

**Report # 132****Business and Politics in Muslim World****South East Asia****Tatheer Zahra Sherazi****From 7 August to 13 August****(Outline)**

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## Summary

### At political Front

- Indonesia

The government plans to finalize a draft bill this week that regulates land acquisition for public purposes. The legislation aims to improve infrastructure and ease traffic flow.

The government hoped to present it to the House of Representatives soon, a spokesman for Vice President Boediono said on Sunday.

- Malaysia

The Parti Islam Semalaysia or the Pan-Malaysian Islamic Party (PAS) has been urged to look after both the Chinese and Indian communities. PAS vice-president Salahuddin Ayub said party members should not take the new-found support from the Chinese and Indian for granted, adding: "It is not easy to get them to have faith in us. We must also look after them." "We are on the right track to Putrajaya," he said at the opening of the Perak PAS convention at Kutien Hall in Ayer Tawar last week. PAS, he said, was no longer seen as an extremist party now as it had support from the non-Muslim communities.

Deputy Chief Minister of Penang, and human rights advocate, Prof. Ramasamy, is to form an international committee to collect evidence on the genocide of Tamils in Sri Lanka, with the aim of presenting a case to the United Nations (UN) Human Rights Panel, a Malaysian companion site to the Sun newspaper said Sunday. "The group will also fight for human rights anywhere, in places where people are deprived of their rights and privileges," said the Batu Kawan MP who is a long-time human right activist.

The report on war crimes committed during hostilities between the Tamil Tigers rebels and the Sri Lanka government would also be presented to UN Secretary-General Ban Ki-Moon, the paper said quoting Prof. Ramasamy.

- Singapore

### At geo-Strategic Front

- Thailand

Thailand's Prime Minister addressed "Yellow Shirt" protesters Saturday at a rally held in defiance of emergency rules banning political gatherings.

Police said around 2,500 demonstrators -- many wearing yellow and waving national flags -- gathered at a sports stadium in Bangkok, after protesters agreed a change in venue to avoid confrontation with the authorities. Crowds cheered Prime Minister Abhisit Vejjajiva, who spoke to placate demonstrators' concerns over a territorial row with Cambodia.

Political meetings of more than five people are prohibited under a state of emergency

imposed in Bangkok in April during mass anti-government protests. But a last-minute deal to relocate the rally, organised by the Thai Patriotic Network, from outside Government House appears to have appeased authorities, which had warned the protest would not be allowed to go ahead.

Around 300 demonstrators did turn up at the government compound, but they were persuaded to move to another area. The Yellows, known as the People's Alliance for Democracy (PAD), have previously allied themselves with the current Thai political leadership but the protest is the latest sign that the group is flexing its political muscle.

Public anxiety has all but overshadowed nationalistic sentiment when it comes to the contentious issue of the Preah Vihear Temple, an opinion poll has showed. Of 1,059 people surveyed in a Dusit Poll over the past two days, 46.7 per cent stated that they did not agree with the campaign of proclaimed nationalists fighting to maintain Thailand's territorial sovereignty. And 41 per cent of those surveyed said they were worried that the current conflict could snowball into something worse.

- Cambodia

Cambodian Prime Minister Hun Sen sent letters Sunday to the presidents of the U.N. General Assembly and Security Council to decry a statement Saturday that Thailand is ready to abrogate rulings on the border between the two countries. On Saturday, Thai Prime Minister Abhisit Vejjajiva told protesters seeking Thai action to claim an ancient World Heritage-listed temple on the Thai-Cambodian border that he is ready to cancel a memorandum of understanding signed in 2000 on the border and use “diplomatic and military means” to “settle” the issue.

- Vietnam

Vietnam accused China on Thursday of violating its sovereignty by conducting seismic exploration near disputed islands in the South China Sea and urged Beijing to do more to promote peace, stability and healthy bilateral relations. It issued the accusation at a time of heightened tension in the region after China bristled at what it called an attack by U.S. Secretary of State Hillary Clinton in raising territorial disputes in the South China Sea two weeks ago at a regional security forum in Hanoi.

China insists it has complete sovereignty over the potentially resource-rich Spratly and Paracel islands in the South China Sea. However the Philippines, Vietnam, Malaysia, Brunei and Taiwan have competing claims. Manila (AFP) Aug 9, 2010 - The Philippines said Monday that Southeast Asian nations did not need US help in solving territorial disputes with China over the potentially resource-rich South China Sea.

The Philippines said Monday that Southeast Asian nations did not need US help in solving territorial disputes with China over the potentially resource-rich South China

Sea.

### **At economic Front**

- Indonesia.

Refined tin output from Indonesia, the world's largest exporter, may fall by 20 per cent from a government target of 105,000 tonnes as unseasonably long rains hamper mining, potentially adding to a surge in tin prices.

The new government forecast would take output towards levels already expected by analysts because of declining reserves and a crackdown on illegal mining, with supply constraints in Indonesia having helped drive tin's 18 per cent rally this year. Indonesia's refined tin exports in June fell 7.3 per cent from the same month a year ago to 8,029.92 tonnes, data shows. The metal is used in soldering electronic goods and for food packaging. Indonesia has approved an export permit for a new tin smelter, bringing the total number of smelters allowed to export the metal to 32, a trade official said on Thursday. But this move is unlikely to boost supply from Indonesia.

- Thailand

Thailand's \$58 billion mutual funds industry is set for strong medium-term growth as a robust economic recovery boosts the stock market and helps equity funds post their best returns in many years. Impressive earnings from listed companies should lure more money into equity funds and support an industry that has seen a nearly three-fold increase in assets under management to 1.85 trillion baht over the past five years.

"People are betting on this recovery being gradual but real," said Aditthep Vanabriksa, deputy chief investment officer of Aberdeen Asset Management, who oversees 24.6 billion baht in Thai assets. "Market sentiment is picking up real good." Industry assets in Southeast Asia's second-biggest economy edged up only 1.6 per cent this year through mid-July as bloody anti-government protests in April and May disrupted life in Bangkok and ruined investment sentiment temporarily.

- Malaysia

Malaysia offers great opportunities to Pakistani businessmen and a little focused attention can multiply the existing trade which is at only US\$2 billion at the moment, says Masood Khalid, Pakistan High Commissioner designate to Malaysia. Out of the US\$2 billion, Pakistan's exports amounted to only US\$200 million against imports worth US\$1.7 billion. This does not commensurate with the vast potential that exists between the two countries, Masood Khalid said. Halal food, rice, construction, energy, fruits and veterinary sciences are among the industries offering great potential in Malaysia, he said. The government is striving to attain the Full Dialogue Partner status in Asean, as at present it has the status of Sectoral Dialogue Partner," he said. Becoming a Full Dialogue Partner in

Asean would add to the political and economic profile of Pakistan's engagements in this region, he added.

It is no Malaysia or Turkey, the first of which rejected the International Monetary Fund's demand it open its economy in the 1990s Asia crisis and the latter weaned itself off IMF backup in 2008 after enacting its own Fund-like fiscal plan.

Indonesia's taking over Malaysia as the world's largest crude palm oil (CPO) producer in 2006 had often been associated with the mammoth size of the oil palm planted areas.

In fact, many however failed to comprehend that it was the much increased CPO production in the ensuing years – mainly in terms of higher fresh fruit bunches yield and oil extraction rates – that significantly set Indonesia far ahead from Malaysia's continued stagnating CPO production. This year CPO production in Indonesia is targeted to hit 21.5 million tonnes versus Malaysia's 17.5 million tonnes. While these two Indonesian CPO contracts may still have yet to generate significant liquidity in their markets, there is a looming threat to Malaysia's FCPO given the participation of many big names in the Indonesian oil palm industry in ICDX and JFE.

Therefore, with the multi-challenges faced by the local oil palm sector, it is pertinent to keep the momentum in terms of improving the stagnating CPO production, focusing on aggressive replanting with higher-yielding clones, promoting more downstream industries and continuous roadshows among listed plantation companies to generate interest among international fund managers.

While Malaysia may no longer reign as the world's number one CPO producer, it must try its best not to lose out on its current spot as the world's largest exporter of palm oil products.

Globally, the Halal industry contributes \$1 trillion towards the world economy with Malaysia as the hub for development of Halal food industry. Pakistan being a Muslim country has a meagre share in this trillion-dollar industry.

Keeping in view its huge potential where Pakistan has the right resources, the Sindh Board of Investment (SBI) has taken the initiative for developing the Halal industry in Pakistan in collaboration with the Malaysian authorities. Malaysian delegation headed by Minister of State, Domestic, Consumer and Religious Affairs Penang Malaysia Haji Abdul Malik Qassim along with Director Religious Affairs, Penang Malaysia Haji Szali and Malaysian Consulate Vice Consular Lukman Sayuti called on Advisor to Sindh Chief Minister on Investment Zubair Ahmed Motiwala and SBI Secretary Muhammad Younus Dagha to discuss investment opportunities of mutual interest. SBI Director (Projects) Mehboob ul Haq was also present in the meeting.

- Vietnam

Vietnam's stock market plunged Thursday, reflecting the previous day's plunge on Wall Street and scant expectations of government action to counteract the downward trend.

The VN-Index ended down 3.17 per cent to close at 448, the lowest level since December 18, 2009. 'Local traders' sentiments are very bad now,' said Dao Viet Anh, an analyst at FPT Securities. Traders came under pressure to sell shares to meet their margins when the index fell below 450, Anh said.'

- Cambodia

China's aid to Cambodia contributes to the country's social and economic development, and significant reduction in poverty, said Sok An, deputy prime minister, in a recent interview with Xinhua.

"The relations between Cambodia and China, I could say without hesitation is very good," Sok An said. "China is one of the main development partners of Cambodia and has provided significant assistance to Cambodia." "Most of China's assistance is for infrastructure development, such as construction and repairs of roads and bridges and for other important development projects such as irrigation system, expansions of river port, electricity distributions, and many others," said Sok An.

Moreover, China has also assisted Cambodia's human resources development through providing scholarships to deserving Cambodian students and government officials to study in China. The China's assistance to Cambodia started on 1950s, including grants and loans. Since then 110 projects have been implemented, includes providing large quantities of commodities. "In the meantime, China's assistance is effective and the implementation of the China-funded projects in Cambodia is made with minimal procedural requirements," he stressed. Sok An said that Cambodia needs more financial and technical support for further development, so he hopes that the bilateral cooperation relations between Cambodia and China will be further strengthened.

- Singapore

Singapore's economy expanded less than previously estimated in the first half of 2010 and growth may "moderate" in the coming months, Prime Minister Lee Hsien Loong said. The Southeast Asian nation's gross domestic product rose 17.9 per cent in the six months through June from a year earlier, Lee said in a televised National Day message in Singapore today. That compares with a record 18.1 per cent pace reported in July. The economy may grow 13 per cent to 15 per cent in 2010, Lee said, reiterating an earlier forecast. The island is in the running to be the world's fastest-growing economy in 2010 amid an Asian rebound that has prompted neighbors including Malaysia and India to raise interest rates and Singapore to revalue its currency.

- Brunei

BRUNEI'S neighbours will be getting a first taste of the Brunei Halal Brand which is confirmed to launch regionally come October of this year. "We're still on track," Noel Shield, interim chief executive officer of Ghanim International Foods, said on the plan for the brand's export launch. He said the company is gearing up for its first major retail launch in Asia in the first week of October. "It's with a major retailer," he said but declined to specify the company involved as details of the contracts are still being finalised.

A range of employment and business opportunities need to be generated in Tutong, which capitalise on the existing industries that are found in the district, consultants have recommended in their sectoral macro-economic report for the Tutong District plan.

### **At Social Front**

- Indonesia

. The arrest on Monday of Abu Bakar Ba'asyir, Indonesia's best-known radical cleric, shows the commitment of Indonesian police to fighting terrorism. Their efforts on this front stand in sharp contrast to their lack of interest in fighting corruption, ultimately the greater threat to Indonesian democracy.

In general, terrorists have no significant support in Indonesia, and every attack has generated widespread outrage. Ba'asyir is in a slightly different category. While his support has declined over the past several years, he is a celebrity figure on the extremist lecture circuit and he has become a symbol for many Islamic groups of defiance of the West, in part because of the pressure exerted to have him arrested after the 2002 Bali bombings in which more than 200 people died.

Economic marginalization of the indigenous population in Indonesia's easternmost Papua region is fuelling conflict, experts and activists warn.

Papua, home to ethnic Melanesians, has experienced a low-level separatist conflict for decades, while a recent political standoff with the central government over political representation has sparked growing calls for a referendum on the region's status.

The International Crisis Group (ICG) warned that a political impasse – after the government's recent rejection of an initiative that all candidates in district elections be indigenous Papuans - could fuel radicalization.

The initiative, proposed by the Papuan People's Council, stemmed from fears that Melanesian Papuans were being rapidly swamped by non-Papuan Indonesians, the ICG said. But the government in Jakarta argues such a requirement would violate national laws and be discriminatory.

"The gulf between the two might be reduced by dialogue, but any prospect of serious

talks is hampered by an unwillingness of Jakarta to treat the problem as essentially a political, rather than an economic one," the ICG said. The group urged President Susilo Bambang Yudhoyono to talk to credible Papuan leaders about how political autonomy could be expanded, affirmative action policies strengthened in all sectors and fears about immigration addressed.

Publicized incidents of suspected torture of separatists in eastern Indonesia have alarmed rights groups, who say further reform is needed to eradicate the kind of brutality tolerated under former president Suharto.

Indonesia has embraced democracy since the fall of the autocratic Suharto in 1998 and is attracting strong interest from foreign investors, thanks largely to President Susilo Bambang Yudhoyono's market-friendly reforms.

Muhammadiyah chairman Din Syamsuddin said the Muslim organization regretted an attack on HKBP church congregation in Bekasi, West Java by members of hard-line Islamic groups Islam Defenders Front (FPI) and Islamic Community Forum (FUI) recently. Din said the attack was a violation of freedom of religion, which Islam promotes.

Indonesian police said Tuesday top radical Islamist preacher Abu Bakar Bashir could face the death penalty over his alleged role in terror plots with Al-Qaeda-linked militants.

Bashir, who was arrested on Monday, is accused of funding and training extremists who were planning a wave of attacks in Jakarta. "Our investigators found evidence that Abu Bakar Bashir had been actively involved in terror plots and activities including the training," National police spokesman Edward Aritonang said.

- Malaysia

Malaysia hopes the Philippines and the Moro Islamic Liberation Front (MILF) will expedite the peace process to success for Mindanao to enjoy socio-economic prosperity after years of bloody conflict. Defence Minister Datuk Seri Dr Ahmad Zahid Hamidi said without interfering in the Philippines' internal affairs, the involvement of the Malaysian Armed Forces (MAF) as the international monitoring team (IMT) in Mindanao since Dec 9, 2004, was seen as also helping the peace process.

The Malaysian government has donated one million U.S. dollars to Pakistan as humanitarian assistance to the flood-hit country.

- Thailand

The Thai Meteorological Department has issued its daily weather forecast, warning 11 provinces of heavy rainfalls and flashfloods.

According to the Thai Meteorological Department, a severe southwestern monsoon is

moving across Thailand, the Andaman Sea and the Gulf of Thailand while a tropical wave is sweeping through the East and the Central Plains. As a result, abundant rainfalls and possible flashfloods will be seen in several provinces across the country in the next few days.

### **Cyber world**

- Malaysia

Umno on Friday asked its cyber friends to help uplift the image of the party which has come under increasing attack from various quarters, particularly the opposition.

- Vietnam

Vietnamese authorities announced that Google Maps is fixing errors on its map service which depict parts of Vietnamese territory as belonging to China. Vietnam acknowledged Google's effort to meet its request and fix the errors, news website VnExpress reported Friday, citing Foreign Ministry spokesperson Nguyen Phuong Nga. Nga told the news source that Vietnamese authorities will verify the authenticity of the corrections.

### **South East Asia (ASEAN)**

- At political Front

It is not hard to explain China's anger following Washington's assertion recently that the United States had a 'national interest' in maintaining the freedom of navigation in the heavily disputed South China Sea. For years, Beijing had insisted on its 'indisputable sovereignty' over the strategic and resource-rich body of water - a claim disputed by Taiwan, as well as several Asean countries including Indonesia and Malaysia. Beijing's diplomats smelled a rat after US Secretary of State Hillary Clinton said the US would facilitate multilateral talks on the issue. Her comments suggested some orchestration: After all, 12 of the 27 countries at the recent Asean Regional Forum meeting spoke in favour of a new approach on the issue.

The 10-member Association of South East Asian Nations (ASEAN) wants to establish a formal code of conduct in the South China Sea to avoid tension around disputed territories, a senior Filipino diplomat said on Friday.

Brunei, Malaysia, Vietnam, the Philippines, China and Taiwan all stake claims over territory in the South China Sea. All except Brunei have a military presence in the area, and the boundary claims have sparked deadly naval clashes. "We should start talking about the provisions of a regional code of conduct and this is to ensure that the South China Sea remains a peaceful and stable place where vessels can pass safely," Erlinda Basilio, foreign affairs undersecretary for policy, told a media forum. Southeast Asian states have become worried by China's increasingly aggressive stance on the complex set of disputes. Last week, Chinese naval forces carried out drills in the disputed southern

waters amid tension with Washington over security on the Korean peninsula and in the South China Sea. In 2002, China and ASEAN signed a declaration to halt military activities and promote cooperation on scientific, environment and non-military projects to lessen tension after China and Vietnam fought a naval battle in the late 1980s.

- At economic front

As the world's largest rice exporting area, Asean should focus on three key areas of cooperation - networking among millers, the trading system and the elimination of trade barriers - to create mutual benefits and sustainable prices in the long run, a regional meeting was told yesterday. "So far, the most important problem for rice trade in the region is the practice of pricecutting, which directly affects farmers," said Commerce Minister Porntiva Nakasai.

Indonesian Trade Minister Mari Elka Pangestu said on Friday that member countries of Association of South East Asian Nations (ASEAN) will draft single economic community blueprint by 2015 that would be conducted in the upcoming ASEAN Economic Council Meeting in Da Nang, Vietnam on Aug. 22-28. Mari said that the meeting would be attended economic ministers of 10 countries in ASEAN. "The participants will draft a blueprint aimed at creating ASEAN Economic Community by 2015," the minister said. The blueprint will contain the detailed orchestrated economic measures in the region aimed at achieving the single economic community target by 2015, according to the minister. "Each country is demanded to comply with the gradual targets set in the blueprint. Besides that, certain targets must be fulfilled in certain years," Mari added.

- At Cyber world

Asean must focus more on "soft" infrastructure development in the logistics industry - improving laws, regulations, human resource management, and customs procedures and environmental protection - in order to boost economic growth and competitiveness in the region, a seminar heard yesterday.

## Detailed News Monitoring Report

### Indonesia

- **Political front**
- **Indonesian Government Ready to Finalize Land Acquisition Reform Bill**

The government plans to finalize a draft bill this week that regulates land acquisition for public purposes. The legislation aims to improve infrastructure and ease traffic flow.

The government hoped to present it to the House of Representatives soon, a spokesman for Vice President Boediono said on Sunday.

“It’s targeted to be finished this coming week,” Yopie Hidayat told the Jakarta Globe, adding that the government intended to make the bill the centerpiece of its efforts to solve problems — such as traffic jams — caused by poor infrastructure. Investors and government agencies who buy land for infrastructure projects often complain about the protracted process existing regulations create.

Several recent infrastructure projects have been hampered by land-acquisition problems, including the Trans Java toll road. Only 24 percent of the land needed for the 650-kilometer road has been acquired, meaning it won’t be completed for an estimated three years. Yopie said that once the draft was finalized it would be presented at a cabinet meeting within a couple of weeks.

When it comes to acquiring land for public purposes, Indonesia is constrained by a law dating back to 1961, as well as by a presidential decree issued in 2005 and revised in 2006. Joyo Winoto, head of the National Land Agency (BPN) said in April that the regulations in place existed to protect private property owners’ rights, but when expropriation was required, “the procedure is complicated and time-consuming.”

Joyo advocates the creation of a law to regulate public-use land procurement, in order to strengthen the process’s legal basis.

Still, the government will have to take into account public resistance, which has risen in recent years as people fear a return to the ways of the Suharto government, which routinely forced landowners to surrender their property. In the upcoming draft bill, Yopie said the government highlighted five principles. The first is that land appropriation for public purposes should not be hampered.

Second, landowners will not suffer losses if their land is taken. “There will be a comprehensive system regarding compensation and financing,” Yopie said.

Third, the law aims to limit the opportunity for speculators. When plans for a government project surface, real estate speculators often buy the targeted land at a cheap price, before

flipping it to the government for a huge profit. “The fourth principle is that land appropriation procedures should conform to best international practices,” Yopie said. “Joyo has already conducted comparison studies of several countries. The law should be democratic, not repressive, nor cause losses to the landowners.”

The fifth principle is that land appropriation should be take into account current land disputes in Indonesia and be respectful of the history of the people in order to minimize conflict. Yopie said the new law would not cover technical details, only the main substance of the government’s efforts, which technical regulations implemented later. “We practically never involve the House in drafting regulations. It will only offer technical guidance on how to execute the law,” he said. “We want the drafting of the bill to be finished soon.” Yopie said the bill was also aimed to give certainty to investors and the business world.

<http://www.thejakartaglobe.com/business/indonesian-government-ready-to-finalize-land-acquisition-reform-bill/390152>

- **What is the state of Indonesia's fight against terror?**

The arrest on Monday of Abu Bakar Ba'asyir, Indonesia's best-known radical cleric, shows the commitment of Indonesian police to fighting terrorism. Their efforts on this front stand in sharp contrast to their lack of interest in fighting corruption, ultimately the greater threat to Indonesian democracy.

In general, terrorists have no significant support in Indonesia, and every attack has generated widespread outrage. Ba'asyir is in a slightly different category. While his support has declined over the past several years, he is a celebrity figure on the extremist lecture circuit and he has become a symbol for many Islamic groups of defiance of the West, in part because of the pressure exerted to have him arrested after the 2002 Bali bombings in which more than 200 people died.

At the time, he was head of Jemaah Islamiyah (JI), the group responsible for the attack, although it was never conclusively proven that he ordered or even endorsed it. He was arrested and tried twice, for different crimes linked to Bali, but prosecutors could never make the most serious charges stick.

This third arrest will have little impact on the overall security situation in Indonesia. Extremist groups have been steadily evolving in new and complex ways: JI no longer supports attacks in Indonesia, and Ba'asyir's relations with its leaders are strained. He is no longer the most important figure in the Indonesian jihadi movement nor even its most influential ideologue.

But Ba'asyir's arrest does point to one very big issue for the Indonesian government -- how will it handle this man's detention?

One of Indonesia's great achievements has been to ensure that terrorism remains a law enforcement issue to be handled by the police, not the military. The government decided early on that it would not engage in widespread preventive detention or closed trials; the media coverage of more than 250 trials to date has been a major factor in convincing the Indonesian public that its terrorists are homegrown.

But a close to 100 percent conviction rate among the hundreds arrested has produced a new problem -- radical prisoners and ex-prisoners. Taking advantage of a notoriously lax corrections system, extremists frequently have taken over prison preaching, maintained contact with friends outside, recruited ordinary criminals and even planned operations. A police program to offer economic incentives to prisoners in exchange for cooperation has had limited success, but the hardcore jihadis generally do not take part.

The friendship that grew up between Ba'asyir and a young man named Ubeid, while both were detained in Jakarta's laughably-designated "maximum security" prison, led to Ubeid's joining the organization Ba'asyir founded in 2008 -- Jamaah Ansharut Tauhid (JAT). Ubeid helped build an alliance of Indonesian jihadi groups that planned to wage jihad to establish an Islamic state. The training camp they set up in the jungles of Aceh, on the island of Sumatra, was broken up by police in February 2010.

Ba'asyir is now accused of funding the camp and agreeing to become head of the alliance -- which was called "Al-Qaeda in Aceh" -- and in which some 17 ex-prisoners were involved. Police and other government officials need to ensure that Ba'asyir does not use his detention again to enhance his stature or recruit new followers. He must not be given access to the press or allowed to preach. The police must ensure that he has no access to recording equipment for lectures that can be then broadcast over the internet, and visits with his friends and family should be monitored to ensure that he is not allowed to dictate messages to his followers.

Terrorism in Indonesia is not easily eradicated, but there is no indication that violent extremism is growing. The widespread fears that Indonesia could become the "second front" after South Asia have not materialized, in part because the local drivers for jihad have largely disappeared. Terrorism usually emerges in response to war or occupation by a foreign power, repression by an autocratic government, alienation of a Muslim minority or hostile neighbors bent on making trouble. None of the above apply in Indonesia, and the communal conflicts between Christians and Muslims that produced thousands of recruits in 1999-2001 have long been settled.

Even when a splinter group of JI made a major bomb attack an almost annual event -- the Marriott Hotel in 2003, the Australian embassy in 2004, the second Bali bombs in 2005, an aborted attack on a tourist cafe in West Sumatra in 2007 and two luxury hotels in

Jakarta in 2009 -- Indonesian stability was never at stake.

The Indonesian police unit responsible for counter-terrorism has won well-deserved praise, but it operates within a larger police force that is probably the most reviled institution in the country --for failing to treat endemic corruption in its own ranks. After a local news magazine recently wrote a story about "fat bank accounts" of senior officers, the magazine's office was firebombed and a researcher investigating the accounts was badly injured in a machete attack. The effort to combat terrorism will only work when members of the public trust the police enough to report suspicious activities.

As long as senior officers enrich themselves at public expense and use thugs to stop investigations, it is not just counter-terrorism -- but the rule of law -- that will suffer.

<http://edition.cnn.com/2010/OPINION/08/12/jones.indonesia.cleric.terror/index.html#fbid=qYNM3ntH6xU&wom=false>

- **Geo-Strategic Front**
- **Economic Front**
- **INDONESIA: Economic marginalization fuelling conflict in Papua(eco,social)**

Economic marginalization of the indigenous population in Indonesia's easternmost Papua region is fuelling conflict, experts and activists warn.

Papua, home to ethnic Melanesians, has experienced a low-level separatist conflict for decades, while a recent political standoff with the central government over political representation has sparked growing calls for a referendum on the region's status.

"If you go to small towns in highland Papua, every single store will be owned by a non-Papuan. This is the only part of Indonesia [where] every store is owned by a non-Papuan," said Brigham Golden, a Papua scholar from Columbia University in the United States. There have been several incidents this year when migrants were attacked and killed in Papua. In May, a migrant store owner was killed and another injured when gunmen attacked them in Puncak Jaya Highland District, police said.

Golden said violence interpreted as political resistance was in fact cultural. "Western Indonesians are perceived as a kind of incursion of a tribe. It's not really separatism per se but it's a kind of cultural resistance to cultural incursions," he told a discussion organized by the Jakarta Foreign Correspondents Club on 12 August.

Frederika Korain, an activist with a Papua-based NGO, the Office of Justice and Peace, said the influx of migrants from other parts of Indonesia was causing a population imbalance and warned of "disastrous" consequences. In some towns migrants were already the majority, she said. "They benefit from economic opportunities. So many new buildings, supermarkets, [but] who are the owners? Where does the money go? Does it go

to Papuans?" Earlier this year, government plans to develop a food estate in Papua came under fire for potentially marginalizing small farmers and threatening the environment. Korain said in remote areas, indigenous Papuans had no access to health services, education or economic opportunities.

- **Indonesia fears 20% drop in tin production**

Refined tin output from Indonesia, the world's largest exporter, may fall by 20 per cent from a government target of 105,000 tonnes as unseasonally long rains hamper mining, potentially adding to a surge in tin prices.

The new government forecast would take output towards levels already expected by analysts because of declining reserves and a crackdown on illegal mining, with supply constraints in Indonesia having helped drive tin's 18 per cent rally this year.

"Rains could cause a 20 per cent fall in tin output for this year from our initial target," said Witoro Soelarno, secretary at the directorate general of minerals, coal and geothermal at the energy ministry. The Indonesian meteorology agency, in a twice-yearly forecast on Wednesday, said the unseasonal rains in the country could continue all year.

A Singapore-based analyst said production may be even lower than the government expects because independent smelters are still short of tin concentrate as easily mineable onshore reserves decline, while miners are cautious of a police clampdown on illegal mining. "PT Timah has to dredge more from offshore and it's not producing a lot," said the analyst from JPMorgan, adding production may hover around 75,000 tonnes this year. Shares in PT Timah Tbk, the world's largest integrated tin miner, fell 2.1 per cent on Thursday to take losses for the week to 6 per cent. Johan Murod, director of PT Bangka-Belitung Timah Sejahtera, which groups seven smelters, said two of its members have closed down their business for good because of those problems.

Indonesia's refined tin exports in June fell 7.3 per cent from the same month a year ago to 8,029.92 tonnes, data shows. The metal is used in soldering electronic goods and for food packaging. Indonesia has approved an export permit for a new tin smelter, bringing the total number of smelters allowed to export the metal to 32, a trade official said on Thursday. But this move is unlikely to boost supply from Indonesia.

The new permit was issued to PT Stanindo Inti Perkasa on Bangka island and was the first export permit issued for a year, said the official at the trade ministry.

Indonesia introduced new rules for tin exports in 2007 following a crackdown on illegal mining in the Bangka-Belitung islands, the country's main source of tin, and has been giving licences only to smelters that meet new requirements. T-BILLS: Indonesia will reduce its issuance of one-year T-bills this year as a main part of its plans to cut debt financing because of higher government revenues, a move likely to further push down

yields.

The planned cut is also likely to boost investor demand for the longer end of the debt curve, following central bank measures earlier this year aimed at extending the debt maturity profile. "The government's move will squeeze liquidity out of an already illiquid market. This will make the short-end yields more volatile," said Helmi Arman, economist at Bank Danamon in Jakarta.

One-year government bonds yields dropped to 5.7 per cent on Thursday, down 13 basis points on the day after a steady fall from over 6 per cent at the end of last year.

Investors have been pouring into Indonesian debt in the past 18 months on hopes of ratings upgrades because of improved government finances and political stability, and the move to cut debt financing has provided a further fillip to bond prices.

"We will likely make much of the cuts from T-bills," said Rahmat Waluyanto of the finance ministry's debt management office, without specifying the volume to be cut but adding the government wanted to reduce the proportion of short-term debt.

T-bills have seen the highest demand in recent government bond auctions, as some investors move towards shorter-dated paper on increasing inflation worries and on expectations of a stronger rupiah. In its latest auction Aug. 10, T-bills saw a bid-cover ratio of 10.55 and an average weighted yield of 5.84 per cent, down from 6.18 per cent in a July auction. The finance ministry plans to lower bond issuance this year by 15 trillion rupiah (\$1.67 billion), after stronger-than-expected economic growth and government revenues. A move by the central bank in June to require a 28-day holding period for its one to six-month SBI debt had already pushed investors towards one-year government paper. Amundi Asset Management said on Thursday it favours Indonesian local currency bonds because of their high yields, the strong currency and expectations that its sovereign rating will be elevated to investment grade.

<http://gulftoday.ae/portal/a0a56a38-6cb6-4fbf-b974-2a5dc95012d9.aspx>

- **UPDATE 1-EU starts trade probe on Asia alcohol solutions**

The European Union has begun to investigate whether Asian producers of alcohol solutions used in cosmetics and cleaning products are dumping their goods on the EU market, a move that could lead to extra EU import tariffs.

The investigation follows a complaint by two German producers of fatty acids that Indian, Malaysian and Indonesian exporters are undercutting market prices illegally, the EU's executive Commission said Friday.

German specialty chemicals producer Cognis GmbH COGNS.UL and a German subsidiary of South African petrochemicals group Sasol (SOLJ.J) lodged their complaint against their Asian competitors in June, the European Commission said. "There is

sufficient evidence to justify the initiation of a proceeding," the executive said in its official register. The EU imported about 148 million euros' (\$190.7 million) worth of fatty acids and their blends from India, Indonesia and Malaysia in 2009, up from 106 million euros' worth in 2005, according to EU data. Brussels officials now have until November 2011 to decide whether to impose duties that could stay in place for five years. (Reporting by Juliane von Reppert-Bismarck; Editing by Mark Heinrich)

<http://www.reuters.com/article/idUSLDE67C0TF20100813?rpc=401>

- **At social Front**

- **Muhammadiyah regrets attack on Christians**

Muhammadiyah chairman Din Syamsuddin said the Muslim organization regretted an attack on HKBP church congregation in Bekasi, West Java by members of hard-line Islamic groups Islam Defenders Front (FPI) and Islamic Community Forum (FUI) recently. Din said the attack was a violation of freedom of religion, which Islam promotes. "I am among those who are concerned about the fact that Christian brothers could not profess their belief. Such an incident should have not happened," Din told tempointeraktif.com after receiving representatives of the Indonesian Communion of Churches (PGI) and the Indonesian Bishops Council (KWI) who donated 500 Korans for Indonesian citizens imprisoned in Australia.

Din said Muhammadiyah was studying what caused the attack. "Actually Islam that I believe does not teach violence against people of other faiths," he said. He suggested that the government help find a solution through a dialogue involving local Muslim and Christian communities.

<http://www.thejakartapost.com/news/2010/08/13/muhammadiyah-regrets-attack-christians.html>

- **Political impasse**

The International Crisis Group (ICG) warned that a political impasse – after the government's recent rejection of an initiative that all candidates in district elections be indigenous Papuans - could fuel radicalization.

The initiative, proposed by the Papuan People's Council, stemmed from fears that Melanesian Papuans were being rapidly swamped by non-Papuan Indonesians, the ICG said. But the government in Jakarta argues such a requirement would violate national laws and be discriminatory.

"The gulf between the two might be reduced by dialogue, but any prospect of serious talks is hampered by an unwillingness of Jakarta to treat the problem as essentially a political, rather than an economic one," the ICG said. The group urged President Susilo Bambang Yudhoyono to talk to credible Papuan leaders about how political autonomy

could be expanded, affirmative action policies strengthened in all sectors and fears about immigration addressed.

"Unless these three issues are tackled head-on in face-to-face meetings, the impasse is unlikely to be broken and increased radicalization is likely," it said.

Johannes Djonga, a Papuan Catholic priest, said increasing tension between migrants and indigenous Papuans was causing concern. "So far there have not been major ethnic frictions but everywhere I go, people express similar complaints: that they are helpless because whatever they do is futile because they have to compete with migrants with capital and skills," he told IRIN. He said local small traders were forced to sell their goods on the streets because they could not afford to rent space in the markets.

According to human rights groups, despite its huge natural resources, the region remains one of the poorest and least developed in Indonesia. In 2001, Papua, Indonesia's largest province, was granted special autonomy status in an attempt to reduce renewed calls for independence. After its original short-lived independence, the region was temporarily administered by the UN before being officially annexed by Indonesia in 1969.

<http://www.irinnews.org/report.aspx?ReportID=90159>

- **Treatment of Indonesian ‘separatists’ raises alarm, reiterate rights groups**

Publicized incidents of suspected torture of separatists in eastern Indonesia have alarmed rights groups, who say further reform is needed to eradicate the kind of brutality tolerated under former president Suharto.

Indonesia has embraced democracy since the fall of the autocratic Suharto in 1998 and is attracting strong interest from foreign investors, thanks largely to President Susilo Bambang Yudhoyono's market-friendly reforms.

The US recently lifted a ban on ties with Kopassus, Indonesia's once-notorious special forces unit, citing the military's improved human rights record.

But military and police efforts to crush long-running separatist movements in resource-rich Papua and the Moluccas in easternmost Indonesia have alarmed human rights activists. "Indonesia now is not Indonesia 10 years ago and there have been significant institutional reforms that protect human rights. But we do have some elements of the old Indonesia," said Sophie Richardson, Asia advocacy director for Human Rights Watch. "I think it shows how far the Yudhoyono administration has to go."

Earlier this month, a gruesome video clip on Youtube showed a Papuan separatist lying in the jungle after his abdomen had been sliced open by a bayonet as he was questioned by uniformed officers. National police spokesman Edward Aritonang was quoted in the English-language newspaper, Jakarta Post, saying that police had made the video to

document their arrest of the man, Yawan Wayeni, a member of the secessionist Free Papua Organisation (OPM).

Local media also reported last month that a Papuan journalist had been found dead with signs of torture on his body and that other Papuan journalists had received phone threats.

In another incident, seven people were arrested in the Moluccas in early August for owning banned separatist flags and "a political book", said Johanis Huwae, spokesman for the Moluccan provincial police. Indigenous groups in the southern Moluccas, particularly on Ambon island, have long agitated for the creation of an independent Republic of the Southern Moluccas. Some have been jailed in the past for performing a war dance associated with the movement.

The incidents showed more needed to be done to protect the rights of peaceful protesters, said New York-based Human Rights Watch. Amnesty International last week raised concerns that the recently arrested Moluccan people may be at risk of torture but this allegation was rejected by police. Teuku Faizasyah, spokesman for Indonesia's foreign ministry, said it was unfair to make generalisations based on cases with different circumstances. "Things are far better compared to the old ways," he said.

<http://www.gulf->

[times.com/site/topics/article.asp?cu\\_no=2&item\\_no=379013&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=379013&version=1&template_id=45&parent_id=25)

- **Radical Indonesia preacher could face death penalty**

Indonesian police said Tuesday top radical Islamist preacher Abu Bakar Bashir could face the death penalty over his alleged role in terror plots with Al-Qaeda-linked militants. Bashir, who was arrested on Monday, is accused of funding and training extremists who were planning a wave of attacks in Jakarta. "Our investigators found evidence that Abu Bakar Bashir had been actively involved in terror plots and activities including the training," National police spokesman Edward Aritonang said.

Police have arrested 102 terror suspects, of whom 66 were detained, in a series of raids nationwide since discovering the training facility in Aceh, northern Sumatra island.

Aritonang said they found that several Islamic groups from regional terror network Jemaah Islamiyah (JI) to Jamaah Ansharut Tauhid (JAT) had also chosen Bashir as the leader for a new terror cell dubbed "Al-Qaeda in Aceh". The cell had planned a series of attacks, including using car bombs, on at least two embassies, several international hotels and the police headquarters in the capital.

The police discovered "Al-Qaeda in Aceh" in February and killed its leader Dulmatin, a JI militant, in March. President Susilo Bambang Yudhoyono ordered the police and military to increase security over an apparent plot against the president and officials at the

August 17 independence day ceremony.

"I heard that this is not the first time that there is a threat when we are celebrating our independence," said Yudhoyono.

He said "the police, with the assistance of the military, must increase security because our principle is we must not be defeated by crime".

In raids in West Java on Saturday, police arrested five suspects, seized explosive materials at a bomb factory as well as a vehicle belonging to a French national which they suspected could be used as a car bomb. Bashir, who is known for his hardline rhetoric, founded JAT in 2008 as a legitimate -- although radical -- group with which to continue agitating for Islamic law and militant jihad.

He served almost 26 months for conspiracy over the 2002 attacks by JI on Bali nightspots that killed 202 people, before being cleared and released in 2006. The cleric was jailed by the Suharto regime from 1978 to 1982 for inciting people to reject the secular national ideology in favour of an Islamic state.

[http://news.yahoo.com/s/afp/20100810/wl\\_asia\\_afp/indonesiaattacksarrestbashir](http://news.yahoo.com/s/afp/20100810/wl_asia_afp/indonesiaattacksarrestbashir)

- **Environmental Front**

### **Malaysia**

- **Political Front**

- **Najib Outlines Guidelines To Use '1Malaysia' Name**

Prime Minister Datuk Seri Najib Tun Razak says there is no restriction on using the '1Malaysia' name as long as it is according to the guidelines provided. "Firstly, those who wish to use the 1Malaysia symbol (logo), must use the official logo design.

"This means the 1Malaysia font must be applied and the text 'Malaysia' at the bottom is to be included." The number '1' can be filled with the company logo and other similar styles. Those are permitted," he said in reply to a question posted by Asman on his blog [www.1Malaysia.com.my](http://www.1Malaysia.com.my). Asman had asked the prime minister on the usage of the 1Malaysia name and whether it was allowed to be used for an online game that his friend had developed. Najib also asked that the application of '1Malaysia' adhere to the aspirational values of the concept.

"For instance, a product or service must be of quality, and present positive features. Other than that, if it is for a company name, the name '1Malaysia' must be registered with the Registrar of Companies," he said. Najib hopes the use of '1Malaysia' reflects all the good characters that he had mentioned, including efficiency, excellence, meritocracy and more. "So that '1Malaysia' is not abused, but instead is validated in its appearance as well as in its spirit," he said.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=520379>

- **Controversial Umno leader given grand welcome at division meeting**

Controversial Umno leader Datuk Ahmad Ismail was given a grand welcome when he attended the Bukit Bendera Umno division's annual general meeting here (AGM).

Ahmad did not formally speak to the delegates or the mass media during the event at a hotel on Sunday here but his presence was visible as many delegates stood up to cheer or shake hands with the leader. He was suspended by Umno in 2008 for three years after he uttered sensitive remarks by referring to non-Malays as *pendatang* (migrants) when campaigning in the Permatang Pauh parliamentary by-election.

His suspension was lifted last year and the division leaders and committee members earlier decided to resign en-bloc to pave the way for him to return as their division head in yesterday's AGM. Earlier on Thursday, Ahmad however told a press conference that he would not accept the division's recommendation and would instead take a one year break from active politics. Nonetheless, Ahmad, a businessman, was appointed as the division's adviser. In his absence, the division re-elected all previous committee members while Abdul Jalil Ariffin was made the division head. The deputy is Datuk Mohd Salim Abdul Bari and vice-head Ismadi Abu Bakar. In another development, state Umno liaison committee member Datuk Musa Sheikh Fadzir who oversaw the AGM on behalf of the state Umno, said he has yet to receive any complaints that some delegates did not receive notices of Sunday's AGM. Musa said the notices were sent to all delegates two weeks before the meeting.

He also said 165 delegates from 23 branches attended the meeting on Sunday.

<http://thestar.com.my/news/story.asp?file=/2010/8/8/nation/20100808210424&sec=nation>

- **Foreign Relation**
- **Malaysia Hopes New Philippine Government And MILF Will Give Peace A Chance**

Malaysia hopes the Philippines and the Moro Islamic Liberation Front (MILF) will expedite the peace process to success for Mindanao to enjoy socio-economic prosperity after years of bloody conflict. Defence Minister Datuk Seri Dr Ahmad Zahid Hamidi said without interfering in the Philippines' internal affairs, the involvement of the Malaysian Armed Forces (MAF) as the international monitoring team (IMT) in Mindanao since Dec 9, 2004, was seen as also helping the peace process.

"The MAF's role is not limited to monitoring the peace process as it is also involved in social work to assist the local residents," he told Malaysian journalists after handing over humanitarian aid from Malaysia to the local community. A large portion of the aid is in

the form of dry foodstuff to be distributed to residents in conjunction with Ramadan. Ahmad Zahid said based on his meetings with the parties involved, the Philippine government and MILF appeared to be committed to the peace process.

"Malaysia hopes the Philippine government will take the approach that the problem in Mindanao cannot be solved militarily but also through economic development programmes," he added. Earlier, in his one-day visit here, Ahmad Zahid was briefed on the MAF's operations in Mindanao by the head of the IMT force, Major General Datuk Baharum Hamzah. The MAF's involvement as the IMT is to monitor the ceasefire and peace agreement between the Philippine government and MILF which was signed on June 22, 2001. Ahmad Zahid then met with MILF chairman Murat Ebrahim. "As a country involved in the peace process, we need to listen to the views of both sides. Yesterday, I met with Philippine Defence Secretary Voltaire T. Gazmin in Manila," he said. Ahmad Zahid said the peace process was important as it would also have an impact on security in the waters bordering the Philippines and Malaysia

"When the peace process is successful, less people will flee to Malaysia and there'll no longer be security threats at the Philippines-Malaysia maritime border." And I believe that Prime Minister Datuk Seri Najib Tun Razak will visit Mindanao again if the situation here is no longer volatile. "The prime minister visited Mindanao 10 years ago when he was defence minister," he noted.

Also accompanying Ahmad Zahid on his visit was Malaysian ambassador to the Philippines Datuk Seri Dr Ibrahim Saad.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=520423>

- **Economic Front**
- **Pakistan Looking To Greater Economic Link With Malaysia**

Malaysia offers great opportunities to Pakistani businessmen and a little focused attention can multiply the existing trade which is at only US\$2 billion at the moment, says Masood Khalid, Pakistan High Commissioner designate to Malaysia. Out of the US\$2 billion, Pakistan's exports amounted to only US\$200 million against imports worth US\$1.7 billion. This does not commensurate with the vast potential that exists between the two countries, Masood Khalid said. Halal food, rice, construction, energy, fruits and veterinary sciences are among the industries offering great potential in Malaysia, he said.

"Despite having an operational Free Trade Agreement with Malaysia for the last two years, Pakistani businessmen have not been able to properly avail of it," he said in a statement Monday. Masood Khalid, who is scheduled to arrive here on Wednesday said economic diplomacy was the main focus being pursued by the Pakistan government vigorously and it would have a far-reaching impact on the country's economic growth.

He said South East Asia was on the priority list of the government, and that it has already embarked on its "East Asia Vision" policy. "The government is striving to attain the Full Dialogue Partner status in Asean, as at present it has the status of Sectoral Dialogue Partner," he said. Becoming a Full Dialogue Partner in Asean would add to the political and economic profile of Pakistan's engagements in this region, he added.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=519957>

- **No Turkey or Malaysia, Hungary to struggle without IMF**

It is no Malaysia or Turkey, the first of which rejected the International Monetary Fund's demand it open its economy in the 1990s Asia crisis and the latter weaned itself off IMF backup in 2008 after enacting its own Fund-like fiscal plan.

It more resembles Latvia or Greece, whose high public debt, large budget deficits and dependence on foreign financing eventually overruled their opposition to the Fund's usual diet of belt tightening and other reforms.

Budapest's debt, at 80 percent of annual output, is much lower than Athens' or Riga's and just above the European Union average, but it must roll over a fifth of its borrowing next year amid lingering doubts over the bloc's weakest members. That is the main sticking point in PM Viktor Orban's decision last month to declare talks with the IMF over and pursue a pro-growth, anti-austerity strategy.

What is more likely, economists said, is his tax cuts for small businesses and a pledge to end four years of belt tightening will result in higher deficits that will drive up borrowing costs and hit the forint before he is forced to revert to the more traditional cost-cutting route. "You're trying this pro-growth strategy, it doesn't really boost your revenue, and eventually the money runs out," said Daniel Hewitt, an economist at Barclay's Capital.

Markets have held off punishing the central European country of 10 million, believing Orban and his centre-right Fidesz party are posturing ahead of Oct. 3 local elections and will eventually clinch a deal once their campaign concludes. But so far his rhetoric echoes that of other leaders who have rejected IMF help, portraying the IMF as an interloper from whom Budapest must wrest back its economic autonomy.

Success stories

That was the strategy of Turkish Prime Minister Tayyip Erdoğan, who walked away from a new IMF deal last year.

The difference is Turkey has a track record of its own austerity and now plans to cut its deficit to 1 percent of gross domestic product in 10 years, from 5.5 percent in 2009. Its debt of 45.5 percent of GDP is much lower than Hungary's.

Malaysia also famously rejected IMF advice and cash in 1997, closing its markets, repegging its exchange rate, introducing capital controls and raising state spending to fuel

the economy.

It emerged with strong growth. But it, too, differs from Hungary, with a state oil firm that makes up for half of budget revenues, a low level of public debt, strong currency reserves and a string of pre-crisis budget surpluses. Main dangers faced by Malaysia and Turkey were linked to their balance of payments, not the threat of a public finance crisis faced by Hungary and other European stragglers.

In every one of those countries -- EU states Latvia, Romania and Greece and non-members Serbia and Ukraine -- governments first looked for options other than the austerity that they eventually embraced after they were slowly shut out of debt markets and had no other way to finance their budget deficits.

Hungary could potentially retain investor trust as Turkey did last year by sticking close to tight budget targets, and economists say it does have a chance of meeting its 3.8 percent of GDP deficit goal this year, even if it may be a close shave.

The question is whether or how much Fidesz may loosen policy next year in the search for stronger growth rather than aiming for the 3 percent target agreed with the EU. That may become clearer in a 2011 budget due around October.

“They’d probably have to go along with the tenets of the IMF deal, which would be to keep the deficit below 4 percent,” said Tim Ash, head of CEEMEA research at the RBS. “But it does not seem that’s what they want to do. They want a pro-growth tack.”

Hungary has not tapped any of its bailout aid funds since last year and has also benefitted from improved global risk appetite to draw solid demand at recent debt auctions. But, on review for a credit rating downgrade by Moody’s and on negative outlook at Standard & Poor’s, it is likely to cost the government more to fund its deficit if markets are not convinced about its fiscal probity and it continues to shun an IMF backstop after the October election. It already has 3.9 billion euros in government coffers, including 1.4 billion from the aid deal earmarked for financing this year. There is another 1 billion euros on loan to banks, 0.5 billion of which is available next year.

According to Reuters Creditviews and the Hungarian debt agency, it needs to roll over bonds and treasury bills worth about \$8.44 billion by the end of October, including a 1 billion euro euro bond. That total climbs to \$9.7 billion by the end of this year and to around \$17.2 billion over the next 12 months. The country must also start repaying its loan to the EU in the fourth quarter of next year, with a repayment of 2 billion euros, while the repayment of the IMF loan starts in 2012.

Orban is counting on a bank tax law his government hopes will earn 187 billion forints this year and the same in 2011. But either way it should eventually have to return to international markets, an unforgiving arena that will likely drive up borrowing costs and

undermine Orban's strategy, in turn forcing Budapest back to cost cuts.

"I don't think the math stands up," said Neil Shearing, an economist at London-based Capital Economics. "It's just a matter of how much collateral damage is done in the meantime."

<http://www.sundayszaman.com/sunday/detaylar.do?load=detay&link=218451&bolum=107>

- **Employers neglecting responsibilities**

More than 300 employers in Johor failed to register their employees with the Social Security Organisation (Socso) this year, up by about 50 from the figure last year, Johor Socso director Che Hamid Che Ahmad said. "This shows that many employers are neglecting their social responsibility towards their employees," he said at the launch of the Socso programme with community leaders by Johor Baru MP Datuk Shahrir Abdul Samad. Che Hamid said a total of RM166,000 in compound fines was imposed on the errant employers. On the average, 245 employers registered their employees with Socso every month, he said, adding that the figure rose by 83 % over the last two months after Socso launched the Ops Kesan operation to detect errant employers. — Bernama

<http://thestar.com.my/metro/story.asp?file=/2010/8/11/southneast/6827317&sec=southneast>

- **Why Indonesia replaced Malaysia as top palm oil producer?**

Indonesia's taking over Malaysia as the world's largest crude palm oil (CPO) producer in 2006 had often been associated with the mammoth size of the oil palm planted areas.

In fact, many however failed to comprehend that it was the much increased CPO production in the ensuing years – mainly in terms of higher fresh fruit bunches yield and oil extraction rates – that significantly set Indonesia far ahead from Malaysia's continued stagnating CPO production. This year CPO production in Indonesia is targeted to hit 21.5 million tonnes versus Malaysia's 17.5 million tonnes.

Within five years, the former is also targeted to produce 27 million tonnes annually while Malaysia production is still expected to linger at 17 million to 18 million tonnes. While the glaring shift in the CPO production epicentre from Malaysia to Indonesia had resulted in changes in the supply equation, some market observers now fear that Malaysian plantation stocks could also stand to lose out on its attractiveness among international investors and fund managers.

Historically, the oil palm plantation sector in Indonesia had been the domain of state-owned companies. However, the early 1990s saw many private companies entering the industry, lured by attractive margins. Now it is said that 60 per cent of the 7 million ha total planted area is owned by private companies, of which many have been seeking

listing on the Stock Exchange of Singapore (SGX) and the Jakarta Stock Exchange (JSX).

More recently, some quarters claim that regional plantation analysts have been putting foreign plantation groups like Indofood Agri and Wilmar International on their radar instead of the lacklustre rating given to Malaysian planters, which also have sizeable plantations in Indonesia. Some say the shift to foreign-listed plantation groups, particularly Indonesia, could be due to its status as the world number one CPO producer and gradually being recognised as the future CPO price benchmark setter instead of Malaysia. In fact, the Indonesian authorities had been busy setting up new CPO contracts to rival that of Malaysia's Bursa Derivatives Exchange CPO futures (FCPO). The FCPO is currently the world price benchmark for CPO.

In July last year, Indonesia launched its own CPO physical contract under the Jakarta Futures Exchange (JFE) and last April, a CPO futures contract was launched via the Indonesia Commodity and Derivatives Exchange (ICDX).

While these two Indonesian CPO contracts may still have yet to generate significant liquidity in their markets, there is a looming threat to Malaysia's FCPO given the participation of many big names in the Indonesian oil palm industry in ICDX and JFE.

Therefore, with the multi-challenges faced by the local oil palm sector, it is pertinent to keep the momentum in terms of improving the stagnating CPO production, focusing on aggressive replanting with higher-yielding clones, promoting more downstream industries and continuous roadshows among listed plantation companies to generate interest among international fund managers.

While Malaysia may no longer reign as the world's number one CPO producer, it must try its best not to lose out on its current spot as the world's largest exporter of palm oil products.

<http://www.asianewsnet.net/news.php?id=13575&sec=2>

- **Confusion over halal status**

The Islamic Development Department of Malaysia (Jakim) has issued halal certificates to the kitchen of 22 hotels in Kuala Lumpur but the Malaysia Association of Hotels (MAH) claimed that most of its members have obtained certification from other religious authorities.

“While it is true that Jakim has certified only 22 hotels, the National Islamic Council (MAIN) and the National Islamic Department (JAIN) also issued certification,” said MAH president Datuk Mohd Ilyas Zainol Abidin.

“There are also certificates issued by the religious authorities in the various states, as well as the Halal Development Corporation that are still valid,” he added. He said the

statement by Jakim had caused confusion among consumers that only 22 hotels in Kuala Lumpur were halal. He added that due to the absence of central data, the association did a quick check with all its 500 members on Wednesday and 244 hotels responded as of 5pm that they had obtained halal certification from various authorities. "There has been no directive that we should have Jakim's certification to replace those issued by other authorities. "If there is any, the association will encourage its members to do so. "We also hope Jakim and other religious authorities can facilitate the application in the fastest manner," he added.

<http://thestar.com.my/metro/story.asp?file=/2010/8/13/central/6843546&sec=central>

- **MoU signed for development of Halal food industry**

Globally, the Halal industry contributes \$1 trillion towards the world economy with Malaysia as the hub for development of Halal food industry. Pakistan being a Muslim country has a meagre share in this trillion-dollar industry.

Keeping in view its huge potential where Pakistan has the right resources, the Sindh Board of Investment (SBI) has taken the initiative for developing the Halal industry in Pakistan in collaboration with the Malaysian authorities. Malaysian delegation headed by Minister of State, Domestic, Consumer and Religious Affairs Penang Malaysia Haji Abdul Malik Qassim along with Director Religious Affairs, Penang Malaysia Haji Szali and Malaysian Consulate Vice Consular Lukman Sayuti called on Advisor to Sindh Chief Minister on Investment Zubair Ahmed Motiwala and SBI Secretary Muhammad Younus Dagha to discuss investment opportunities of mutual interest. SBI Director (Projects) Mehboob ul Haq was also present in the meeting.

Dagha gave a presentation to the delegation. He highlighted the role of SBI and identified the following sectors for attracting Malaysian investment in the province of Sindh: development of Halal industry in Sindh, tourism and resort development, Fisheries Special Economic Zone, Livestock Special Economic Zone and low-cost housing.

Qassim said that Malaysia would provide cooperation in the shape of technical assistance for promotion of Halal industry in Pakistan. He suggested that the regulatory framework should be developed by the government itself to ensure its integrity.

[http://www.dailytimes.com.pk/default.asp?page=2010\08\13\story\\_13-8-2010\\_pg5\\_5](http://www.dailytimes.com.pk/default.asp?page=2010\08\13\story_13-8-2010_pg5_5)

- **Malaysia central bank demands end to revival of 'muslim currency' dinar**

A Malaysian state's attempt to revive use of gold and silver coins common in early Islamic societies has run afoul of the country's central bank, which said Friday that local governments have no authority to issue their own currency.

The gold dinar and silver dirham coins provide an alternative to this Muslim-majority

country's currency, the ringgit, in the northeastern state Kelantan, which is governed by the Pan-Malaysian Islamic Party, a conservative opposition group that promotes religious policies in its rule. The gold dinar was the official currency of Muslim societies for centuries. The value of the coins used in Kelantan can fluctuate according to market prices, but officials say it remains a better alternative to currency affected by the U.S. dollar and other foreign currency.

Kelantan authorities also say the use of such coins is encouraged in the Quran. State officials have produced coins worth about \$630,000 for use at about 1,000 outlets in Kelantan's capital, said Nik Mahani Mohamad, executive director of Kelantan Golden Trade, which mints the coins. "It's a great, great moment for Muslims," Nik Mahani said. "We are providing an alternative means for the people to trade with."

The coins came into circulation Thursday and can be purchased at various locations in Kelantan. Their worth is currently about \$180 per dinar and \$4 per dirham. But the plan hit a snag when Malaysia's central bank said in a statement later Friday that the ringgit remained "the only currency that is the legal tender for payment of goods and services in Malaysia." The bank said it "has the sole right under the law to issue currency in Malaysia." It was not immediately clear how the bank planned to block the use of the coins for transactions. The state government also plans to give employees the option of receiving part of their salary in this currency, as well as introduce gold bars for large investments. Muslim alms can also be paid with the coins.

The Pan-Malaysian Islamic Party has governed Kelantan since 1990. Some of its policies over the years include banning gambling, nightclubs and rock concerts, and requiring Muslim female state employees to wear headscarves at work. The party and the federal government are often at odds with each other. The opposition accuses the government of being corrupt and not practicing Islamic principles; the ruling coalition says the Islamic party is overzealous and unprogressive.

Malay Muslims account for nearly two-thirds of the 28 million people in this Southeast Asia country, mostly religious moderates. There are also minority communities of ethnic Chinese and Indians who mainly practice Buddhism, Christianity or Hinduism.

<http://www.theglobeandmail.com/news/world/asia-pacific/malaysia-central-bank-demands-end-to-revival-of-muslim-currency-dinar/article1671685/>

- **Social Front**

- **PAS must look after Indians, Chinese, says its vice-president**

The Parti Islam Semalaysia or the Pan-Malaysian Islamic Party (PAS) has been urged to look after both the Chinese and Indian communities. PAS vice-president Salahuddin Ayub said party members should not take the new-found support from the Chinese and Indian

for granted, adding: "It is not easy to get them to have faith in us. We must also look after them." "We are on the right track to Putrajaya," he said at the opening of the Perak PAS convention at Kutien Hall in Ayer Tawar last week. PAS, he said, was no longer seen as an extremist party now as it had support from the non-Muslim communities.

Salahuddin said the perception of the Chinese and Indian communities towards the party had changed after years of struggle. He said the swing in votes from the non-Muslim communities in recent by-elections clearly showed that the party was now widely accepted.

<http://www.newkerala.com/news2/fullnews-16573.html>

- **Malaysian politician to form Committee on genocide in Sri Lanka**

Deputy Chief Minister of Penang, and human rights advocate, Prof. Ramasamy, is to form an international committee to collect evidence on the genocide of Tamils in Sri Lanka, with the aim of presenting a case to the United Nations (UN) Human Rights Panel, a Malaysian companion site to the Sun newspaper said Sunday. "The group will also fight for human rights anywhere, in places where people are deprived of their rights and privileges," said the Batu Kawan MP who is a long-time human right activist.

The report on war crimes committed during hostilities between the Tamil Tigers rebels and the Sri Lanka government would also be presented to UN Secretary-General Ban Ki-Moon, the paper said quoting Prof. Ramasamy.

Ramasamy said that those involved, including leaders in the Sri Lankan and Indian governments who were responsible for the genocide, should be brought to book.

"The group, comprising NGOs, activists and politicians, is expected to be operational within a few months," Prof. Ramasamy added.

Early this month a group of Tamil expatriate organizations led by Swiss Committee of Eelam Tamils (SCET) filed a case in the European Court of Human Rights (ECHR) against Germany for approving appointment of an ex-Major General who was widely believed to have committed war crimes as the ambassador of Sri Lanka in Germany.

According to the President of SCET, the same group is also expected to file a criminal complaint based on new evidence requesting under Article 15 for the issuance of an arrest warrant for dual Sri Lankan-United States national Gotabaya Rajapakse for war-crimes at the International Criminal Court (ICC). The request, in addressing the non-signatory status of Sri Lankan and the United States to the Rome Statute, draws on jus cogens and universal jurisdiction logic to bring war crimes perpetrated in Sri Lanka within the jurisdiction of the Court. The formation of the Malaysia's genocide committee follows a similar effort by the Dublin war-crimes tribunal, conducted by Permanent Peoples' Tribunal (PPT) based in Milan, which held hearings on January this year on war-crime

charges on Sri Lanka from eye-witnesses and other material evidence.

In the findings issued the tribunal said, Sri Lanka Government is "guilty of War-Crimes" and "guilty of Crimes Against Humanity." The tribunal also concluded that the charge of Genocide requires further investigations. Eye witnesses included several escapees from the final week of Sri Lanka offensive in the Mullaitivu "No Fire Zone" where more than 20,000 Tamil civilians were allegedly slaughtered by Sri Lanka Army (SLA) training heavy weapons on them.

<http://www.tamilnet.com/art.html?catid=13&artid=32369>

- **Malaysian political death probe finds new 'suicide note'**

A probe into the mysterious death of a Malaysian opposition aide who fell to his death from the offices of the anti-corruption agency has taken a new twist with claims of a secret suicide note. A view of evening traffic passing through downtown Kuala Lumpur in July 2010. A probe into the mysterious death of a Malaysian opposition aide who fell to his death from the offices of the anti-corruption agency has taken a new twist with claims of a secret suicide note. The body of Teoh Beng Hock was found in July 2009 beneath the Malaysian Anti-Corruption Commission (MACC) tower, where he had been questioned into the small hours. In a startling development, it emerged at an inquest Monday that a "suicide note" was supposedly found inside Teoh's bag left at the MACC offices, and its existence not revealed until now. The Attorney General's Chambers strongly denied any suppression of evidence after belatedly producing the note, which it was given in October 2009. It said the police investigating officer explained he did not at first realise the significance of the document because it was partly written in Chinese characters.

Attorney-General Abdul Gani Patail said he was initially unconvinced of the authenticity of the note, because of the time it took to emerge and the lack of samples to verify the handwriting. "The AG's chambers will tender a document as evidence only and until it is satisfied that any shroud of suspicion surrounding it has been lifted," it said in a statement. The department said it had decided to put the letter before the coroner so that he could decide whether to introduce it as new evidence. Lawyers for Teoh's family, one of whom stormed out of the inquest after the revelation, criticised the handling of the issue. "These documents are crucial and would have changed the nature of the inquest significantly," said counsel Gobind Singh Deo, according to the Star daily.

The Bar Council on Tuesday called for a Royal Commission of enquiry into the death, saying that "the suppression of evidence, particularly in such a high-profile matter, is disturbing, regardless of the reason." "Over one year after Teoh Beng Hock's untimely demise, public confidence in the investigation and prosecution of the case remains low, and the credibility of the Malaysian criminal justice system is still very much in doubt," it

said.

Teoh was not under suspicion of any crime, but was being interrogated in a probe of opposition-led Selangor state. His family has insisted that the 30-year-old, who was due to marry his pregnant fiancée the next day, did not commit suicide. The anti-corruption body has said that on the day he was found dead, the young aide had been questioned until 3:45am and then chose to rest in the building after being discharged. It said he was seen at 6:00am the same day sleeping on a sofa, and was not spotted again until his crumpled body was discovered that afternoon. His body was exhumed for a fresh examination last November after renowned Thai pathologist Porntip Rojanasunan said that marks on the body suggested he had been beaten and strangled before he fell.

<http://www.bangkokpost.com/news/asia/190480/malaysian-political-death-probe-finds-new-uicide-note>

- **Cyber world**
- **Umno Asks Cyber Friends Help Uplift Image Of Party**

Umno on Friday asked its cyber friends to help uplift the image of the party which has come under increasing attack from various quarters, particularly the opposition.

Its secretary-general Datuk Seri Tengku Adnan Tengku Mansor said in the last five years, various accusations had been hurled at Umno to the point the party was seen as having no morals. "Umno is depicted as party that is only fit to be stepped on...I am saddened by this situation." "We are not asking much...just to be recognised for what the party has done all this while, the good it has done for the people," he said when breaking the Ramadan fast with Umno's Facebook friends at the Putra World Trade Centre here.

Also present was Umno executive secretary Datuk Abd Rauf Yusof. Tengku Adnan also told them that Umno welcomed feedback for the betterment of the party. "Though Umno has been around for a long time, we are not perfect. If you have any suggestions that can help Umno to be better, feel free to let us know," he said. Some 500 guests attended the function. Umno's Facebook account which was set up on Jan 8 to date has 4,513 friends and 3,836 fans.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=521140>

- **Malaysia donates 1 mln U.S. dollars to Pakistan**

The Malaysian government has donated one million U.S. dollars to Pakistan as humanitarian assistance to the flood-hit country.

Richard Riot Jaem, Malaysian Deputy Foreign Affairs Minister, presented a cheque here on Thursday to Imtiaz A. Kazi, Charge d' Affaires of the High Commission of Pakistan in Malaysia. The current massive floods engulfing Pakistan were said to be the worst to have hit the country in 80 years, severely affecting several provinces in Pakistan and claiming

at least 1,600 lives.

Malaysian Foreign Affairs Ministry has also activated its Disaster Fund to enable Malaysians to make monetary contributions to alleviate the sufferings of the victims of the flood in Pakistan.

<http://english.people.com.cn/90001/90777/90851/7103008.html>

### **Philippine**

- **Political Front**
- **Noynoy's no-no over tiny residence**

New Philippine President Benigno 'Noynoy' Aquino on Friday groused over the spartan feel of his chosen official residence, likening it to a "prison". The 50 year-old bachelor said he moved Thursday into the optimistically named "Dream House", a small bungalow that had been used by special guests of previous presidents, after rejecting the nearby Malacanang palace as too big. "It felt like being in a prison cell," said Aquino, who comes from a wealthy background. "If I had the choice I would rather be at Times," he said, referring to his old Times Street address in northern Manila.

His official one-bedroom house is located inside the headquarters of the presidential security force. He now uses a boat to cross the polluted and foul-smelling Pasig River to reach his office at Malacanang palace, just five minutes away.

Aquino had commuted to work in the first five weeks of his presidency, causing consternation among his bodyguards by insisting his convoy stop at red traffic lights just like ordinary motorists. "I moved to (Dream House) to lessen their stress levels," Aquino said. "My security people are concerned over my predictable route." The guest house was remodelled after Aquino won the May 2010 elections to accommodate two members of his household staff and to enhance security. Aquino said it would take him time to adjust to his new quarters, admitting he only fell asleep well past midnight.

"When the lights are off I have a hard time finding the switches," he said. Meanwhile, Aquino said he used his entire first pay cheque of 63,002 pesos (1,400 dollars) after taxes to pay off his mobile phone bill for July

<http://www.emirates247.com/offbeat/crazy-world/noynoy-s-no-no-over-tiny-residence-2010-08-08-1.276139>

- **Foreign Relations**
- **Philippines says US not needed in South China Sea dispute ( 0)**

China insists it has complete sovereignty over the potentially resource-rich Spratly and Paracel islands in the South China Sea. However the Philippines, Vietnam, Malaysia, Brunei and Taiwan have competing claims. Manila (AFP) Aug 9, 2010 - The Philippines said Monday that Southeast Asian nations did not need US help in solving territorial

disputes with China over the potentially resource-rich South China Sea.

Foreign Secretary Alberto Romulo told reporters that negotiations should be strictly between the Association of Southeast Asian Nations (ASEAN) and China, without the United States or any other party. Rejecting US interference Romulo stated: "It's ASEAN and China. Can I make myself clear? It's ASEAN and China. Is that clear enough?"

Asked if he supported US Secretary of State Hillary Clinton's statement last month hinting at greater US involvement in the South China Sea dispute, Romulo said: "No".

"It's ASEAN and China. Can I make myself clear? It's ASEAN and China. Is that clear enough?" Romulo told reporters.

China insists it has complete sovereignty over the potentially resource-rich Spratly and Paracel islands in the South China Sea. However the Philippines, Vietnam, Malaysia, Brunei and Taiwan have competing claims. Clinton said at the ASEAN Regional Forum in Hanoi last month that the United States had an interest in guaranteeing open navigation and free trade in the South China Sea. Clinton also called for multilateral talks to resolve the issue, a position long opposed by China, which wants to negotiate competing claims with each individual country. Romulo said ASEAN continued to push for the implementation of the "code of conduct," an agreement signed with China in 2002 calling for peaceful settlement of the issue between all contending parties. However it was merely a non-binding accord and ASEAN has been pressing China to make it binding. "We will continue to discuss it and that has always been in our agenda," Romulo said.

[http://axisoflogic.com/artman/publish/Article\\_60874.shtml](http://axisoflogic.com/artman/publish/Article_60874.shtml)

- **At Social Front**
- **Philippine rebels clash, scores displaced**

Fighting has erupted among guerrillas due to a land feud in the southern Philippines, displacing thousands of villagers and prompting military planes to drop smoke bombs to break up the clash, officials said on Tuesday. There was no immediate report of casualties in the sporadic but heavy gunbattles between two groups of Moro Islamic Liberation Front (MILF) guerrillas that erupted over the weekend in Datu Piang town in Maguindanao province, forcing about 3,500 villagers to flee to safety, the military said.

A Malacanang official said President Benigno "Noynoy" Aquino wants to resume peace talks without any preconditions with the Milf after the Muslim Holy Month of Ramadan.

Secretary Edwin Lacierda, the presidential spokesman, told a Malacanang press briefing that Aquino is determined to resume the talks with the rebel group thus: "The president said negotiations will start after the Ramadan. We don't have preconditions, so we hope they won't use as a precondition the presence of US troops in Mindanao."

According to Lacierda, the Aquino statement is a reiteration of the stand he made in his

inaugural address on June 30 that the government is willing to talk peace with the Milf and other rebel groups like the Communist Party of the Philippines and its armed wing the New People's Army.

In the case of the Milf, Aquino said he wants their talks to resume after the Ramadan which will be observed by Muslims in the Philippines starting on Aug.11 and ending on Sept.9. The president has appointed Marvic Leonen, an expert on ancestral domain and the dean of the College of Law of the state-owned University of the Philippines, as chair of the government panel to negotiate with the Milf. Malacanang has yet to name the four other members but assured the panel would be completed before the start of the negotiations. The Milf also said its panel has been "temporarily disbanded" but it is ready at anytime time to resume peace talks with the government.

At the same time, Lacierda said Aquino would leave it to Secretary Teresita Deles, the presidential adviser on the peace process, to determine whether the government would agree to the proposal to allow Malaysia to continue brokering the peace talks with the Milf in Kuala Lumpur. As requested by the two panels, a Malaysian military general also serves as the head of an international team monitoring the ceasefire agreement between the government and the Milf while their representatives are talking peace. Army troops fired warning flares late Sunday to pacify two rebel commanders with about 100 fighters each. But the fighting continued to rage on Monday, prompting the military to deploy two warplanes, which dropped non-lethal smoke bombs to ease the clashes, regional military spokesman Lieutenant Colonel Benjamin Hao said. "The message was clear: Both sides should stop fighting, or else," Hao said. "The gunfire subsided after we dropped the smoke bombs." The military stressed it only intervened in the ongoing rebel clashes because civilians have been affected in Datu Piang. Military commanders still lodged a protest against the rebel group before a cease-fire body because of the violent clashes.

<http://gulftoday.ae/portal/ff04aee7-fc7c-4b8b-94c1-92ceb5e4985b.aspx>

### **Thailand**

- **Political Front**
- **Yellow Shirt' protesters cheer Thai PM**

Thailand's Prime Minister addressed "Yellow Shirt" protesters Saturday at a rally held in defiance of emergency rules banning political gatherings.

Police said around 2,500 demonstrators -- many wearing yellow and waving national flags -- gathered at a sports stadium in Bangkok, after protesters agreed a change in venue to avoid confrontation with the authorities. Crowds cheered Prime Minister Abhisit Vejjajiva, who spoke to placate demonstrators' concerns over a territorial row with Cambodia.

Political meetings of more than five people are prohibited under a state of emergency imposed in Bangkok in April during mass anti-government protests. But a last-minute deal to relocate the rally, organised by the Thai Patriotic Network, from outside Government House appears to have appeased authorities, which had warned the protest would not be allowed to go ahead.

Around 300 demonstrators did turn up at the government compound, but they were persuaded to move to another area. The Yellows, known as the People's Alliance for Democracy (PAD), have previously allied themselves with the current Thai political leadership but the protest is the latest sign that the group is flexing its political muscle.

The PAD has criticized the governing Democrat party for signing up to a deal with Thailand's neighbor in 2000 that the Yellows believe paved the way for recognition of a Cambodian land claim. The group has demanded that Thailand tear up the memorandum of understanding, eject Cambodian citizens from the disputed 4.6 square kilometre (1.8 square mile) area, and try to regain control of the ancient Preah Vihear temple.

Abhisit demurred when pressed on plans for military action over the land row, but insisted Thailand would stand its ground on the issue. "We will not accept actions which violate our territory," he added.

The Yellow Shirts, who are backed by the Bangkok-based elite and pledge their allegiance to the monarchy, are a force to be reckoned with in Thailand's colour-coded political landscape. Their 2006 rallies helped trigger a coup that unseated fugitive former prime minister Thaksin Shinawatra, hero of the mostly poor, working class "Red Shirts", whose protests in Bangkok this year culminated in deadly clashes with troops.

Red Shirts have complained of double standards in the way authorities treat their movement. Many Red leaders are in prison after their rally -- during which about 90 people died and nearly 1,900 were injured -- but there has been little action against Yellows over a 2008 airport siege that left thousands stranded.

[http://news.yahoo.com/s/afp/20100807/wl\\_asia\\_afp/thailandcambodiapoliticsunrest](http://news.yahoo.com/s/afp/20100807/wl_asia_afp/thailandcambodiapoliticsunrest)

- **Thai rally against border agreement with Cambodia**

A protest will take place in Bangkok today over a border agreement with Cambodia, despite a ban on mass rallies. The rally is expected to go ahead despite the state of emergency in Bangkok preventing large gatherings.

The government's response to the rally is being closely watched due to allegations that it applies the law differently depending on the political allegiance of the protesters.

In this case they're not anti-government red shirts but nationalists who disagree with a border agreement with Cambodia. They say a deal made to demarcate the border around the disputed Preah Vihear temple breaches Thailand's sovereignty. Security agencies have

said the rally is legal and the government is happy to hear all views aired however the deputy prime minister has warned protesters they may be arrested.

[http://www.radioaustralianews.net.au/stories/201008/2976436.htm?=  
=](http://www.radioaustralianews.net.au/stories/201008/2976436.htm?=)

- **Geo-Strategic Front**
- **Cambodia alerts U.N. to Thai threat of force over border dispute**

Cambodian Prime Minister Hun Sen sent letters Sunday to the presidents of the U.N. General Assembly and Security Council to decry a statement Saturday that Thailand is ready to abrogate rulings on the border between the two countries. On Saturday, Thai Prime Minister Abhisit Vejjajiva told protesters seeking Thai action to claim an ancient World Heritage-listed temple on the Thai-Cambodian border that he is ready to cancel a memorandum of understanding signed in 2000 on the border and use “diplomatic and military means” to “settle” the issue.

<http://www.japantoday.com/category/world/view/cambodia-alerts-un-to-thai-threat-of-force-over-border-dispute>

- **Phnom Penh seeks UN help on contested Preah Vihear temple**

Thailand's Prime Minister Abhisit Vejjajiva yesterday (August 8) denied that the 2000 agreement with Cambodia on the Preah Vihear Temple had compromised territorial integrity, as Phnom Penh brought the simmering conflict to the United Nations' attention. Cambodian Prime Minister Hun Sen sent letters yesterday to the presidents of the UN General Assembly and Security Council to decry claims that Thailand is ready to abrogate rulings on the border between the two countries.

In his letter to the United Nations, Hun Sen reiterated the border dispute had been ruled on in Cambodia's favour by the world court in 1962 and by other bodies on occasions since 1904."In violating the judgement of the International Court of Justice, Thailand currently maintains its soldiers in the Keo Sikkhakiri Svava pagoda of Cambodia, situated only about 300 metres from the Temple of Preah Vihear, well inside Cambodian territory," Hun Sen wrote.

By threatening to use military force, Thailand "flagrantly violates" the UN Charter, he added.

Promising to avoid force on the Cambodian side, Hun Sen asked General Assembly President Ali Abdussalam Treki and Security Council President Vitaly Churkin to circulate the letter to all UN members "for information" on the border dispute. In Bangkok, Abhisit said the 2000 agreement had nothing to do with the 4.6sq km area claimed by Thailand even though the heritage site was lost under the World Court ruling of 1962."The temple's surrounding area is definitely in Thailand and not classified as an

overlapping zone as commonly understood," he said.

Following three hours of debate on national television, the People's Alliance for Democracy (PAD) said Abhisit's explanation helped it gain a better understanding of the situation although it did not completely agree with the government on all the contentious issues related to the temple. But critics saw the debate as a stage to bash Samak Sundaravej's administration without any fresh information forthcoming that could help break the border impasse over the temple.

The government's team included natural resources and environment minister Suwit Khunkitti and secretary to the foreign minister Chavanont Intarakomalyasut. The PAD was represented by its spokesman, Panthep Puapongpan, history lecturer Thepmontri Limpaphayom, and retired diplomat and legal counsel Sompong Sujaritkul.

The roundtable took place amid concerns the 2000 memorandum of understanding might end up causing Thailand to surrender terrain and that Suwit might have made a wrong decision at the recent World Heritage Committee meeting in Brasilia.

Thailand's position

Abhisit started off by outlining Thailand's position on the temple. Although the Sarit Thanarat government had conditionally accepted the World Court decision in favour of Cambodian sovereignty over the temple, the Thai side had never wavered in its assertion of rights of possession over the temple's surrounding area, he said. The temple verdict neither addressed any border issues nor validated the French-drawn, 1:200,000-scale map that Cambodia has been using as its official reference, he said.

The present government has consistently claimed sovereignty over the temple's surrounding area, he said, while pledging to safeguard territorial integrity.

"The 2000 MoU has no provisions that can be construed as conceding to the Cambodian map. Its design is for handling border problems and any hasty cancellation might pave the way for future compromise risking Thai sovereignty," he said.

Foreign minister Kasit Piromya was consulting with the military before choosing the best means to protect Thai interests over the temple's surrounding area, he said. "I deem it inappropriate to discuss the options in public and should the use of force be unavoidable, it would be the last option," he said in reference to the PAD's call to repel the Cambodians settling in the area. The government was working hard to dispel a misunderstanding by the Cambodian government, he said. Among the PAD's key concerns was the map used by Cambodia, Sompong said. It did not comply with using the watershed for border demarcation, as directed by the Franco-Thai Treaty of 1904, as amended in 1907. With reports from Kyodo News Agency

<http://www.asianewsnet.net/news.php?id=13528&sec=1>

- **Almost 50% don't agree with nationalists' campaign**

Public anxiety has all but overshadowed nationalistic sentiment when it comes to the contentious issue of the Preah Vihear Temple, an opinion poll has showed. Of 1,059 people surveyed in a Dusit Poll over the past two days, 46.7 per cent stated that they did not agree with the campaign of proclaimed nationalists fighting to maintain Thailand's territorial sovereignty. And 41 per cent of those surveyed said they were worried that the current conflict could snowball into something worse.

The 46.7 per cent who did not agree with the protesters' campaign said they were afraid the issue would further divide Thailand, damage the country's reputation and distract the government from urgent issues deserving real, immediate attention. Citing patriotism and saying the Preah Vihear issue deserves full government attention, 27.4 per cent of those surveyed agree with the so-called patriots' campaign, while 25.8 per cent were uncertain about agreeing or disagreeing with the protesters. When asked if they thought the campaign would be "good" or "bad" for Thailand, 37 per cent said "bad" because the issue fuelled political tensions in the country and made them fear there would be new violence. Only 17.7 per cent believed the campaign would have a "good" impact, saying it would prompt all parties to review all the information and issues.

About 24 per cent said there are equally good and bad effects of the campaign, while 20.9 per cent said they were not sure.

Govt 'should try to reason with protesters'

About 64 per cent of the respondents said the government should try to reason with the protesters and ask for their cooperation to end the protest. Others took a more hard-line approach, with 18.3 per cent calling for strict enforcement of the law against the protesters to avoid charges of double standards and 17.5 per cent wanting the government to deploy troops to maintain law and order at the protesters' rally.

Academics have echoed the majority opinions in the Dusit Poll, saying extreme nationalism could become dangerous.

What's worrisome is that the so-called nationalists are pushing Thailand toward confrontation with Cambodia and even a war to retake the Preah Vihear Temple," said Puangthong Pawakapan, a political scientist at Chulalongkorn University and international relations expert. She said Cambodia might be forced to ask the World Court to re-affirm or clarify its 1962 ruling that declared the temple part of Cambodian territory. "If that happens, everything points toward a ruling which will favour Cambodia. And when that day comes, Thailand will have no face left on the world stage," she said. Morakot Meyer, a history lecturer at Srinakharinwirot University, said the issue has been too politicised, depriving Thailand and also Cambodia of a chance to maximise the

cultural and even economic values of the temple."Now the temple is also used to invoke nationalism. Why can't we for once overlook politics so we can see the cultural and economic potential of the temple?"

<http://www.nationmultimedia.com/home/2010/08/09/national/Almost-50-dont-agree-with-nationalists-campaign-30135471.html>

- **Economic front**
- **Thai funds among top SE Asia performers**

Thailand's \$58 billion mutual funds industry is set for strong medium-term growth as a robust economic recovery boosts the stock market and helps equity funds post their best returns in many years. Impressive earnings from listed companies should lure more money into equity funds and support an industry that has seen a nearly three-fold increase in assets under management to 1.85 trillion baht over the past five years.

"People are betting on this recovery being gradual but real," said Adithev Vanabriksa, deputy chief investment officer of Aberdeen Asset Management, who oversees 24.6 billion baht in Thai assets. "Market sentiment is picking up real good." Industry assets in Southeast Asia's second-biggest economy edged up only 1.6 per cent this year through mid-July as bloody anti-government protests in April and May disrupted life in Bangkok and ruined investment sentiment temporarily.

Underpinned by Asia's third-best performing stock market this year, Thai funds make up seven of Southeast Asia's 10 top-performing equity funds now, and 40 of the top 50, data from Thomson Reuters fund research firm Lipper shows.

Aberdeen Small Cap fund ranks fifth in the region, with a 32.4 per cent return, almost double the market's 17.4 per cent rise. Three of Ayudhya Asset Management's AYP Dividend Stock funds and its growth-focused Krungsri Value also returned more than 31 per cent as of Aug. 11.

"It's something we've not seen since at least 2003, when our stock market surged more than 116 per cent," Voravan Tarapoom, chairman of the Association of Investment Management Companies and CEO of Bangkok Bank's fund unit, BBL Asset Management, said referring to the funds' performance. Some 119 funds launched this year, boosting the total to 1,374 from 21 asset management firms, up 9 per cent from 2009.

The funds are vying for some of the 4.6 trillion baht (\$144 billion) in bank deposits that the conservative Thai investors have, earning very little.

The stock market has risen to 26-month highs as the economy is set to grow by up to 8 per cent this year. The Thai bourse is Asia's third-best performer after Sri Lanka and Indonesia. Earnings of Thai firms are forecast to rise as much as 25 per cent this year after

18 per cent in 2009 and should beat Asia ex-Japan's average 15-20 per cent in 2011, analysts said. "Thai funds have room to grow further as our market still has ample liquidity and investors are looking for investment opportunities for better returns," said Kavee Chukitkasem, head of research at Kasikorn Securities.

Net assets of Thai funds grew 23 per cent a year on average from 2005 to 2009, except for 2008, when there was a fall as all markets were hit by the global financial crisis.

<http://gulftoday.ae/portal/be3bca49-29bc-40cf-996a-3d2749944aea.aspx>

- **Social Front**

- **Thailand's northern provinces reel under severe floods**

Floods ravaged through many provinces in the country on Friday (August 13) as a tropical storm hovered over the Andaman Sea. In Chiang Mai, runoff water from mountains sent floodwater to the Chiang Mai-Hang Dong road making it impassable to vehicles for several hours. Floodwater rose over 50 centimetres in the early morning.

As of press time, seriously inundated local roads also made it impossible for cars to reach Sri Ping Mueang and Pratu Korm communities. In another northern province, Uttaradit, up to four tambons were declared disaster-hit zones because of severe flooding. They were tambons Phai Lom, Mae Pool, Fai Luang and Si Phanommas.

Uttaradit Governor Yothin Samutkhiri handed out 500 sets of relief items to flood victims in these tambons. More than 10,000 sacks were also handed out alongside sand for locals to form sandbags against floodwater. "This is the 22nd time my house was flooded this year," Pan Innum lamented.

Uttaradit disaster prevention and mitigation chief Surachai Tatchakawin said heavy downpours still blanketed over most parts of the province. "In the worst-hit spots, floodwater is more than 1.5 metres deep," he said, "My wife and I are about to die of stress". Phitsanulok disaster prevention and mitigation chief Boonying Khumsuphan, meanwhile, warned locals in Noen Maprang, Nakhon Thai, Chat Trakan, Wang Thong and Wat Bote districts to beware of possible landslides. In Sakon Nakhon, floodwater damaged crops in so many paddy fields and farms. "All of my farm is now under water," Chu Nusa complained.

In Sukhothai, it was reported that flooding already ravaged thousands of square metres of farmland because the Yom River overflowed. In a related development, thousands of Ranong residents complained that the rising seawater level during the past few days had damaged their homes and property. Zaidol Yapha, a village head, said on Friday that locals were now frightened. Many people have evacuated to higher ground for fear that a storm surge might hit.

<http://www.asianewsnet.net/news.php?id=13633&sec=1>

- **11 provinces warned of heavy rainfalls, flashfloods**

The Thai Meteorological Department has issued its daily weather forecast, warning 11 provinces of heavy rainfalls and flashfloods.

According to the Thai Meteorological Department, a severe southwestern monsoon is moving across Thailand, the Andaman Sea and the Gulf of Thailand while a tropical wave is sweeping through the East and the Central Plains. As a result, abundant rainfalls and possible flashfloods will be seen in several provinces across the country in the next few days.

People in risk-prone areas along foothills, near waterways and in lowlands should beware of flashfloods and heavy downpours in the days ahead. The 11 high-risk provinces include Chiang Mai, Chiang Rai, Phayao, Nan, Phrae, Uttaradit, Tak, Phetchabun, Loei, Chanthaburi and Trat. All boaters are urged to exercise caution while proceeding offshore. The department also advises all travelers heading to Japan to closely monitor the weather forecast before departure due to Tropical Storm Dianmu, which is currently active in the area.

<http://www.reliefweb.int/rw/rwb.nsf/db900SID/FERB-88ACDZ?OpenDocument>

### **Cambodia**

- **Political Front**
- **Cambodian PM calls for int'l conference to resolve border issue with Thai**

Cambodian Prime Minister Hun Sen on Monday appealed to hold an international conference to help solve the border dispute between Cambodia and Thailand.

Hun Sen's comment came a day after he wrote to the United Nations complaining about Thailand's threat to use military to solve the claimed areas near the Preah Vihear temple. "I am now calling upon to form an international conference on the Cambodia-Thailand border to settle this problem," the premier said.

Hun Sen made the appeal during his speech at a national working meeting held Monday. He said Cambodia always hopes to resolve the issue through the existing bilateral mechanism, but it was rejected by Thailand, so "only an international talk could solve Cambodia's Preah Vihear temple dispute." Cambodia and Thailand went through three rounds of talks since the Memorandum of Understanding (MoU) on the border demarcation was inked in 2000, Hun Sen said, but Thailand did not seek parliamentary ratification, leaving the deal in limbo.

"I call on an international conference which will include ASEAN member countries, UN's Security Council, International Court of Justice and Paris Accord's country members," he said. Hun Sen on Sunday sent letters to UN's Security Council President

Vitaly Churkin, and UN's General Assembly President Ali Abdussalam Treki to inform that Thailand would use arms to resolve the border.

Cambodia and Thailand have the border conflict just one week after Cambodia's Preah Vihear Temple was registered as a World Heritage Site in July 2008.

And over the past days, Cambodia and Thailand have exchanged war of words concerning who won at the recent UNESCO's meeting in Brazil on the conservation and management plan submitted by the Cambodian side over the world cultural heritage site.

Cambodia was due to present its progress report on the conservation and management plan of the Preah Vihear Temple to UNESCO's committee for World Heritage, but that was opposed by the Thai side, who hoped that would be done only after the border issues between the two nations have been finalized. However, the UNESCO accepted the report but suggested it to be examined next year in Bahrain.

<http://english.people.com.cn/90001/90777/90851/7098687.html>

- **Foreign Relations**
- **Iran, Cambodia agree to boost ties**

Iranian Foreign Minister Manouchehr Mottaki and his Cambodian counterpart Hor Namhong stressed the need of expansion of ties in the diverse areas of political, economic and diplomatic. Mottaki said in a joint press conference with Namhong that Iran and Cambodia have initiated a new era of economic and close political cooperation within the international arena. The two sides discussed several issues such as trade, tourism, investments and holding fairs in each other's countries, cooperation in tariffs, facilitating taxation regulations and participating in joint ventures, said Mottaki.

For his part, Namhong said he discussed regional and international issues with his Iranian counterpart. The situation in Iraq and Afghanistan and the Palestinian issue were discussed and both countries shared the position that war is not the solution to the problems in these countries, he added.

Iran and Cambodia stressed their willingness to bolster bilateral ties in the areas of economy and energy, he said. The Cambodian minister arrived in Iran on Tuesday for a two-day visit. He is also to meet with Iranian President Mahmoud Ahmadinejad.

<http://english.people.com.cn/90001/90777/90854/7100397.html>

- **Geo-strategic Front**
- **Cambodia seeks help to avoid armed conflict in border spat**

Cambodia's foreign minister on Saturday sought regional help in resolving a border dispute with Thailand in order "to avoid any large scale armed conflict".

In a letter to his Vietnamese counterpart and the Association of Southeast Asian Nations (ASEAN), Hor Namhong said the two countries would not be able to reach a deal without

outside support."As the current stalemate has extinguished any hope of further bilateral negotiations and in order to avoid any large scale armed conflict... I earnestly seek assistance," he said in the letter. The two countries have stepped up a war of words over the spat recently, with Cambodian Prime Minister Hun Sen warning it could lead to fresh bloodshed.

Meanwhile Thai premier Abhisit Vejjajiva Tuesday called for Cambodian citizens to leave the contested territory. The neighbouring nations have been locked in a troop standoff at their disputed border since July 2008, when the ancient Preah Vihear temple was granted UNESCO World Heritage status.

The World Court ruled in 1962 that the temple belonged to Cambodia, although its main entrance lies in Thailand. The exact boundary through the surrounding grounds remains in dispute, with occasional gunfights claiming several lives. Troops from both countries exchanged fire briefly on their border in June, the latest in a series of clashes between the neighbours.

The Thai-Cambodia border has never been fully demarcated, partly because it is littered with landmines left over from decades of war in Cambodia.

[http://www.channelnewsasia.com/stories/afp\\_asiapacific/view/1075222/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific/view/1075222/1/.html)

- **China's assistance benefits whole society of Cambodia: Cambodian DPM**

China's aid to Cambodia contributes to the country's social and economic development, and significant reduction in poverty, said Sok An, deputy prime minister, in a recent interview with Xinhua.

"The relations between Cambodia and China, I could say without hesitation is very good," Sok An said. "China is one of the main development partners of Cambodia and has provided significant assistance to Cambodia." "Most of China's assistance is for infrastructure development, such as construction and repairs of roads and bridges and for other important development projects such as irrigation system, expansions of river port, electricity distributions, and many others," said Sok An.

Moreover, China has also assisted Cambodia's human resources development through providing scholarships to deserving Cambodian students and government officials to study in China.

Sok An, also the minister of Council of Ministers, said that " the roads and bridges have strategic role to play in facilitating local and regional transport and an access to remote areas, so goods and services can move faster from one place to another. This in turn leads to price reduction, benefiting consumers."

He pointed out that Chinese assistant projects helped to attract more investment from all sectors to different parts of Cambodia, which can create jobs for people there. So they

can generate more income to support their families. At the same time, these assistant projects (roads and bridges) have promoted tourism "which is important for employment creation and for enhancing national and sub-regional activities and thus economic growth as the transportation cost is reduced."

Besides, these roads and bridges have connected people from more developed areas to less developed ones; for example, providing faster access to education and health services, the deputy prime minister said. China-funded construction of roads to Preah Vihear Temple unambiguously plays crucial role in opening up Preah Vihear area, he said. It both helps promote and preserve Cambodia's rich cultural heritage and attracts national and international tourists to the area.

The deputy prime minister said China's aid, with the participation of private sector, has resulted in "impressive economic growth, reaching double digits of 11 percent during 2004- 2007; and significant reduction in poverty from 49 percent in 1994 to 35 percent in 2004, to 30 percent in 2007 and to 27.4 percent in 2008 and it is even lower today."

Sok An during the interview cited some mega projects funded by China, including: Building of the Office of the Council of Ministers; Prek Kdam bridge; Prek Tamak bridge; Cambodia-China Friendship Se Kong bridge; National Road No. 57 (Pailin); National Road No. 62 from Kampong Thom to Tbeng Meanchey, Preah Vihear; National Road No.8, connecting Krek and Meun Chey; and National Road No. 76 from Senmonorom (Mondul Kiri) to Dakdam.

The China's assistance to Cambodia started on 1950s, including grants and loans. Since then 110 projects have been implemented, includes providing large quantities of commodities. "In the meantime, China's assistance is effective and the implementation of the China-funded projects in Cambodia is made with minimal procedural requirements," he stressed. Sok An said that Cambodia needs more financial and technical support for further development, so he hopes that the bilateral cooperation relations between Cambodia and China will be further strengthened.

<http://english.people.com.cn/90001/90776/90883/7104754.html>

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

#### **Vietnam**

- **Political Front**
- **Geo-strategic Front**
- **Vietnam says China violates its sovereignty in sea**

Vietnam accused China on Thursday of violating its sovereignty by conducting seismic exploration near disputed islands in the South China Sea and urged Beijing to do more to

promote peace, stability and healthy bilateral relations. It issued the accusation at a time of heightened tension in the region after China bristled at what it called an attack by U.S. Secretary of State Hillary Clinton in raising territorial disputes in the South China Sea two weeks ago at a regional security forum in Hanoi.

China has said the South China Sea is a matter of "core" interest, which analysts say puts the issue of its territorial claims on a par with the restive regions of Tibet and Xinjiang, as well as Taiwan, which Beijing considers part of China. On Thursday, Vietnamese foreign ministry spokeswoman Nguyen Phuong Nga said Chinese vessels had been conducting seismic exploration activities since the end of May near an island in the Paracels, which Vietnam claims, as well as at oil and gas plots on its continental shelf. "China's action has severely violated Vietnam's indisputable sovereignty over the Paracel Islands and Vietnam's sovereign rights to its continental shelf and its 200 nautical mile exclusive economic zone," she told a news conference.

Nga said China's actions ran counter to international conventions on conduct in the disputed region and went against the will of the two countries' leaders for maintaining peace and stability and avoiding further complicating the situation

"Vietnam demands that China immediately cease and stop the recurrence of these violations of Vietnam's sovereignty (and) its sovereign rights in the South China Sea, to contribute to peace and stability in the South China Sea and to promote stable and healthy bilateral relations," she said. China, Vietnam, Malaysia, the Philippines, Brunei and Taiwan all have competing historical claims over parts of the South China Sea and the potentially oil and gas rich Spratly and Paracel archipelagos.

In late July, Chinese naval forces conducted a series of drills in the South China Sea. Nga noted that the situation had been "complicated" recently in the South China Sea and she urged all parties to work for peace in the region. "We must see the full picture of the region. There are incidents that happen here and there at various times that make us feel that the situation is very complicated, or tense," she said. She was not referring specifically to the Chinese exercises. Next week, U.S. naval vessels are scheduled to visit central Vietnam.

<http://www.phayul.com/news/article.aspx?id=27921>

- **Vietnam urges SE Asia to consider nuclear power use**

Vietnam called on Southeast Asian countries on July 22 to consider using nuclear power for peaceful purposes as Asia faces rising energy needs to fuel economic growth.

The countries should "promote cooperation on planning and energy policy to ensure security of energy supply and demand, extraction and conversion, transport and distribution of oil and gas", Prime Minister Nguyen Tan Dung said in the opening speech

to a meeting of ASEAN energy ministers. He urged members of the Association of Southeast Asian Nations (ASEAN) to "consider the possibility of cooperation in using nuclear energy for peaceful purposes as a source of alternative low-carbon and sustainable energy." The call followed a proposal by Russia to help Southeast Asian countries build nuclear power plants and develop its use.

Several countries in the 10-member ASEAN such as Vietnam, Thailand and Indonesia have plans to build or are moving forward with building nuclear power plants to tackle electricity shortages.

Along with Russia, senior energy officials from Japan, China, India, South Korea, Australia and New Zealand are in Da Lat this week for a series of meetings.

Dung said ASEAN needed to step up research and promote projects on a regional power grid and a trans-ASEAN gas pipeline to ensure support on electricity, oil and gas in the bloc. Cooperation in trade and investment in the field of clean coal technology transfer to meet fast-growing demand for the fossil should be promoted among ASEAN members, he said. ASEAN members should also cooperate closely on the use of renewable energy sources, with a target to bring it to 15 percent of total energy consumption by 2015, he added. Vietnam chairs ASEAN activities in 2010. ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.  
<http://www.thanhniennews.com/2010/Pages/20100725173744.asp>

- **Vietnam discusses civil nuclear co-op agreement with U.S.**

Vietnam is having discussions on negotiations with the United States about a civil nuclear cooperation agreement, Vietnam News reported on Wednesday, citing spokesperson of Vietnamese Foreign Ministry. The agreement on civil nuclear cooperation covers the transfer of information relating to nuclear materials, equipment and technology by the United States to ensure that nuclear weapons are not proliferated, said spokeswoman Nguyen Phuong Nga on Tuesday in a written reply to reporters' queries.

According to Nga, Vietnam strongly supports and actively contributes to the world nuclear disarmament and non-proliferation of nuclear weapons. As a signatory to the Nuclear Non-Proliferation Treaty, Vietnam has been speeding up the use of nuclear energy for peaceful purpose, Nga said.

Vietnam has always been committed to fully implementing its obligations under the treaty and many countries and nations appreciate this effort, she said. Vietnam is willing to expand international cooperation on the use of nuclear energy to provide electricity, said Nga. Earlier this year, Vietnam signed a memorandum of understanding on nuclear energy cooperation for peaceful purpose with the United States in March.

Vietnam has signed bilateral nuclear cooperation agreements with Russia, China, France, India, the Republic of Korea and Argentina, according to the report.

<http://english.people.com.cn/90001/90777/90851/7100986.html>

- **China opposes Vietnam's accusation on South China Sea islands**

China firmly opposes any remarks and actions that violate its sovereignty over Xisha Islands and adjacent waters in the South China Sea, said Foreign Ministry spokeswoman Jiang Yu here on Friday. Jiang made the comment after Vietnamese foreign ministry spokeswoman Nguyen Phuong Nga said Thursday, according to media reports, that Chinese vessels' seismic exploration activities near Xisha Islands had violated Vietnam's sovereignty. "China has indisputable sovereignty over Xisha Islands and adjacent waters," Jiang reiterated in a news release.

[http://news.xinhuanet.com/english2010/china/2010-08/07/c\\_13433690.htm](http://news.xinhuanet.com/english2010/china/2010-08/07/c_13433690.htm)

- **Economic Front**

- **Vietnam stock market hits eight month low**

Vietnam's stock market plunged Thursday, reflecting the previous day's plunge on Wall Street and scant expectations of government action to counteract the downward trend.

The VN-Index ended down 3.17 per cent to close at 448, the lowest level since December 18, 2009. 'Local traders' sentiments are very bad now,' said Dao Viet Anh, an analyst at FPT Securities. Traders came under pressure to sell shares to meet their margins when the index fell below 450, Anh said. 'The government has failed to bring down interest rates, resulting in a cash outflow from the stock market,' said Nguyen Thi Huong, a trader at Sacombank Securities. The government last week asked banks to reduce interest rates, but banks have not done so. Rates on deposits are running at 12 per cent. Rates on loans are running between 15 and 18 per cent, leading many companies to issue stock in lieu of borrowing. 'So many companies have issued new shares, diluting the market,' said Huong. 'Traders who hold cash don't want to buy now as they are fearful that the share price will keep falling over the next few days.' 'The prices of stocks are very attractive now,' said Anh. 'Traders should remember that when everyone panics, we should be eager to buy, and when everyone is eager to buy, we should panic.'

[http://www.monstersandcritics.com/news/business/news/article\\_1577159.php/Vietnam-stock-market-hits-eight-month-low](http://www.monstersandcritics.com/news/business/news/article_1577159.php/Vietnam-stock-market-hits-eight-month-low)

- **Vietnam rice exporter to ship grain to Bangladesh**

VIETNAM'S top rice exporter, Vinafood 2, has signed a contract to sell 100,000 tonnes of 15% broken rice to Bangladesh, an industry official said on Friday. The contract provides for the Ho Chi Minh City-based company to ship the grain within the next 60 days, the Vietnam Food Association official told Reuters, but declined to give the

contracted

price.<http://www.agranet.com/portal2/home.jsp?template=newsarticle&artid=20017800985&pubid=ag047>

- **Cyber world**
- **Google Maps fixing border errors**

Vietnamese authorities announced that Google Maps is fixing errors on its map service which depict parts of Vietnamese territory as belonging to China. Vietnam acknowledged Google's effort to meet its request and fix the errors, news website VnExpress reported Friday, citing Foreign Ministry spokesperson Nguyen Phuong Nga. Nga told the news source that Vietnamese authorities will verify the authenticity of the corrections.

"Vietnam is finishing procedures to submit the official map and related legal documents on the borderline between Vietnam and China to the United Nations and provide them to map publishers in the world," she was quoted as saying. Google Maps re-drew the two nation's borderline in the northern province of Lao Cai. The line had previously placed part of the province inside China. Many remain unhappy with the corrections.

The new borderline does not run along the median of rivers between the two countries as it should, critics said. Besides, errors found in other parts of the Vietnam-China borderline outside Lao Cai have not been fixed. In March Vietnamese officials asked Google to correct the mapping errors. At that time, Nga said, Vietnam and China had signed treaties that clearly delineated the boundary on the official map.

<http://www.thanhniennews.com/2010/Pages/20100806141230.aspx>

## **Singapore**

- **political Front**
- **Economic Front**
- **Singapore PM reiterates need for foreigners**

Singapore Prime Minister Lee Hsien Loong has again called on Singaporeans to welcome foreign talent with "an open heart", and reiterated the need for such an inflow, without whom he said the Singapore economy and society would lose its vibrancy.

Acknowledging Singaporeans' concerns about taking in foreign workers and immigrants, which he said are 'valid' and must be addressed, PM Lee assured them that citizens will always come first.

While stressing the critical need to reinforce the Singaporean team with talent and numbers from abroad, he said the Government will control the inflow, "to ensure that it is not too fast, and not too large."

"We will only bring in people who can contribute to Singapore, and work harder to

integrate them into our society. And we will make clear that citizens come first. After all, we are doing this for the sake of Singaporeans,' said PM Lee in his televised National Day message on Sunday (August 8) evening, the eve of Singapore's 45th birthday.

He said foreigners also help make up the shortage of Singaporean workers and the shortfall of babies in the population."Without an inflow, over time our economy and society will lose vibrancy, our citizens will enjoy fewer opportunities, and our shining red dot will grow dimmer," he said. "We cannot do without a proportion of foreign workers, or a continuing flow of PRs and new citizens."Let us welcome them with an open heart, help them to fit in and encourage those who will become citizens to strike roots here. If we do this well, by the next generation, their children will be native Singaporeans."Remember, we ourselves are descendants of immigrants too. With new arrivals living and working harmoniously with those born here, we will keep Singapore dynamic, cosmopolitan, and successful."

<http://www.asianewsnet.net/news.php?id=13527&sec=1>

- **Singapore economy expands 18%**

Singapore's economy expanded less than previously estimated in the first half of 2010 and growth may "moderate" in the coming months, Prime Minister Lee Hsien Loong said. The Southeast Asian nation's gross domestic product rose 17.9 per cent in the six months through June from a year earlier, Lee said in a televised National Day message in Singapore today. That compares with a record 18.1 per cent pace reported in July. The economy may grow 13 per cent to 15 per cent in 2010, Lee said, reiterating an earlier forecast. The island is in the running to be the world's fastest-growing economy in 2010 amid an Asian rebound that has prompted neighbors including Malaysia and India to raise interest rates and Singapore to revalue its currency. Still, manufacturing growth slowed in June as Europe's sovereign-debt crisis and slowing US growth threatened the global recovery.

Advertisement: Story continues below"Risks remain in the world economy, especially in Europe and the US," Lee said. "The global financial system is not fully mended. If the world economy turns bad, we will be buffeted. We need to stay vigilant and watch the developments worldwide."

Singapore's economy grew an annualized 26 per cent in the second quarter from the previous three months as tourism and exports surged, according to initial government estimates released on July 14. The median forecast of seven economists surveyed by Bloomberg News is for a 25.2 per cent expansion. The trade ministry will release updated GDP data on August 10.

Record Arrivals

A year after Singapore exited its worst recession since independence in 1965, tourists are arriving in record numbers and companies including Standard Chartered Plc are boosting hiring. The city state added an estimated 26,500 jobs in the three months ended June, after the creation of 36,500 positions in the first quarter, according to the Ministry of Manpower.

"Our economy has rebounded strongly from last year's recession," Lee said. "We cannot expect to repeat this year's sterling performance year after year, but we can continue to grow our economy with sustained effort."

The benchmark Straits Times stock index has outperformed its peers in Hong Kong, Taiwan, China and Japan, while the currency has appreciated 3.8 per cent against the US dollar this year.

#### Staying Relevant

Monthly tourist arrivals in Singapore exceeded the 1 million mark for the first time in July, aided by the opening of two casino-resorts run by Genting Singapore Plc and Las Vegas Sands Corp. Efforts to boost tourism also include hosting the Formula One night race, which will take place in September for the third year in Singapore.

A government-appointed panel earlier this year unveiled strategies to help the city state grow at a sustainable rate and faster than advanced economies. Singapore's biggest challenge is to stay "economically relevant in a fast-changing world," said Selena Ling, head of treasury research at Oversea-Chinese Banking Corp. in Singapore.

"As Singapore is a small, open economy, it faces the vicissitudes of shortening business cycles and increasing competition from other emerging markets," Ling said. "So far, Singapore has managed to stay a step ahead of the competition game, but the rules of the game are also rapidly evolving."

The country aims to at least double its productivity growth to between 2 per cent and 3 per cent annually in the next decade. It has raised levies on foreign workers to reduce companies' reliance on cheap imported labor.

#### Foreign Talent

Prime Minister Lee said at the end of 2009 he would "moderate" the inflow of foreign workers so that citizens aren't "overwhelmed." In July, he said Singapore would need 100,000 more foreign workers this year to cool an "overheating" labor market. An Institute of Policy Studies survey released this month shows six out of ten Singaporeans say national unity will be affected by the government's policy to attract foreign talent.

Singapore needs to "reinforce" its population with "talent and numbers from abroad," Lee said today.

"This is critical to us," he said. "Other countries are not only much larger than us, but have far deeper pools of talent than we have. We must make up for the shortage of Singaporean workers in our economy and the shortfall of babies in our population."

The government will control the inflow of foreigners to ensure that it's not too fast or too large, Lee said.

Among the 183 economies for which the International Monetary Fund has forecasts, only Qatar is calculated to expand faster than the government's forecast for Singapore. The island celebrates the 45th year of independence tomorrow with a parade of tanks, artillery and fighter jet displays.

<http://www.smh.com.au/business/world-business/singapore-economy-expands-18-20100809-11qya.html>

- **Singapore Urged To Reset Their Priorities**

A Singapore senior minister has urged Singaporeans to reset their priorities in life so as to make living in the fast developing city-state meaningful. Senior Minister Goh Chok Tong said having the 5Cs - cash, credit card, car, condo and country club membership which was the dream of many young Singaporeans since the 90s, were already achievable if they worked hard for it. Goh said they should dream larger and look at the new 5Cs he re-invented that could be a better dream for them instead of griping about life in current Singapore, local media quoting him reported on Sunday. □ If I have to reinvent the 5Cs, my dream is to help create the conditions for a generation of Singaporeans to have a good Career, live in Comfort, surrounded by Children, and be Considerate and Charitable," Goh said at a National Day celebration in his constituency in Marine Parade last night.

Goh, who is one of Singapore's former Prime Ministers, said his own dream now was not about his own future but about the future of Singapore. Urging Singaporeans to re-think their priorities for the betterment of the community and the country, Goh said they should not lose sight of the many more things that were going well for the country.

Singaporeans recently were griping about floods, high house prices, crowded trains and distance-based bus fares. With growth prospects looking bright, he said it was time for Singaporeans to look at the bright side of things and live their dreams.

"This is far healthier than to live (what he termed) the Singapore Gripe and drone on like vuvuzelas (an African trumpet)," Goh was quoted. Goh also recounted his earlier dream, like most Singaporeans then, which was built on four things that was caricatured as '1, 2, 3, 4' - one wife, two children, 3-room flat and four wheels. □ Why only two children? Because you may remember at that time, the family planning slogan was 'Two Is Enough'," said Goh.

<http://www.bernama.com/bernama/v5/newsgeneral.php?id=519763>

- **Govt's goal is to ensure all S'poreans enjoy fruits of growth: PM Lee**

Singapore's economy grew 17.9 per cent in the first half and the government is forecasting full-year growth of between 13 and 15 per cent.

In the annual National Day Message, Prime Minister Lee Hsien Loong said the government's goal is to ensure all Singaporeans enjoy the fruits of growth. He asked Singaporeans to make the effort, even as he pledged the government's support to ensure every student and worker can reach their full potential. Speaking from the Pinnacle @ Duxton, the Prime Minister referred to the cityscape as an example of Singapore's dynamism and success. While there is cause for celebration, he cautioned that the exceptional growth this year may not be repeated year after year.

Effort needs to be made by Singaporeans to ensure continued growth. Mr Lee addressed three main concerns in his speech - ensuring all Singaporeans get to share in economic growth; developing and investing in Singaporeans so they have the best skills and training; and the need to reinforce the Singapore team with talent and numbers from abroad. Mr Lee said: "Other countries are not only much larger than us, but have far deeper pools of talent than we have. We must make up for the shortage of Singaporean workers in our economy and the shortfall of babies in our population." "Without an inflow, over time, our economy and society will lose vibrancy, our citizens will enjoy fewer opportunities and our shining red dot will grow dimmer." Mr Lee acknowledged that Singaporeans' concerns about new immigrants - such as whether they change the ethos of society - are valid and need to be addressed. He made clear that the inflow will be controlled, and that only those who can contribute to Singapore will be brought in. Mr Lee said: "I understand Singaporeans' concerns about taking in so many foreign workers and immigrants. Some of us wonder will it change the ethos of our society? Will it mean more competition for us at work or for our children in schools? Will the new arrivals strike roots here? Can they adjust to us, and we to them?" He stressed: "We will make clear that citizens come first. After all, we are doing this for the sake of Singaporeans." He encouraged Singaporeans to welcome foreigners here with an open heart.

Mr Lee also pledged to continue investing in schools and education, and workers' training and productivity. He said: "We will help every school to offer something extra and different and thus give students more good choices. We will create new peaks of excellence in ITEs, polytechnics and universities, to stretch our students." "I ask parents and students to work with us, to give our youth the best start in life." Beyond schools, the government is investing S\$5.5 billion over five years to build up the Continuing Education and Training framework.

It is also introducing many schemes and incentives to help companies and workers

improve their productivity. Turning to the Youth Olympic Games, Mr Lee continued on the theme of welcoming new arrivals to Singapore, saying that Singapore must impress with the spirit of its people, showing them how new arrivals here live and work in harmony with those born here. He hoped all Singaporeans will work together to put up a good show and make the Games a memorable one. Singapore's athletes have been training hard and some 20,000 volunteers are ready to welcome the guests.

<http://www.channelnewsasia.com/stories/singaporelocalnews/view/1074117/1/.html>

- **Social front**

### **Laos**

- **Political Front**
- **Laos, USA celebrate 55th diplomatic ties**

Deputy Foreign Minister Phongsavath Boupha on Tuesday hosted a reception to mark the 55th anniversary of the diplomatic ties between the Lao PDR and the United States of America. The US Ambassador to the Lao PDR Rovic Rolf Huso, high-ranking officials from ministries and organisations as well as representatives of international organisations were present at the event.

At the event, Mr. Phongsavath and Mr. Rovic underlined the achievements and development of the relation and cooperation in various areas between Laos and the U.S. over five-and-a-half decades.

Both sides confirmed their commitment to continue developing the cooperation and relation to be fruitful and of the interest of peoples and governments of the two countries and enhancing peace and sustainable development in region and the world.

<http://www.kpl.net.la/english/news/newsrecord/11.08.2010/edn7.htm>

- **Vientiane marks ASEAN foundation**

Nearly 1,000 people of all social strata in Vientiane Capital on 7 August joined a public walk to mark the 43rd founding anniversary of ASEAN and 13th anniversary of Laos's Accession to ASEAN. A short walk proceeding from the Patousay Monument - Arch of Triumph, to Hor Kham (the President's Palace) was led by Minister of Foreign Affairs, Dr Thongloun Sisoulith.

Taking part in the event were invited ambassadors and guests from non-governmental organisations. Dr Thongloun said that the establishment of ASEAN - the Association of South East Asian Nations, was to play an important role in enhancing peace and development in the region and the world over. This year event held under the theme "Bridging Markets, Connecting People," is to encourage, raise awareness and understanding of ASEAN works by focusing on creating ASEAN community," said Foreign Minister Thongloun.

He said that 13 years of Laos's ASEAN membership was an important milestone in history reflecting the Lao government's successful pursuance of her consistent foreign policy of peace, independence, friendship and cooperation.

He said that Laos had contributed to ASEAN despite difficulties and challenges arising from internal factors such natural disasters and communicable diseases, and external factors of global economic and financial crisis. Laos has maintained close cooperation with other ASEAN members to contribute all efforts to ASEAN activities, measures and agreements in proportion with her real capacity so as to build the ASEAN community by 2015.

<http://www.kpl.net.la/english/news/newsrecord/09.08.2010/edn3.htm>

- **Economic Front**
- **Laos speeds up building power plants**

Director General of the Electricite du Laos (EDL) Khammany Inthirath has said at a press briefing that the country will build at least two hydro power plants every year until 2020. To date, the country has a total of 14 hydro power plants with a combined capacity of 2,540MW over 10 plants with a total capacity of 700 MW in 2006.

As planned, the Nam Ngum 2 hydro power plant will come into operation in December this year. While Tard Salen (Savannakhet), Nam Ngum 3 ( Vientiane province) and Sekaman 3 (Sekong province) will start operation next year. The country will have two other power plants, Nam Song in Vientiane province and the expanded Theun-Hinboun in Borikhamsay province in 2012.

Meanwhile, the construction of a 1,800MW Hongsa thermal power plant in northwestern Sayaboury province will be completed in 2015.

The Government of Laos has planned to make the country a power generation hub of the region. Together with developing hydro power projects, the government has also paid due attention to environment protection, especially forest and water resources.

<http://www.kpl.net.la/english/news/newsrecord/09.08.2010/edn5.htm>

- **WB's former manager urges his successor to enhance cooperation with Laos**

World Bank's outgoing Country Manager Patchamuthu Illangovan has urged his successor Keiko Meiwa, a Japanese, to continue enhancing the cooperation between the World Bank and the Lao government to fulfill the latter's poverty reduction.

Patchamuthu held a press conference here on July 12 where he reviewed the achievements of the World Bank in helping the Lao government realise its socio-economic development plan over the last five years and bid farewell to pressmen.

He said that the current Country Assistance Strategy (CAS) that outlined the World Bank's development programme is aligned with the Government's National Socio-

Economic Development Plan (NSEDP). The World Bank has mobilised nearly US\$550 million from International Development Association and others and over the last five years, the number of World Bank supported operations doubled from 13 to 27, according to Mr. Patchamuthu. He said that the alignment of the Bank's CAS to the NSEDP enabled the Bank to continue its support to the government's priority areas, namely: health, education, environment, agriculture, forestry, transport, power/energy, hydro and water sanitation.

In the last five years, the bank has also supported the government in advancing its policy reform agenda in many sectors by undertaking analytical and research work, building capacity and playing a convening role.

<http://www.kpl.net.la/english/news/edn12.htm>

- **Uncertified poultry in Vientiane destroyed**

Authorities of Sisattanak district, Vientiane Capital, last week destroyed poultry, seized at two markets to prevent possible outbreak of bird flu. A taskforce for removing retail & wholesale of agricultural produce and poultry products traded out of Nongchanh market, seized 75 smuggled poultry, 30 of which are ducks in Nongchanh and Khouadin markets, Sisattanak district, Vientiane Capital, on 4 July.

The destruction was based on the Vientiane Mayor's decision on rearrangement of retail-wholesale of agricultural produce and poultry trade, No 084/MVC, issued on January 30, 2009. This is an effort to rearrange retail and wholesale of agricultural produce and poultry in Vientiane Capital and conduct surveillance of bird flu outbreak-type H1 N1 virus in Vientiane Capital.

<http://www.kpl.net.la/english/news/edn13.htm>

- **Social Front**
- **Vietnam supports poor young people in Laos**

The Vietnam-Laos Youth Friendship Village project, worth USD two million, has been inaugurated in the Lao capital city of Vientiane. The village, funded by the Ho Chi Minh Communist Youth Union Central Committee, covers an area of 1,000 hectares along the Vietnam-Laos border at Phon Lom village, Khamkeuth district, in the central Lao province of Borikhamxay. From its outset in 2008, the project has helped 70-80 poor young households stabilise their lives on a 50-

ha site. <http://www.kpl.net.la/english/news/newsrecord/10.08.2010/edn9.htm>

## **Brunei**

- **Economic Front**
- **Brunei Halal Brand to debut in Asia markets in October**

BRUNEI'S neighbours will be getting a first taste of the Brunei Halal Brand which is

confirmed to launch regionally come October of this year."We're still on track," Noel Shield, interim chief executive officer of Ghanim International Foods, said on the plan for the brand's export launch. He said the company is gearing up for its first major retail launch in Asia in the first week of October."It's with a major retailer," he said but declined to specify the company involved as details of the contracts are still being finalised.

Products under the Brunei Halal Brand will be sold in local outlets after Ghanim's Hari Raya hamper programme is complete sometime in September, Shield (pic) added. Ghanim was appointed by His Majesty's Government to handle and manage the marketing of Brunei's premium halal brand which takes advantage of the country's reputation in selling goods to growing Muslim markets. Hamper packages went on sale at The Mall earlier this year. Ghanim wanted to test the waters for the products in its home market.

"Sales were reasonably steady, that's all, but we never really anticipated sales to start until Ramadhan anyway," he said, adding that traditionally what happens is most of the purchases are made in the last few weeks of Ramadhan. He declined to specify sales figures but did admit there had been a fair few sales made."There's been a lot of interest and a lot of promises made also. A lot of companies have shown interest, but again, most of them don't make their final decisions until a week out (and) everything's going as planned."

The products are currently being shipped into the nation, with 90 per cent of the hamper items coming from producers overseas. Shield had previously said that some products under the Brunei Halal Brand are being manufactured in countries, such as China and Spain, but producers had to meet strict production guidelines of the brand.

Dato' Seri Jamil Bidin, chief executive and managing director of Malaysia's Halal Industry Development Corp, previously said that Brunei should make use of the resources it has."Brunei may not have much natural resources, but it has a lot of capabilities in terms of financial resources. You don't really need to produce the products in your own country. Go to countries which have a lot of resources. For example, Brunei buying a farm in Australia, and through this collaboration, you can work with people in those countries to produce halal products."

Asked if Ghanim would be resuming its hunt for a chief executive officer, Shield said they had begun the search but would be looking at local talent for the job.

"We've started to look for management trainees from Brunei who can be trained (and) mentored, to eventually take CEO roles within various companies under the Ghanim brand, as well as in other countries." It will be a training process, he added, noting they would be pushing for local talent to take the helm of the Ghanim and would no longer be

headhunting foreign talent. "We've made the decision that we'll take the management trainees, all Bruneians, and we will put them through training courses, mentor them (and we might send them overseas to do some courses." There would also be opportunities to work in companies associated with the Brunei Halal Brand, he added.

<http://www.bruneitimes.com.bn/business-national/2010/08/14/brunei-halal-brand-debut-asia-markets-october>

- **Use Of Existing Industries To Spur Economic Growth**

A range of employment and business opportunities need to be generated in Tutong, which capitalise on the existing industries that are found in the district, consultants have recommended in their sectoral macro-economic report for the Tutong District plan.

The team from Integrated Environmental Consultants (IEC) Sdn Bhd considered Tutong to be a "dormitory" district with more than half, 52 per cent, of its labour force working outside the district. Tutong is located between the two major national, economic hubs at Belait (oil and gas) and Brunei-Muara (government administration and ports). The consultants said that lack of a "mega project" in Tutong District diminishes economic growth opportunities. However, they also noted that the collective income derived by these workers were among the main economic drivers for the district.

A high percentage of the working population earned wages above \$2,500 per month, indicating that they are well-educated with disposable income for household shopping, the experts found in their research on the district.

Although, the consultants noted that employment growth had to increase at a faster rate to "catch-up" with the other districts.

They identified three potential methods to expand Tutong's economy, namely to increase the basic industries of Fisheries, Forestry and Agriculture, which export outside of the district. They also suggested to increase the supply chain to these industries and to increase the services that can "capture" the expenditure of employees working in the basic and non-basic industries.

Some of the business opportunities put forward by IEC, which the district could pursue include "considerable" opportunity to cater the internal demand of the Agriculture and Fisheries industries. They suggested introducing a feed mill for the aquaculture sector, with this potentially involving increasing corn or grain production in the district. A "vertical integration" of poultry and fish feed was also a viable option.

The district was also urged to delve into the manufacturing of furniture from the sawn and treated timber industry there.

The tourism sector also had potential to be developed by the district, particularly if it was integrated with local initiatives and Small and Medium Enterprise (SME) grant funding.

The opportunities in the tourism and ecotourism sector included entertainment and leisure activities. This could be done either through the "One Mukim, One Product" programme or SME grants to local initiators. The consultants are working with the Department of Town and Country Planning to draw up the long-term development plans for the district. The proposals remain the opinions of the consultants, without any government commitments made at present. -- Courtesy of The Brunei Times

<http://www.brudirect.com/index.php/2010081327191/Local-News/use-of-existing-industries-to-spur-economic-growth.html>

- **Social Front**

#### **Asean**

- **Political Front**
- **South China Sea: First test for regional body**

It is not hard to explain China's anger following Washington's assertion recently that the United States had a 'national interest' in maintaining the freedom of navigation in the heavily disputed South China Sea. For years, Beijing had insisted on its 'indisputable sovereignty' over the strategic and resource-rich body of water - a claim disputed by Taiwan, as well as several Asean countries including Indonesia and Malaysia. Beijing's diplomats smelled a rat after US Secretary of State Hillary Clinton said the US would facilitate multilateral talks on the issue. Her comments suggested some orchestration: After all, 12 of the 27 countries at the recent Asean Regional Forum meeting spoke in favour of a new approach on the issue.

It is harder to divine the motivations behind Mrs Clinton's comments. For years, the US adopted a standoffish position towards the dispute. Perhaps the US wanted to put China back in its place, or was simply reacting to concerns raised by Asean countries such as Viet Nam over China's growing assertiveness. Whatever Washington's motivations, Asean countries involved in the dispute should be encouraged by Mrs Clinton's weighing in on the issue, particularly given lingering fears over America's lack of attention towards the region.

Washington's change of heart will present Asean and the emerging regional architecture with their first stern test. Recently, Asean was behind efforts to create the Asean Defence Ministers' Meetings Plus Eight (ADMM+8), which comprises the 10-member grouping and eight countries including the US, China and Russia. Critics have long criticised Asean's consensual approach as ineffectual. Hopefully, the new ADMM+8 format will combine the strengths of Asean and its bigger partners - a cooperative approach, coupled with the bigger powers' ability to talk openly and directly about sensitive issues.

No one can be sure which multi-lateral approach - if any - would be adopted on the South

China Sea. Recourse to the International Court of Justice is not probable, given that many countries are not keen on such judicial resolution. Experts suggest 'sovereignty-neutral' approaches where sovereignty claims are set aside in favour of joint development of the area; others suggest cooperative management regimes to promote the common interest. Whatever the approach, China's actions will be closely watched for what it says about the growing power's 'peaceful rise' strategy. For Washington, whether it can remain focused on this issue will be a test of its commitment to the region. These are interesting times.

<http://www.asianewsnet.net/news.php?id=13577&sec=3>

- **ASEAN wants formal code in disputed South China Sea**

The 10-member Association of South East Asian Nations (ASEAN) wants to establish a formal code of conduct in the South China Sea to avoid tension around disputed territories, a senior Filipino diplomat said on Friday.

Brunei, Malaysia, Vietnam, the Philippines, China and Taiwan all stake claims over territory in the South China Sea. All except Brunei have a military presence in the area, and the boundary claims have sparked deadly naval clashes. "We should start talking about the provisions of a regional code of conduct and this is to ensure that the South China Sea remains a peaceful and stable place where vessels can pass safely," Erlinda Basilio, foreign affairs undersecretary for policy, told a media forum. Southeast Asian states have become worried by China's increasingly aggressive stance on the complex set of disputes. Last week, Chinese naval forces carried out drills in the disputed southern waters amid tension with Washington over security on the Korean peninsula and in the South China Sea. In 2002, China and ASEAN signed a declaration to halt military activities and promote cooperation on scientific, environment and non-military projects to lessen tension after China and Vietnam fought a naval battle in the late 1980s.

Basilio said ASEAN would propose a more formal and legally binding code of conduct in the South China Sea at its next meeting with China. ASEAN members are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam

"We just want stability and a peaceful environment, not only there, but all over the region," she said. She said disputes have always been discussed in security meetings at the ASEAN Regional Forum (ARF), where extra-regional powers, such as the United States, Russia, India, Australia and Japan join ASEAN and China. "Many of the participants in the ARF are trading nations and therefore it is important for them to have unimpeded access to the waters in South China Sea," she said. On Wednesday, Captain Rudy Lupton, commander of the flagship of the U.S. Navy 7th Fleet, urged China to act responsibly in disputed areas in the South China Sea to avoid political and security issues.

<http://in.reuters.com/article/idINIndia-50678520100806?rpc=401&feedType=RSS&feedName=worldNews&rpc=401>

- **Can Asean be peace mediator?**

AN INTERNATIONAL peace mediation workshop was recently organised by the European Commission (EC) and the Crisis Management Initiative (CMI) in Jakarta to promote cooperation between Asean and the European Union (EU) on conflict mediation and prevention in the region.

Among the key questions that emerged was how to promote Asean as an effective vehicle for peace mediation. The EU has been responsible for a number of initiatives to strengthen its mediation and dialogue capacities in this field, and Asean is now taking steps to model itself on best practices from other regions in order to develop itself as a leader in peace building.

Unlike some skeptics, I believe Asean has the potential to become an effective regional body for crisis mediation and prevention. Asean has already begun developing programmes to promote peace in the region in its own way. The Asean Political-Security Community (APSC) blueprint provides a number of recommendations for conflict management put forward by the institution. The blue print envisages three pillars. Among them is a cohesive, peaceful, stable and resilient region with shared responsibility for a comprehensive state of security.

The blueprint outlines Asean's commitment to conflict prevention, preventive diplomacy and post-conflict building. It also provides an action plan to achieve targets in these areas through research, cooperation and development of an institutional framework to deal with regional conflict and security issues. Outside this blueprint, in the last few years, Asean has also engaged in conflict resolution issues. As a regional entity, Asean worked with the EU to monitor the implementation of the MoU under the Aceh Monitoring Mission (AMM). While Asean plays a minor role in the AMM, it could be the start of its deeper involvement in the future.

It is now time for Asean to walk the walk. There is a challenge for the regional body to solve its own dilemma. On the one hand, the region has indicated it would like to participate in initiatives to promote conflict prevention in the region, to add another sphere of influence for the region as it emerges as a strong economic player on the international stage.

On the other hand, the desire for peace is constrained by both its internal framework, which protects the sovereign rights of its members from external interference, and its reluctance on the regional level to open itself to third-party involvement, especially from non-Asean countries.

In reality, most conflicts in the region would benefit from the experience and expertise that third parties from other conflict areas could provide in building trust between governments or mediating peace talks. Indonesia and the Philippines have engaged teams of conflict resolution experts in developing the strategic frameworks for ending conflicts in their countries, and building toward stable peace. The benefits of working together with experienced actors outside the region could enrich Asean countries. In the case of the peace process in Aceh, many feared that external mediation would bolster the separatist movement. However, this was by no means the case. Peace was achieved, the province did not become politically diffused, and economic development has become the focus for long-lasting peace.

Aceh has a long way to go to prove the success of the special autonomy status it was granted by the central government; and the success of the peace process was strongly affected by aid entering the region following the 2004 tsunami. Regardless, the process in Aceh illustrates how third party involvement, through mediation and assistance, can be important in supporting the attainment of a wider peace. Asean needs to learn from this experience on a regional level.

The AMM is a successful example of the first partnership Asean has undertaken with a regional counterpart to address conflict in one of its member states: In this case, with the EU.

Because of the general resistance in the region in regards to outside meddling in state and regional affairs, Asean would be best served by developing its own institutions for conflict mediation and conflict prevention. Strengthening the capacity and scope of peace building mediators already working in Asean countries should be explored and promoted. An interesting recommendation put forward in the blueprint is the establishment of an Asean centre for peace and reconciliation. This centre could focus on research about social crises in the region, and provide recommendations for peace building activities and internal mechanisms for managing and preventing conflict. Asean civil society should also be involved in conflict prevention initiatives in the region. Many civil society groups have more extensive experience in this field than their governments, and have built strong networks among themselves.

Bringing civil society groups on board and learning from their experience is crucial, as the identity of an Asean peace building agency is being formed. The wisdom of a handful of respected actors in countries across the region who have worked on peace mediation needs to be harnessed and replicated. The key is for Asean to continue exploring what role it can best play to contribute to peace in the region. The Asean blueprint is a good start, but further action is crucial. The writer is director of the IDCC (International

Development and Crisis Consultants) and a post-conflict consultant.

<http://www.bruneitimes.com.bn/opinion/2010/08/14/can-asean-be-peace-mediator>

- **Economic Front**

- **Asean rice millers target closer cooperation for sustainable prices**

As the world's largest rice exporting area, Asean should focus on three key areas of cooperation - networking among millers, the trading system and the elimination of trade barriers - to create mutual benefits and sustainable prices in the long run, a regional meeting was told yesterday. "So far, the most important problem for rice trade in the region is the practice of pricecutting, which directly affects farmers," said Commerce Minister Porntiva Nakasai.

At the meeting of the Asean Rice Millers Association hosted by the Thai Rice Millers Association in Bangkok, Asean millers agreed to seek closer collaboration aimed at strengthening their bargaining power in the world market. Asean is by far the world's biggest rice supplier, with 65 per cent of global trading. Production is mainly from Thailand, Vietnam, Cambodia and Burma. The regional grouping has a combined rice stock of more than 9 million tonnes.

Yanyong Phuangrach, permanent secretary at the Commerce Ministry, said the three core cooperation areas of miller networking, the trading system and tradebarrier elimination would enable Asean to have a better trading standard and system that would do away with the need for pricedumping. Successful implementation would ease the problem of fluctuating prices for farmers and ensure the region's food security.

"Rice tariffs have been eliminated under the Asean Free Trade Agreement. However, each country still has nontariff barriers to hamper the free flow of lowerquality rice grains. Thailand is also considering zoning rice milling, for imported paddy rice from Asean to be polished here," said Yanyong.

Charnchai Rakthananon, president of the Thai Rice Millers Association, said Asean must cooperate in setting fair selling prices based on production costs.

Member countries have similar rice farming costs, he said, adding that they should therefore start to join hands in setting up appropriate median prices as such a move would solve the problem of pricecutting. Vichai Sriprasert, honorary president of the association, said rice trading was currently on a downtrend, with exports by Thailand and Vietnam having dropped 8 per cent in the first half of the year. Thai rice exports came in at 4.8 million tones in the period.

<http://www.nationmultimedia.com/home/2010/08/11/business/Asean-rice-millers-target-closer-cooperation-for-s-30135634.html>

- **ASEAN countries to draft blueprint of single economic community by 2015: official**

Indonesian Trade Minister Mari Elka Pangestu said on Friday that member countries of Association of South East Asian Nations (ASEAN) will draft single economic community blueprint by 2015 that would be conducted in the upcoming ASEAN Economic Council Meeting in Da Nang, Vietnam on Aug. 22-28. Mari said that the meeting would be attended economic ministers of 10 countries in ASEAN. "The participants will draft a blueprint aimed at creating ASEAN Economic Community by 2015," the minister said. The blueprint will contain the detailed orchestrated economic measures in the region aimed at achieving the single economic community target by 2015, according to the minister. "Each country is demanded to comply with the gradual targets set in the blueprint. Besides that, certain targets must be fulfilled in certain years," Mari added.

The Indonesian trade minister said that with the ASEAN economic community, the member countries are expected to experience a single market in the Southeast Asian region supported by production basis in their own countries.

Mari said that among terms to be submitted in the blueprint- making are goods and service flow, investments and skilled workers. Mari added that Indonesia has settled the arrangements on several terms regarding the blueprint, particularly in goods trade. In term of investment, Mari said that government has implemented comprehensive investment agreements with several ASEAN country members and created sectors that are opened for investments. ASEAN groups Indonesia, Malaysia, Singapore, Thailand, the Philippines, Vietnam, Brunei Darussalam, Cambodia, Laos and Myanmar.

<http://english.people.com.cn/90001/90777/90855/7104472.html>

- **Cyber world**
- **Asean urged to improve 'soft Infrastructure'**

Asean must focus more on "soft" infrastructure development in the logistics industry - improving laws, regulations, human resource management, and customs procedures and environmental protection - in order to boost economic growth and competitiveness in the region, a seminar heard yesterday.

The workshop on "Logistics Facilitation in mekong for Asean Economic Integration" noted that amid progress in Asean economic integration, logistics development is becoming increasingly important. "Asean is well developed in terms of hard infrastructure development preparedness - roads, bridges, ports and basic transport services. But further improvement is necessary in soft infrastructure to ensure efficient and smooth operation of logistics services," said Takezo Yanagido, executive vice president of the Japan

External Trade Organisation (Jetro).

The workshop was coorganised by Jetro and the Thai National Shippers Council to help local and Asean businesses prepare for the new era to be ushered in by the Asean Economic Community (AEC) in a few years. Although soft infrastructure improvement is difficult to achieve in the short run, countries and firms in Asean are expected to work toward soft infrastructure development under the AEC, he said. As many Japanese companies operate in the region, Japan will closely cooperate with local firms in building their logistics efficiency and reducing logistics costs under a networking programme.

Takao Kawashima, a professor at Tokyo University of Marine Science and Technology and adviser to Ajinomoto General Foods, said Japanese investors are very much concerned about the high logistics costs in Asean countries. The development of soft and hard infrastructure in the logistics system will benefit both Japanese and Asean enterprises. Asean must focus on upgrading logistics service management, particularly for human resources and environmental protection. Both are keys to success in the globalisation era. According to Japan's Ministry of Economic, Trade and Industry, as of 2006, China had the highest logistics costs compared with gross domestic product at 20.8 per cent, followed by Asean at 19.7 per cent, the US at 11.6 per cent, the EU at 9.8 per cent and Japan at 8.3 per cent. Globally, the average cost was 14.4 per cent in 2005.

Activities to promote the development of logistics include setting up more training programmes, reducing carbon usage in transportation and moving toward green procurement, and developing a traceability system for logistics management. Rachane Potjanasuntorn, deputy permanent secretary at the Commerce Ministry, said the government has continued to develop both hard and soft infrastructure to promote logistics efficiency under Asean integration.

Many linkages have been established to connect Asean, including the North-South and the East-West corridors. Asean governments are also developing customs procedures under the single window system to facilitate trade growth.

Piboon Ponsuwanna, chairman of the Thai National Shippers Council, said that if Asean achieves its economic integration, the region will become the centre of growth and development. To strive for that goal, Asean needs to not only build up connectivity but also to remove all barriers such as cross border rules, regulations and procedures for people and goods.

<http://www.nationmultimedia.com/home/2010/08/11/business/Asean-urged-to-improve-soft-Infrastructure-30135630.html>

