 occupation of Cambodia. Thai and Cambodian politicians have been fleeing to each other's country for the past 50 years, seeking sanctuary from coups, arrest warrants, and other threats.

In 1957, when Thai dictator Field Marshall Sarit Thanarat unleashed a military coup against Prime Minister Phibun Songkram, the toppled leader fled Thailand for Cambodia in his Ford Thunderbird car.

<http://www.scoop.co.nz/stories/HL0910/S00264.htm>

- **Economic Front**
- **Social Front**
- **Early HAART During TB Treatment Boosts Survival Rate In Co-Infected People**

A clinical trial in Cambodia has found it possible to prolong the survival of untreated

HIV-infected adults with very weak immune systems and newly diagnosed tuberculosis (TB) by starting anti-HIV therapy two weeks after beginning TB treatment, rather than waiting eight weeks, as has been standard. This finding by scientists co-funded by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health, and the French National Agency for Research on AIDS and Viral Hepatitis, brings physicians closer to optimizing the treatment of severely immunosuppressed individuals with HIV-TB co-infection. The findings were presented today at the XVIII International AIDS Conference in Vienna by principal investigators Francois-Xavier Blanc, M.D., Anne E. Goldfeld, M.D., and Sok Thim, M.D.

"These results are just one example of how our best science can advance the treatment of an important disease, TB, that exacts a huge toll among HIV-infected individuals," says NIAID Director Anthony S. Fauci, M.D. "With an estimated 1.4 million HIV-infected individuals developing TB in 2008 alone, we must continue to pursue 21st-century solutions to the scourge of HIV-TB co-infection, as well as other diseases that afflict HIV-infected people."

Individuals with HIV-TB co-infection in resource-limited countries frequently come to the attention of healthcare professionals for the first time when HIV already has severely damaged their immune systems. Such people often die during the first few months after beginning TB treatment. Clinicians agree that starting anti-HIV therapy during that short window can stave off death for some patients, but data on the best time to start have proven inconclusive and opinions have varied. The dilemma is that starting anti-HIV therapy before the TB infection is under control can cause the patient to become very sick and even die from a condition known as Immune Reconstitution Inflammatory Syndrome, but starting anti-HIV therapy too late may allow the patient to die from HIV infection. TB accounted for nearly a quarter of HIV-related deaths worldwide in 2008.

The clinical trial, called the Cambodian Early versus Late Introduction of Antiretroviral Drugs (CAMELIA), or ANRS 1295, launched in January 2006 at five sites in Cambodia, a country with a high prevalence of TB and HIV. The study staff enrolled 661 volunteers ages 18 and older with newly diagnosed HIV-TB co-infection and very weak immune systems (measured as fewer than 200 CD4+ T cells per cubic millimeter of blood). The participants all began receiving treatment for TB and were assigned at random to begin antiretroviral therapy for HIV either two weeks later or eight weeks later. The volunteers received powerful antiretroviral drug cocktails known as highly active antiretroviral therapy, or HAART. Study staff followed the participants for 50 weeks after the last volunteer had enrolled in the trial, performing clinical exams and biological tests at frequent intervals to monitor participants' health and safety.

By the end of the follow-up period, 59 out of 332 participants who had started HAART two weeks after beginning TB treatment had died, while 90 out of 329 participants who started HAART eight weeks after beginning TB treatment had died. This 33 percent difference was statistically significant, leading the principal investigators to conclude that starting HAART two weeks after beginning TB treatment, rather than waiting eight weeks, boosts the chance of survival for people with HIV-TB co-infection and severely damaged immune systems.

CAMELIA was conducted within the research agenda of the Cambodian National Center for HIV/AIDS, Dermatology and STD under the leadership of Dr. Blanc of Bicetre University Hospital, France; Dr. Goldfeld of Harvard Medical School, Boston; and Dr. Sok of the Cambodian Health Committee, Phnom Penh. NIAID provided funding for the study to the Cambodian Health Committee via a grant from the Comprehensive International Program for Research on AIDS.

<http://www.medicalnewstoday.com/articles/195703.php>

- **Justice for Cambodia victims about to be served**

Former Olympic rower Rob Hamill is in Cambodia, but not to bask in the sun or to attempt another transatlantic record. He's there for the verdict of a war crimes trial involving the man he blames for his brother's killing over 30 years ago.

Mr Hamill surveys the killing fields in the Cambodian capital, Phnom Penh, where the skulls of Khmer Rouge's murdered victims lie - exhumed from mass graves after the regime's defeat. They represent the 1.7 million men, women and children who died during Pol Pot's reign. "I can't quite reconcile how justice can ever be served with the nature and the way these people's lives were taken," he says.

Pol Pot's long dead, but Mr Hamill is here for the sentencing of his trusted commander Kaing Guek Eav, known as Duch, for his part in the genocide. During the trial, Mr Hamill had the chance to speak directly to the frail maths teacher-turned killing commander, and wished upon him the punishments he had dished out to his victims. "I have imagined your scrotum electrified, being forced to eat your own faeces, being nearly drowned, and having your throat cut."

Duch ran the S21 prison where at least 14,000 were detained - including Mr Hamill's brother. Kerry Hamill had been sailing to Bangkok in 1978 when his yacht veered into Cambodian waters - he was captured, tortured then killed. Family found out about Kerry's fate 16 months later, after the regime fell in 1979. It was too much for Mr Hamill's younger brother John, who jumped from a cliff soon afterwards. Mr Hamill says he's more accepting now, and the verdict brings closure for the family. "After 30 years of our own

family kind of suppressing it - and kind of not talking about it - and the effect it had on our family, I think this is a very special time and I'd like to think he's looking down on us thinking, yeah, it's about bloody time."Duch's verdict and sentence will be handed down in two days.

http://www.3news.co.nz/Justice-for-Cambodia-victims-about-to-be-served/tabid/417/articleID/167258/Default.aspx?ArticleID=167258&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+co%2FMvia+%283News+-+International+News%29

Vietnam

- **Political Front**
- **ASEAN Political Security Community Council holds 4th meeting in Vietnam**

The fourth meeting of the Political Security Community Council of the Association of Southeast Asian Nations (ASEAN) was held here Monday, drawing foreign ministers from ten member countries of the bloc.

At the meeting, the ministers stressed the need to implement cooperative programs in a synchronous and effective manner to promote the building of the ASEAN Political Security Community, according to a press release of the Vietnamese Ministry of Foreign Affairs issued here Monday.

They agreed to continue enhancing the role of tools to ensure peace and security in the region such as the Treaty of Amity and Cooperation, Treaty on Southeast Asia Nuclear Weapons-Free Zone, and the ASEAN Regional Forum, said the press release.

The ministers welcomed the recent progress in regional political and security cooperation including the agreement to hold a defense ministers' meeting between the ASEAN and dialogue partners. The first ASEAN Defense Ministers' Meeting Plus is scheduled to take place in Vietnam in October.

Delegates also expressed their support for intensifying cooperation to assist people and vessels in distress at sea and strengthening cooperation among Chiefs of Homeland Security of ASEAN member states.

<http://english.people.com.cn/90001/90777/90856/7072232.html>

- **Geo-strategic Front**
- **US urges a code of conduct in the South China Sea**

The US government on Friday called on the Association of South-East Asian Nations (ASEAN) and China to reach agreement on a full code of conduct in the South China Sea to prevent conflicts."The United States supports a collaborative, diplomatic process by all

claimants for resolving the various territorial disputes without coercion,' US Secretary of State Hillary Rodham Clinton told reporters after attending the ASEAN Regional Forum. 'We encourage the parties to reach agreement on a full code of conduct.'

Delegates attending the forum, which includes the 10-member ASEAN, the European Union, the US, China, Russia, Japan and 12 other countries, on Friday discussed a long-running territorial dispute in the South China Sea.

Many of the area's more than 250 islands are claimed by more than one country, among them the Spratlys, with China, Taiwan, Vietnam, Malaysia, Brunei and the Philippines each claiming either all or parts of the archipelago and the Paracel Islands, claimed by China, Taiwan and Vietnam.

Clinton said 12 participants, including the United States, raised the South China Sea and general maritime navigation and claim issues

'The United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea,' Clinton said. 'We share these interests with not only ASEAN members or ASEAN Regional Forum participants but with other maritime nations, and the broader international community.'

She called on claimants to pursue their territorial claims and accompanying rights to maritime space in accordance with the UN Convention on the Law of the Sea.

The United States does not take sides on the competing territorial disputes over land features in the South China Sea, but opposed the use or threat of force by any claimant, she added.

The Philippines proposed to adopt a binding regional code of conduct in the South China Sea in August 1995, but there is still no such code. ASEAN and China signed a declaration on the conduct of parties in the South China Sea in 2002, but experts say it is not sufficient to prevent conflicts.

Professor Carlyle Thayer of the Australian Defence Force Academy said Vietnam had been unable to persuade ASEAN to be more assertive and negotiate a code of conduct with China as a bloc as Beijing insists on bilateral talks. The 10 ASEAN nations are Brunei, Myanmar, Indonesia, Laos, Cambodia, the Philippines, Malaysia, Singapore, Thailand and Vietnam. Vietnam is the 2010 ASEAN chair. It hosted an ASEAN summit in April and will host a related summit in Hanoi in October.

http://www.monstersandcritics.com/news/asiapacific/news/article_1572802.php/US-urges-a-code-of-conduct-in-the-South-China-Sea

- **Economic Front**
- **Treaty of Amity and Cooperation amended to facilitate EU's accession**

Participants of the 17th ASEAN Regional Forum (ARF) pose for a group photo in Vietnamese capital Hanoi July 23, 2010. The 17th ASEAN Regional Forum (ARF) opened here on Friday, with participation of foreign ministers or representatives of 27 ARF members to discuss security issues and cooperation in the Asia-Pacific region.

Members of the Treaty of Amity and Cooperation (TAC) in Southeast Asia signed on Friday a protocol to amend the treaty to allow international organizations to join the pact, paving the way for the European Union's accession.

The amendment is the third one made to the treaty, a regional security pact established in 1976 by the founding members of the Association of Southeast Asian Nations (ASEAN) to promote peace, security and stability in the region.

The EU appreciates the signature of the third protocol which will amend the TAC to allow for EU accession to the treaty, said the Hungarian Foreign Minister Janos Martonyi, who represented the EU at the 17th ASEAN Regional Forum here Friday.

The EU and ASEAN look forward to quick finalization of the EU accession process, he said. The EU's deepening engagement in the evolving regional architecture in East Asia is expected to contribute to further strengthen peace and security in the region, said Martonyi. As the ASEAN plays an increasing role in the region, the TAC has seen more participation from countries outside the bloc in recent years. Countries such as China, Japan, India, Pakistan, and the United States have acceded to the treaty.

The treaty embraced another two new members on Friday, as Canada and Turkey signed the instrument of accession to the treaty to officially become TAC members. The ten-member ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

<http://english.people.com.cn/90001/90777/90856/7079086.html>

- **Vietnam Inflation Slows, Supporting Growth Push**

Vietnamese inflation cooled for a fourth month, a slowdown that may ease concerns the government's focus on stoking economic growth will revive price pressures.

Consumer prices rose 8.19 percent this month from a year earlier, according to figures released today by the General Statistics Office in Hanoi. The inflation rate in June was 8.69 percent, according to previously reported data. Prices climbed 0.06 percent in July from June.

"I had been expecting inflation for the full year to be in double-digits," said Adam McCarty, chief economist at Mekong Economics in Hanoi, in a telephone interview today. "Given these figures, there's probably some scope for the central bank to loosen monetary policy a bit further." Vietnam's policy makers urged banks to reduce interest rates to bolster the economy after first-quarter credit expanded by 3.3 percent, compared

with the central bank's full-year target of 25 percent. Prime Minister Nguyen Tan Dung's government is targeting 6.5 percent growth in 2010.

"Inflation will probably slow some more in coming months," Kevin Grice, a London-based economist at Capital Economics Ltd., said, in a July 19 note. "Food and transportation costs have moved lower."

Prices in the category including rice climbed 9.28 percent, compared with 9.34 percent in June. Vietnam is the world's fifth-biggest rice consumer.

Autumn Harvest

Prospects for a good autumn food harvest may help Vietnam further contain inflation, Alan Pham, chief economist at VinaSecurities, a unit of VinaCapital Investment Management Ltd., said in a note this month. VinaSecurities predicted a year-end inflation rate of 8 percent to 9 percent.

Prices for some varieties of rice fell by as much as 0.7 percent in the week to July 2 from the week before, the agricultural attaché's office at the U.S. embassy in Hanoi said in its latest price update, released July 15.

Still, Vietnam's move to target growth over managing inflation is a "dangerous strategy," given its "low" level of foreign reserves and a lack of confidence in the dong, Grice said. The country's reserves fell to \$15.2 billion at the end of 2009 from \$23 billion in 2008, according to the World Bank. The Vietnamese currency has fallen 3 percent this year, according to Bloomberg data.

"Growth is picking up, wages are rising rapidly, and, from what limited data are available, there appears to be little spare capacity in the economy," Grice said.

Loans from the beginning of the year to mid-June increased 10.5 percent, helping Vietnam's economic growth accelerate to 6.4 percent in the second quarter from a year earlier, compared with 5.8 percent in the first three months of 2010.

<http://www.businessweek.com/news/2010-07-24/vietnam-inflation-slows-supporting-growth-push.html>

- **Social front**
- **Stateless Cambodians Become Vietnamese Citizens**

The U.N. refugee agency said Tuesday that the Vietnamese government has taken groundbreaking steps to end statelessness for thousands of former Cambodian refugees. The UNHCR said more than 2,000 refugees will receive Vietnamese citizenship by the end of the year.

The U.N. refugee agency says 2,357 victims of Cambodia's Pol Pot dictatorship have been living in limbo in Vietnam for more than three decades.

UNHCR spokesman Adrian Edwards says this situation of uncertainty now is over for

287 former refugees. Last Friday, he says, they received their citizenship certificates at a ceremony at the Department of Justice in Ho Chi Minh City.

Edwards says it was the culmination of five years of work between the UNHCR and the Vietnamese government. He says all of the Cambodians speak Vietnamese and that they are fully integrated in the society.

"They now acquire all rights of citizenship. In Vietnam, this means an all-important family registration book that governs citizens' interactions with the government, as well as a government I.D. card. With these two documents, the new citizens can buy houses, attend universities, get health and pension insurance, and do other simple things they were not able to do before such as have ownership of a motorbike," he said.

Edwards notes that by the end of the year, the remaining 2,070 former Cambodian refugees also will have their Vietnamese citizenship.

He praises other important steps Vietnam has taken in ending and preventing statelessness. "Last year, it enacted a law to plug gaps that caused thousands of Vietnamese women who married and then divorced foreign men to become stateless. This situation has now been largely rectified, and most of the women and their children are getting citizenship," he said. Combating statelessness is one of the UNHCR's top priorities. The agency says the 12 million people who are stateless worldwide have no rights. They live in a virtual twilight zone, stripped of the ability to move freely or to participate in the normal social benefits citizens of a country take for granted.

<http://www1.voanews.com/english/news/asia/Stateless-Cambodians-Become-Vietnamese-Citizens-98843594.html>

- **Cambodians seek justice in "Killing Fields" verdict**

Khmer Rouge chief torturer and jailer Duch sits next to a security guard on the fourth day of closing arguments in his trial by a U.N.-backed tribunal Reuters – Khmer Rouge chief torturer and jailer Kaing Guek Eav, better known as Duch, sits next to a security guard ... The first U.N.-backed trial of a top member of the murderous Khmer Rouge "Killing Fields" regime will deliver a verdict next week that could bring some closure in one of the darkest chapters of the 20th century. The Khmer Rouge's chief torturer and jailer, 67-year-old Kaing Guek Eav, is charged with war crimes and crimes against humanity for overseeing the deaths of 14,000 people as commander of Phnom Penh's notorious Tuol Sleng prison.

Better known as "Duch," he is widely expected to receive the maximum sentence on Monday of life imprisonment by a joint U.N.-Cambodian court set up to prosecute the ultra-Maoist regime blamed for 1.7 million deaths that wiped out almost a quarter of Cambodia's population from 1975 to 1979. Any lesser sentence, analysts say, could

trigger public outrage and further dent the credibility of a snail-paced and financially draining tribunal that has already been tainted by allegations of corruption and political interference."Cambodians will lose confidence in this court if Duch doesn't get the maximum sentence," said Pou Sothirak, a former Cambodian diplomat who is now a senior research fellow at Singapore's Institute of South East Asian Studies.

"This is a hugely important and historic day for Cambodia. If people don't believe justice has been served, they can't move toward any healing or closure," he said. Chum Mey, one of only a few survivors of Duch's S-21 torture center and a key witness in the trial, said a lighter sentence would only prolong painful memories in a country where most families suffered losses at the hands of the regime."If he is not sentenced to life, there won't be any justice," Chum Mey, 79, told Reuters. "We have been waiting for more than 30 years. It's a really long time."

PEASANT UTOPIA

Duch, a former maths teacher and now a born-again Christian, insists he was following orders to avoid death at the behest of the late Pol Pot, a French-educated engineer who led the regime and sought to return Cambodia to a year-zero peasant utopia.

Duch asked for forgiveness and wept during his 17-month trial but said nothing of the Khmer Rouge's motives and why so many people were allowed to die of starvation, exhaustion and disease, or by horrific methods of torture and execution."I'm still angry, my relatives are all gone," said villager Som Rorn, who lost 12 family members to the Khmer Rouge, eight by execution and four by starvation.

Duch is the first of five of Pol Pot's former cadres indicted by the court. Facing genocide charges are former President Khieu Samphan, "Brother Number Two" Nuon Chea, ex-Foreign Minister Ieng Sary and his wife, Ieng Thirith, a former Shakespeare scholar known as the "Khmer Rouge First Lady."Regardless of Monday's verdict, the Extraordinary Chambers in the Courts of Cambodia (ECCC) will probably face more criticism for its bureaucracy, big spending and lack of progress.

Since its establishment in 2005, the ECCC has spent \$78.4 million of foreign donations without making a ruling and was last year granted a further \$92.3 million for 2010-2011. Many Cambodians fear that the ailing defendants could die before they see a courtroom and say the cases are so complex and politicized they may not even go to trial, which has fed allegations of high-level interference.

Mark Turner, an expert on Cambodia from the University of Canberra, said the composition and purpose of the tribunal was often in question and the government, which includes some former Khmer Rouge members, was in no hurry to speed up the hearings."One would suspect some people in government aren't too anxious to rake up

the past," he said. "They might also be implicated. That's why this court has never been their priority."

http://news.yahoo.com/s/nm/20100723/wl_nm/us_cambodia_rouge

- **Cyber world**

Singapore

- **political Front**
- **Economic Front**
- **Over 2,000 employers breached work permit rules: MOM**

Singapore's Manpower Ministry has taken action against over 2,000 employers since 2009 for breaching work permit rules. These were for failure to provide acceptable housing for foreign workers.

During the same period, the Ministry also took action against more than 700 owners and operators of illegal dormitories. Over 20,000 foreign workers have been re-located to acceptable housing during that time. In addition, more than 1,000 fines were issued for fire safety and environmental health violations at workers' housing. The Foreign Worker Housing Coordinating Committee brings together proactive enforcement efforts by government agencies with regards to foreign worker housing. As a result of such efforts, the Manpower Ministry received 22 per cent fewer complaints about unacceptable foreign worker housing in the second half of 2009, compared to the first. These complaints further decreased by another 28 per cent in the first half of this year. - <http://www.channelnewsasia.com/stories/singaporelocalnews/view/1070279/1.html>

- **Demand for coal, gas likely to expand with growing power-generation needs**

The growing urban electricity needs of China are likely to fuel strong demand for coal in the region, even though industrial use may moderate. Commodities research group Wood Mackenzie says with no global agreement to control carbon emissions, coal may remain a fuel of choice for the region. Gas demand is also likely to double by 2025 as the fuel is increasingly used for transport in places like India.

China's urban population is growing fast, boosting demand for power. And Wood Mackenzie says even as China's industrial output cools, resulting in lower demand for coking coal as an industrial fuel, thermal coal will continue to be needed to generate electricity. And this demand may be supported by the lack of a global consensus on carbon emissions for now. Julie Beatty, principal economist, Wood Mackenzie, says: "When we consider what the length and breadth of the global recovery, particularly when we look at OECD countries including Japan, it seems to me that the teeth and appetite for carbon legislation has now been pushed back to something around 2017, 2018.

"So if we take that into account, I think that's going to bode quite well, not just for coal,

but it's also going to be extremely good for renewables, including nuclear."The International Energy Agency said last month that China is likely to overtake Japan as the world's largest importer of thermal coal by the end of the year.

From figures available, natural gas demand is also likely to double in Asia by 2025, with China's consumption almost tripling to 300 billion cubic metres in 2020, as growing global oversupply makes it an attractive alternative to oil. Julie Beatty, principal economist, Wood Mackenzie, says: "There's going to be a tremendous amount of growth, in terms of CNG and other optionalities in transport systems for gas, like public transport systems in India and China, and I think that is going to give rise to non-power growth."

While economies like China and India had announced major plans to add nuclear power to their grids, Wood Mackenzie says that there are difficulties in getting components for these nuclear power plants, at least for the next few years, adding to the bright future in coal and gas for the region.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1070498/1/.html>

- **Experts suggest green measures to combat floods**

Experts say the recent flooding has again shown why it is important to manage the environment and embrace green buildings. One solution lies in the rooftop gardens that some buildings have. They can function as catchment areas to store water and reduce the risk of flooding. Experts say such features should be incorporated into the building designs. Jason Pomeroy, director of Broadway Malyan Asia, said: "If we consider one square metre of ground coverage or rooftop coverage can actually hold 6 litres of water, that's considerable." So if we can start to see a greater embracing of rooftop gardens as well as gardens on the ground, what this can actually mean is that we're minimising the rainwater run off the buildings... "We are mitigating the issue of hard surfaces within the tall building structures and therefore reduce the loading to the store water drainage. And that in essence basically means we are going to have less of a flood risk."

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1070473/1/.html>

- **ADB urges govts to unwind stimulus measures as Asian economies rebound**

The Asian Development Bank (ADB) has upgraded its 2010 growth forecast for 14 East Asian economies to 8.1 per cent, up from its earlier projection of 7.7 per cent in April. Singapore saw the largest upgrade, with a 12.5 per cent growth projected for 2010, compared to a forecast of 6.3 per cent previously. But ADB expects growth in the city state to fall back to 5 per cent next year, due to Singapore's high exposure to global trade.

ADB also urged governments to unwind stimulus measures, following in the footsteps of countries like South Korea, Malaysia, Singapore and Thailand. Many ports in Asia have

handled more shipments as economies rebound.

The ADB said export numbers could reach near pre-crisis levels in the next 12 months. It added that Asian economies including Southeast Asia, Greater China and South Korea collectively may even see a double-digit growth in trade, backed by stronger domestic demand. So, ADB is optimistic about the region's prospects. It has maintained its growth forecast for China at 9.6 per cent this year and 9.1 per cent in 2011, while Japan's growth could come in at 2.8 per cent in 2010, and 1.4 per cent next year.

However, ADB warned that it might not be blue skies ahead despite the sharp V-shaped recovery this year.

"Don't mistake this V for victory because there are enough clouds in the horizon which could upset this otherwise positive outlook... It's time to unwind the policy stimulus but it's not time to declare victory," said Srinivasa Madhur, Senior Director of Asian Development Bank. The lender added that the economies could normalise their monetary policies through a combination of currency appreciation and interest rate tweaks.

However, the ADB said growth in the region could moderate to 7.2 per cent in 2011, with the removal of stimulus measures and headwinds ahead. "Europe has got some difficulties due to the public debt problem there. And recovery in the Eurozone will be pretty much uncertain in the next few quarters. But in the US, the recovery there is gradual and is on the way, and Japan remains on a very strong recovery path in 2010," said Lei Lei Song, Senior Economist, Asian Development Bank.

Other downside risks include concerns over a double-dip global recession and the destabilising effect of capital flows into Asia. - CNA /ls

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1070477/1.html>

- **Business confidence among S'pore SMEs continues to climb in H1: survey**

Business confidence among Singapore's small and medium-sized enterprises (SMEs) continued to climb in the first half of this year. That is according to HSBC's latest Small Business Confidence Monitor survey, which gauges the six-month outlook of SMEs on local economic growth, capital investment plans and recruitment. HSBC said Singapore SMEs recorded the biggest jump in confidence level among their Asian peers in the survey, climbing 19 points from 117 to 136.

A score of 200 represents the highest confidence level; 0 represents the lowest; and 100, neutral. Vietnam remained at the top, with an index of 164, followed by Singapore with 136, mainland China at 123 and India with 121. Commenting on the results, Tan Siew Meng, head of Commercial Banking of HSBC Singapore, said the research indicates confidence levels in the emerging markets are stabilising and moving toward pre-

financial crisis levels.

She added that investors are finding emerging markets more attractive given the low return on Western assets. But, while these are growth factors for Asia, future risks such as those stemming from inflationary pressures will have to be navigated, given that cooling measures have been introduced by certain governments in Asia.

The survey also found that Singapore SMEs are more confident when it comes to investing in their own businesses, with 42 per cent planning to increase their capital expenditures and 54 per cent saying they will maintain current levels.

On recruitment, 98 per cent of Singapore SMEs said they will either expand their workforce or maintain their current staffing levels in the next six months.

SMEs were also asked about the extent of their cross-border trade and other international business, with one in three local SMEs saying they are currently engaged in international business currently. The proportion with plans to engage in international business in the next two years remained unchanged at 34 per cent.

The SMEs listed availability of financing, local regulations and legal complexities and complexities of certain international markets, such as foreign currency controls as their top barriers to international trade. - CNA /s

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1070674/1/.html>

- **Bahrain to woo S'pore companies to invest in its logistics sector**

Bahrain is trying to woo Singapore companies to invest in its logistics sector. Business leaders from Bahrain have been meeting their Singapore counterparts on investment opportunities in Bahrain's logistics industry.

Bahraini business leaders said the key attraction is that their country is emerging as the most cost-effective transshipment hub to serve the northern Gulf region. It opened its US\$360 million Khalifa bin Salman Port in April 2009, and the \$280 million Bahrain Logistics Zone is scheduled to open in 2011. The logistics zone has been designed to be close to Saudi Arabia - the largest market within the Gulf Cooperation Council.

Bahrain Economic Development Board said the country is recognised as a leading logistics hub in the trillion-dollar Gulf and wider Middle East market.

Bahrain was Singapore's 63rd trading partner in 2009, with total trade of S\$557.06 million. It is the most recent Gulf Cooperation Council (GCC) state to ratify the GCC-Singapore Free Trade Agreement (FTA). Singapore-based companies with businesses in Bahrain include CapitalLand, ST Engineering, MTQ, Pico and APL, a wholly owned unit of Neptune Orient Lines. The Singapore Business Federation said it is planning a business mission to Bahrain and Saudi Arabia later this year to explore business opportunities. -

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1070460/1/.html>

- **S'pore and Vietnam reaffirm excellent ties, pledge to enhance cooperation**

Singapore and Vietnam have reaffirmed their excellent state of bilateral relations. This came during a meeting between Minister for Foreign Affairs George Yeo and Nguyen Van Chi, Politburo Member and Chairman of the Commission for Inspection of the Central Committee of the Communist Party of Vietnam in Hanoi on Friday.

Singapore's Ministry of Foreign Affairs said both leaders also agreed that their countries should continue to explore ways to enhance bilateral cooperation. These include the training of Vietnamese officials and party cadres.

Mr Chi also hosted Mr Yeo and his delegation to dinner. - CNA/ms

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1071173/1/.html>

- **Nestle sets up regional hub for innovation in Singapore**

Nestle has set up a regional hub for innovation in Singapore. The facility will expand its current research and development (R&D) work into beverages, with a focus on coffee mixes. Nestle also expects to boost sales through creating more affordable and accessible versions of its current products.

Dispensing chicken stock in smaller sachets instead of the usual packaging is one way which Nestle is hoping to reach out to more customers. This way, the product becomes more affordably priced, and one only has to buy what one needs.

Such machines were launched in Turkey last year and may soon be introduced to other countries. Nestle is banking on this business model, which it calls "Popularly Positioned Products", for growth. Last year, the segment brought in sales of US\$8 billion which makes up 8 per cent of Nestle's total business, and grew by 12.7 per cent on-year.

Klaus Zimmermann, global head, Product Technology, R&D Centers, Nestle, said: "It is growing stronger than all our other product categories. And you can imagine even in a time of recession, as we had last year, this was still growing more than double digit, so it will stay an important area." To enhance its R&D, Nestle has set up a regional hub for innovation in Singapore

The facility will help develop new packaging solutions, including packaging for consumers with limited income. It will also spearhead work on beverages and focus on coffee mixes to create new products based on local tastes.

Nestle expects the segment to continue its strong growth in Asia Pacific, which currently makes up 60 per cent of global sales. In Singapore alone, some 350 million cups of coffee mixes are consumed annually.

Mr Zimmermann said: "Coffee mixes have been a very strong growing segment in our beverage product category in the last year, and also fulfil the needs of growing consumption. We think it is a good idea to bring the research into the region." We have a

very strong concept which is consumer-centric research. And you can only do consumer-centric research locally, so this is the main reason why we are coming here and trying to support this strongly growing business in future."

The new innovation hub will be fully functional at the beginning of next year. Nestle's existing Singapore R&D centre currently houses 100 people and has been handling research for brands like Maggi and Milo for the past 30 years. The set up of the hub will initially involve adding 10 specialists to the 30-year-old R&D centre in Singapore. - CNA/ms

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1071153/1/.html>

- **Global economic recovery to continue into 2011 but faces downside risks: Tony Tan**

Global recovery will likely continue into 2011, but the world economy today faces greater downside risks. The Government of Singapore Investment Corporation or GIC's deputy chairman and executive director Tony Tan said this at the Swiss Re Forum Singapore Friday. Dr Tan says the economic recovery, while real, is fragile.

And he warns that negative shocks could push the global economy towards a recession sooner than expected. The risks, he says, are the turmoil in Europe, continued deleveraging in the US and protectionist pressures in many countries.

Dr Tan also highlights three major trends that will affect the financial environment going forward. First, the developed world will take a long time to fully heal from this financial crisis.

Next, Dr Tan says emerging economies like China and India have increased in importance post-crisis. Finally, the environment over the next few years will face greater vulnerability to negative events and extreme reliance on government policies for support and reforms. Going forward, growth in the developed world will be modest at best.

Dr Tan warns that shifting economic power could lead to conflicts among nations.

Therefore, he believes it's in the interest of Asia and the West to work together for mutual benefit. On Asia, Dr Tan expects its economic growth model to change from being largely dependent on exports to a more balanced one, driven by private domestic demand. He says Asia's economic rebalancing will then lead to significantly stronger currencies. Dr Tan says Asia is at the cusp of the next stage in its development. And if Asia learns the lessons from history, it'll innovate and adapt. Dr Tan says the challenges ahead are difficult but he's optimistic that it can be overcome.

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1071068/1/.html>

- **Social front**

Brunei

- **Political Front**
- **HRH attends 17th Asean Regional Forum**

HIS Royal Highness Prince Mohamed Bolkiah, Minister of Foreign Affairs and Trade attended the 17th Asean Regional Forum (ARF) at the Vietnam National Convention Centre in Hanoi yesterday.

The forum included a Retreat and Plenary session where ministers discussed regional and international security matters including the Hanoi Plan of Action to Implement the ARF Vision Statement.

His Royal Highness said the plan was a step forward in the work of the ARF as well as a reflection of the positive achievements that have been made.

He attended a signing ceremony for the Third Protocol Amending the Treaty of Amity and Cooperation in Southeast Asia (TAC), the Instrument of Extension of the TAC to Turkey and the Instrument of Extension of the TAC to Canada.

Their Royal Highnesses Prince Mohamed Bolkiah and Her Royal Highness Pengiran Anak Isteri Pengiran Anak Hj Zariah departed Hanoi yesterday evening. Amir Noor

<http://www.bruneitimes.com.bn/news-national/2010/07/24/hrh-attends-17th-asean-regional-forum>

- **Economic Front**
- **How responsible are Bruneian businesses?**

THE level of corporate sustainability and corporate social responsibility awareness among Bruneian companies is "low", according to a survey by HSBC Brunei.

Irene Tse, head of HSBC's Corporate Banking, yesterday told The Brunei Times that one of the major findings of the survey was that a lot of companies don't know what corporate social responsibility is. 'Not all, but most of them don't know how to practise or make themselves a responsible corporate,' she said.

"We learnt that the level of awareness on CS and CSR (corporate sustainability and corporate social responsibility) among the respondents was low and that CS and CSR practices are not as widespread," she said in a statement.

"One of the main hindrance for customers who do not practise CS/CSR is due to the lack of information that is available to them," she said, adding the survey was the bank's first step in introducing Living Business, a programme aimed to help businesses and companies become more competitive and productive by incorporating social responsibility and sustainable practices into their operations.

The survey was conducted over a three-month period and was sent to 3,000 companies, the bank said, adding that for every completed survey form that was submitted, HSBC donated \$5 to the company's choice of charity. Tse said not all of the companies replied,

but "we had a good response rate of more than 10 per cent and less than 20 per cent". She said that usually from market surveys a general response will be one or two per cent. The first seminar will be held on August 6, led by expert, Rikke Netterstrom, from CSR Asia.

Participants will also learn how to implement environment and socially responsible business practices as well as receive guidance on how to build a sustainable business while improving operating efficiency, the bank said. "HSBC as well will be sharing some ideas which small to medium enterprises and companies can carry out and practice. Even something as simple as saving paper, which we do at HSBC made us realise that we save a lot of cost," Tse said. She believed that as a responsible corporate, there are opportunities to save resources and money from their own company.

HSBC said in the statement that corporate sustainability is at the core of how HSBC conducts its business. "Its long-term strategy and aims are to ensure that the sustainable business policies that it instills internally permeate every level of its business culture. HSBC is not only focussed on building a healthy business for the benefit of all of its stakeholders and customers but also on making positive contributions to the environment and the communities in which it operates. "The bank has long identified the need to embrace the responsibility of the impacts of its business activities on the environment, its customers and employees," the statement added.

The Living Business Seminar will be free, Tse said. "Normally for speakers from CSR Asia they charge US\$300 per person but because they are one of our partners, they've agreed to do it for us and the community for free. Companies who are keen on this area and to share with us what they have done and been doing in Brunei are encouraged to participate," she said, adding that the seminar is only the beginning as the bank has other programmes to follow. The Brunei Times

<http://www.bruneitimes.com.bn/business-national/2010/07/24/how-responsible-are-bruneian-businesses>

- **Social Front**

ASEAN

At political Front

- **ASEAN still faces daunting task of finding its identity**

ASEAN leaders gather in Hanoi this week for the 43rd ASEAN Ministerial Meeting, with a focus on the implementation of the newly ratified 2008 Charter. The Charter provides a legal framework for the regional body and sets goals for the political, economic and sociocultural development of its member states. This is the final part of three stories on

ASEAN's modalities to achieve its goals. ASEAN leaders gather in Hanoi this week for the 43rd ASEAN Ministerial Meeting with a focus on the implementation of the newly ratified 2008 Charter. The Charter provides a legal framework for the regional body and sets goals for the political, economic and sociocultural development of its member states. This is the last of three stories on ASEAN's modalities to achieve its goals.

The National Committee for ASEAN in collaboration with Voice of Vietnam radio station announced the results of a national radio contest as part of the 43rd ASEAN Ministerial Meeting in Hanoi this week.

In line with the regional body's attempts to raise public awareness of ASEAN and its role in member states, the radio contest centered around the "ASEAN Community of Solidarity and Prosperity", as part of the socio-cultural agenda of ASEAN under the recently ratified 2008 Charter. The radio contest is just one initiative aimed at communicating the concept and role of ASEAN to people in the region. "The dreams of an integrated ASEAN will not be a reality until the people get involved," ASEAN secretary-general Surin Pitsuwan was quoted as saying in the ASEAN Bulletin at the event that involved participants from all walks of Vietnamese society.

As the national radio station, Voice of Vietnam is widely considered to be a mouthpiece for state-sponsored propaganda in Vietnam's tightly controlled media environment. Independent think-tank Freedom House gave Vietnam a "Not Free" rating in its freedom of the press evaluation in 2009, and condemned the Communist state's sentencing of pro-democracy activists earlier this year.

The promotion of ASEAN's socio-cultural agenda through channels such as Voice of Vietnam highlights the enormous challenges ahead for ASEAN to form a cohesive regional identity, and to convince international observers of its commitment to democracy and human rights.

ASEAN's soft approach to the situation in Myanmar also continues to taint the regional body's proclaimed commitment to democracy and human rights as outlined in the 2008 Charter and by the recently established ASEAN Commission on Human Rights (CHR).

Despite expressions of concern by ASEAN foreign ministers and international observers such as the International Crisis Group regarding the national elections scheduled to take place in Myanmar later this year, ASEAN has continued to uphold its value of non-interference over the active protection of human rights and freedoms in the region.

Following discussions in Hanoi this week, ASEAN foreign ministers agreed to end the humanitarian mandate that has been operating in Myanmar since the disaster of Cyclone Nargis in 2008, further reducing the presence of the regional body in Myanmar by the end of this month.

Whether the goal of a cohesive ASEAN identity can be formed throughout the highly diverse region by 2015 as outlined by the 2008 Charter also remains in question.

University student Rolla Apnoza says she heard about ASEAN in elementary and high school in West Sumatra, and understood that ASEAN nations were united in terms of international cooperation, agricultural production, as well as rice being the staple food.

However, she admits she feels a stronger connection with Muslim-majority countries in the region such as Malaysia and Brunei Darussalam than with non-Islamic ASEAN member states.

<http://www.thejakartapost.com/news/2010/07/24/asean-still-faces-daunting-task-finding-its-identity.html>

