

Southeast Asia from the Corner of 18th & K Streets

Volume IV | Issue 13 | June 27, 2013

Hun Sen's Homegrown Political Risk

ERNEST BOWER AND AMY KILLIAN

Ernest Bower is senior adviser and Sumitro Chair for Southeast Asia Studies at the Center for Strategic and International Studies in Washington, D.C. Amy Killian is a researcher for the Sumitro Chair.

June 27, 2013

There is a compelling case to be made that over the last several years, we have witnessed the front end of an “ASEAN spring.” Citizens and voters across Southeast Asia have told their governments about their new and rising expectations for empowerment, governance, and rule of law. Indonesia’s transformation from an autocratic regime under Suharto to a dynamic democracy today is the starkest example. But voters from Thailand to Malaysia, Singapore to Vietnam, and beyond have challenged their governments to either improve delivery of services and allow for greater participation, or see their mandates diminished and new competitors established.

Only a handful of ASEAN countries are bucking that trend, and at the top of the list is Cambodia. Prime Minister Hun Sen, who has ruled the country since seizing power in a 1997 coup, is poised to win his fourth consecutive term as prime minister when Cambodians go to the polls on July 28. While his victory is assured, a bright economic and political future for Cambodia is less certain.

Unlike other Southeast Asian countries that are opening political systems created during the Cold War and investing in developing institutions by moving toward increasingly responsive and transparent regimes, Cambodia has not responded to similar signals. Hun Sen and his Cambodian People’s Party (CPP) have not demonstrated that they will tolerate real political competition. Instead, there are signs that politically

Inside This Issue

BIWEEKLY UPDATE

- Indonesia enacts long-awaited fuel subsidy cuts
- Buddhist leaders conference in Myanmar rejects interfaith marriage ban, calls for peace
- John Kerry to attend his first ASEAN Regional Forum on July 2

LOOKING AHEAD

- Discussion with USAID deputy director Donald Steinberg
- Event on Asia’s economic future
- Program on politics and economics in the Philippines

Hun Sen's Homegrown Political Risk *(continued)*



Cambodian prime minister Hun Sen has engaged in a concerted effort to entrench his party's rule and ignore calls for greater openness and competition.
<http://www.flickr.com/photos/86712369@N00/4008197834/>

related violence, corruption, and nepotism are characterizing the run-up to national elections. These trends suggest that Cambodia is not moving forward with its ASEAN partners and instead is home to a political instability that should concern its neighbors and ASEAN colleagues, including the United States.

Earlier this month, the CPP stripped all 27 opposition lawmakers of their parliamentary status, rendering them ineligible to run in next month's elections. The move is sadly consistent with other steps by Hun Sen and the CPP to undercut political rivals and thereby stunt the growth of a maturing political system in Cambodia.

The situation does not need to be this way. Hun Sen and the CPP have the opportunity to understand important lessons from their Southeast Asian neighbors. Through evolving political openness, empowering voters, and investing in building institutions that were sadly ignored or purposely kept weak during the post-colonial Cold War period, other governments are accommodating their increasingly discerning voters who have benefited from economic growth and now hunger for clean governance, rule of law, and a free flow of information. Regrettably, Cambodia's leadership is sending increasingly clear signals that such lessons will not be applied there. This could have dangerous implications for Cambodia's future.

It is possible that Hun Sen reads the situation differently. To be clear, Cambodia did not enjoy decades of strong economic growth like Malaysia, Singapore, and Thailand from the 1970s until today. Cambodia was trapped in its own very real nightmare, characterized by vicious political violence and genocide and resulting in political and cultural paralysis.

That situation is changing, thankfully, and today Cambodians are enjoying a period of relatively high economic growth. Hun Sen may argue that he needs to ignore the signals of his neighbors until Cambodia builds economic momentum and establishes a foundation for political reform. But the case of Myanmar suggests that such ideas are anachronistic: Myanmar decided to move forward with political reform and at the same time pursue economic reform and growth.

Cambodia has enjoyed strong economic growth and increased foreign investment under the CPP's rule. Annual growth in recent years has hovered near 7 percent. By the end of 2012, Cambodia boasted a per capita gross domestic product of \$970, a tremendous leap from the country's annual income of \$270 a decade ago. Expected to maintain 7 percent

Hun Sen's Homegrown Political Risk *(continued)*

growth in 2013, Cambodia is poised to reach the World Bank's lower-middle-income threshold this year. Foreign direct investment has also boomed, albeit largely through massive infrastructure projects funded by China.

For these reasons, Cambodians are generally optimistic about their country's future. A public opinion survey released in May by the International Republican Institute (IRI), a Washington-based democracy advocacy group, found that 79 percent of Cambodians felt their country was headed in the right direction, whereas in 2006 only 62 percent expressed confidence in the country's direction. Many cited an increase in the building of roads and schools as reasons for optimism.

But many infrastructure projects have been opposed by Cambodians who have suffered from landgrabs, forced relocation, and economic disenfranchisement. These same sets of conditions afflicted Chinese-funded projects in Myanmar and prompted demands for change, demonstrated most spectacularly by the government's cancellation in 2011 of the China-funded multibillion dollar Myitsone dam project.

The question, then, is whether Cambodians are paying for economic success with the currency of good governance and freedom. The evidence suggests not. Violent landgrabs, extrajudicial killings, crackdowns on activists, and corruption have continued alongside Cambodia's impressive economic performance. Regional history has shown this is a recipe for political instability.

Cambodia's rankings in international surveys on perceived corruption, press freedom, and property rights have plummeted or remain dismally low. Land seizures have affected 400,000 citizens, including a 14-year-old girl shot dead by authorities during an eviction in Kratie Province in 2012. The 20-year jail sentence levied on media owner and activist Mam Sonando for coverage of the event—he was later released following strong international pressure—underscored the government's increasing intolerance of criticism and dissent.

Cambodia is still one of ASEAN's poorest and least developed countries. For now, the government's generation of low-skilled jobs in rural areas and high-rise buildings in Phnom Penh will earn it more than enough votes in July. Earlier this month, Hun Sen ordered government officials to prepare for his victory, and recent announcements that sons of top CPP lawmakers will run for parliamentary seats indicate preparations for the next

Hun Sen's Homegrown Political Risk *(continued)*

generation's takeover in the coming years. The leadership's confidence in continued CPP rule is understandable.

As it prepares for its victory, however, the CPP would do well to take note of what is happening in neighboring countries. The average ASEAN voter today is increasingly engaged and discerning. Malaysia and the

Philippines saw record and near-record voter turnouts, respectively, this year. Cambodia is no different: a full 88 percent of respondents to the IRI survey said they intend to vote in the July national elections. A progressively younger citizenry largely explains the democratic frenzy. By 2020, half of the region's population will be under the age of 30.

Yet there is more at work in the democratic undercurrent of the region. The political landscape in Southeast Asia is increasingly competitive. Voters are demanding more from their elected officials than sporadic public works projects and salary increases, as shown in national elections in Malaysia, local elections in Jakarta, and by-elections in the Philippines. The energetic, active ASEAN voter is calling for fair and clean governance, genuine economic opportunity, and the freedom to consume and produce ideas without

interference. These demands are driving political competition and commanding better governance.

Eventually, Cambodia will also experience this shift. The extralegal intimidation of activists and journalists and disregard for free and fair electoral competition cannot continue indefinitely. A critical mass of Cambodians will, like their Southeast Asian neighbors, demand more. Entrepreneurs will call for the rule of law and the economic freedom necessary to create valuable, productive businesses. Fishermen and environmentalists will raise issue about the continuing impact of Chinese hydropower and coal initiatives on livelihoods and the environment. An increasingly connected and educated citizenry will become less tolerant of government crackdowns and control of opposing opinions.

Already, brave land-rights activists, journalists, opposition leaders, and farmers are drawing attention to these issues. Growing unrest about safety and wages at garment factories, which generate 75 percent of the



Indonesia's 2009 presidential candidates hold a series of televised debates.

Indonesia has led a movement toward more democratic and transparent governance in Southeast Asia, but Cambodia is bucking that trend. <http://www.flickr.com/photos/enda/3683338592/>

Hun Sen's Homegrown Political Risk *(continued)*

country's exports, underscores the need for improved regulation and rights for the country's labor force. As in other Southeast Asian nations, these voices will become louder in the coming years.

The CPP will overwhelmingly win the July 28 national elections. Hun Sen is safe for now, but his sons would be wise to pay close attention to the trajectory of Southeast Asian politics. Strong-arming, corruption, intimidation, and a refusal to play by the rules will not secure votes forever, likely not even for long. Real leadership is about coupling political reform with economic empowerment. Cambodians deserve as much. ■

INDONESIA

- **Government enacts long-awaited fuel subsidy cuts.** Fuel prices in Indonesia increased by over 40 percent on June 21 following a vote by the country's House of Representatives four days earlier to slash massive fuel subsidies. The price of subsidized gasoline rose from about \$0.12 to \$0.17 per gallon, and subsidized diesel from about \$0.12 to \$0.15 per gallon. Minor protests have erupted in Jakarta and other cities over the subsidy cuts, which labor groups say will spark inflation and hurt the poor. The central government on June 22 initiated a cash transfer program to the country's poorest families in an attempt to offset the effects of rising prices.

- **Smog from illegal forest clearing chokes Singapore and Malaysia.** Smog from intentional forest-clearing fires in Indonesia has wreaked havoc on air quality and disrupted daily life in Singapore and Malaysia. Authorities in both countries closed some schools and workplaces and cautioned citizens to stay indoors. While forest fires in Indonesia often affect its two neighbors, pollution in Singapore has hit unprecedented levels. The pollution standards index in Singapore hit 371 on June 20, well above hazardous levels and a record high for the country.

- **Corruption commission detains Riau governor.** The Corruption Eradication Commission (KPK) detained Riau governor and Golkar Party central executive board member Rusli Zainal on June 14. Rusli faces a 20-day detention for his alleged role in several corruption cases, including a forestry permit graft scheme and bribery of legislatures to increase the budget for the Riau venue of the 2012 National Games. The long-expected detention comes after the KPK's repeated questioning of Rusli for his involvement in the schemes. Riau is the Indonesian province with the worst forest fires, causing much of the smog over Malaysia and Singapore.

- **Mob in Papua burns down police station.** A mob destroyed a police station in the Papua town of Oksibil on June 16, injuring two police officers and two soldiers. The incident occurred after a police officer reportedly beat a local man who was intoxicated and was causing a disturbance. A Papua police spokesman denied the officer had committed any wrongdoing. Police on June 19 arrested 14 people in connection with the attacks.

- **U.S. report criticizes religious minority persecution; last synagogue in Java demolished.** The United States released an annual report on June



Air pollution in Kuala Lumpur. Smog from illegal forest-clearing fires in Indonesia has caused severe haze in Malaysia and Singapore, prompting health officials to ask people to stay indoors. http://commons.wikimedia.org/wiki/File:Haze_in_Kuala_Lumpur.jpg

18 that found Indonesia is not adequately addressing the persecution of religious minorities. The report criticizes the Indonesian government for failing to prevent attacks on minorities or prosecute those responsible. The report comes after extremists in May demolished Surabaya's Beth Shalom synagogue, the last synagogue in Java. Only one synagogue, located in North Sulawesi, remains in Indonesia.

MYANMAR

- **Buddhist leaders conference rejects interfaith marriage ban, calls for peace.** Buddhist religious leaders rejected a proposed law prohibiting marriage between Muslim men and Buddhist women in Myanmar following a June 13-14 conference in Yangon. Wirathu, a monk and leader of the "969 movement"—a reference to Buddhist tenets—thought to be behind much of the anti-Muslim violence that has erupted throughout Myanmar since 2012, proposed the law at the opening ceremony of the event. Organizers released a statement at the conference's conclusion calling for interfaith peace, and law and order.
- **ILO lifts ban on Myanmar.** The International Labor Organization (ILO) voted at its annual conference in Geneva on June 12 to lift decades-old membership restrictions on Myanmar. The decision follows the government's progress on trade union legislation and a pledge to end forced labor by 2015. It came just before opposition leader Aung San Suu Kyi arrived in Geneva. The ban's removal paves the way for Myanmar to join the ILO. Meanwhile, the European Union earlier in June voted to readmit Myanmar to its generalized system of preferences, allowing it to benefit from lower duties on exports to the EU.
- **Karenni joint monitoring committee established; government plans major conference with ethnic groups.** Representatives from the Karenni National Progressive Party and the Myanmar government agreed at the conclusion of peace talks on June 20 to form a joint monitoring committee to watch over ongoing peace agreements. The two sides also agreed to work toward a nationwide cease-fire accord. The Myanmar government plans to hold a major conference with ethnic groups in July in hopes of reaching such an accord, according to a June 20 report by the *Irrawaddy*.
- **Shwe Mann, parliamentary delegation visit the United States.** Lower House speaker and head of the ruling Union Solidary and Development Party Shwe Mann and several members of the Myanmar parliament visited the United States in mid-June. The delegation, invited by U.S. House of Representatives speaker John Boehner, met with members of Congress, the State Department, the business community, and civil society groups.



Monks receiving alms. A conference of Myanmar monastic leaders in mid-June rejected a proposed interfaith marriage ban and called for peace between Buddhists and Muslims. <http://www.flickr.com/photos/jasontabarias/4095848126/>

During a speech at a Washington think tank, Shwe Mann called for Myanmar to work toward an “inclusive society.” The nine-day trip was Myanmar’s first official parliamentary visit to the United States since a civilian government assumed power in March 2011.

- **Firms submit bids for oil and gas blocks as United States signs transparency agreement with Myanmar.** Exxon Mobil, Woodside Petroleum of Australia, and Oil India were among 59 pre-approved firms to submit letters of intent to explore for oil and gas in 30 blocks off the coast of Myanmar ahead of a June 14 deadline. The same day, the U.S. State Department announced it had formed a partnership with Myanmar to support implementation of the Extractive Industries Transparency Initiative, an international standard to promote accountability in the mining and hydrocarbon sectors. Myanmar’s proven natural gas reserves are estimated to be worth \$75 billion.

MALAYSIA

- **Opposition holds rally despite police warnings.** Opposition leader Anwar Ibrahim led thousands of supporters in a rally on June 22 in Kuala Lumpur dubbed “Black 505” to protest accusations of fraud during Malaysia’s closely contested May 5 national elections. The rally went forward despite city officials’ refusal to grant a permit and police warnings that action would be taken if it was held. Turnout was far below the 100,000 that some organizers predicted, with observers blaming both choking haze from fires in neighboring Indonesia and waning commitment after nearly two months of protests.
- **Sovereign wealth fund plans \$1 billion IPO.** Sovereign wealth fund 1Malaysia Development Bhd plans to raise about \$1 billion in a 2014 initial public offering (IPO) of its power plant assets, according to a June 17 *Wall Street Journal* report. The IPO will be the latest in a number of share sales by Malaysian companies that had put planned listings on hold due to uncertainty over the country’s May 5 general elections. The opposition Pakatan Rakyat coalition criticized 1Malaysia’s operations during the lead-up to the elections and promised to close the fund if elected.
- **U.S. littoral combat ship takes part in joint exercises.** The USS *Freedom*, the first of four U.S. littoral combat ships to be deployed to Singapore on a rotational basis, took part in the annual U.S.-Malaysia Cooperation Afloat Readiness and Training (CARAT) exercises in Kuantan, Malaysia, from June 15 to 23. CARAT Malaysia was the first of several maritime exercises the ship is to conduct with the U.S. Seventh Fleet and regional partners during its maiden deployment to Southeast Asia.



The littoral combat ship USS Freedom. The ship showed off its capabilities during June 15-23 joint exercises in Malaysia.
<https://upload.wikimedia.org/wikipedia/commons/0/0a/USS-Freedom-130222-N-DR144-174-crop.jpg>

- **UMNO senior leaders urge no contest for top posts.** United Malays National Organization (UMNO) secretary-general Tengku Adnan on June 16 urged party members not to contest the posts of party president and deputy president currently held by Prime Minister Najib Razak and Deputy Prime Minister Muhyiddin Yassin, respectively, during party elections expected in the fall. Former prime minister Mahathir Mohamad voiced his support for the decision on June 17. Many have predicted a challenge to Najib following the ruling coalition's poor showing in the May 5 national elections.
- **Petronas to invest \$16 billion in Canadian natural gas facility.** Malaysia's state-owned oil giant Petronas announced on June 11 that it plans to invest up to \$16 billion in two liquefied natural gas (LNG) plants on Lelu Island in British Columbia, Canada. The LNG project will capitalize on growing demand in Asia by selling to Japan Petroleum Exploration Co. The project will include a more-than-650-mile pipeline to be built by TransCanada at an estimated cost of \$5 billion.

THAILAND

- **Thailand slashes rice subsidy price by 20 percent.** Prime Minister Yingluck Shinawatra's government agreed on June 19 to cut the prices it pays farmers for subsidized rice by 20 percent to \$386 per metric ton. Yingluck pledged during the 2011 election campaign to buy unlimited quantities of rice for as much as 50 percent above the market price. Those subsidies have cost the government \$4.4 billion and significantly inflated the price of Thai rice. The subsidy cut is expected to bring down prices, but not enough to make Thai rice exports competitive with those from India and Vietnam.
- **Rebels place conditions on Ramadan cease-fire.** The southern insurgent group Barisan Revolusi Nasional (BRN) released a YouTube video on June 24 laying out conditions for a previously agreed-upon cease-fire, including the complete withdrawal of government troops and police. Thai officials and BRN representatives had agreed to reduce violence during the Muslim holy month of Ramadan when they met in Kuala Lumpur on June 13. Both sides also agreed to continue negotiations after Ramadan, which runs from July 8 to August 7. Critics have suggested that BRN issued conditions Bangkok would not accept because it cannot force other insurgent groups to honor a cease-fire.
- **Bank of Thailand concerned about rising household debt.** The Bank of Thailand has expressed concerns about rising household debt, which reached the level of 78 percent of the country's gross domestic product



A farmer in Thailand plants rice. The Thai government has agreed to reduce its subsidies to rice farmers by 20 percent, which is expected to reduce prices but not enough to make them competitive. <http://www.flickr.com/photos/xile/2344078072/>

in 2012. The government has introduced programs in recent years to encourage consumer spending, including tax rebates to first-time home and car buyers, that have led to increased consumer borrowing. The Bank of Thailand is reaching out to commercial banks to curtail personal loan advertisements and to promote financial responsibility in an effort to mitigate the problem.

- **Villagers protest Rohingya refugee camp.** Villagers in southern Thailand are protesting the planned construction of a temporary campsite in their neighborhood for Rohingya refugees from Myanmar. The villagers have expressed fears over their communities' safety and potential diseases from the refugees due to the proposed site's proximity to local schools and homes. Deputy Interior Minister Pracha Prasopdee visited the site on June 21 to meet with protestors and ease their concerns. The Rohingya refugees, who fled neighboring Myanmar following the outbreak of anti-Muslim violence in May 2012, are camped in southern Thailand as the government searches for a third country to take them in.

PHILIPPINES

- **Philippines destroys five tons of illegal ivory.** Department of Environment and Natural Resources (DENR) secretary Ramon Paje announced on June 21 that the Philippines has started destroying five and a half tons of ivory, mainly elephant tusks, smuggled into the country from Africa and seized by authorities between 1996 and 2009. The World Wildlife Fund estimates the total cost of the ivory being destroyed at \$10 million, though DENR says it is worth only about \$2.2 million because it is not premium quality. The Philippines is the first country in Asia to publicly destroy a stockpile of smuggled ivory, according to Paje.
- **Manila, Taipei agree to avoid force in fishing disputes.** Taiwan's Foreign Ministry on June 16 said that Taipei and Manila have agreed not to use force in fishing disputes between the two countries. Officials reached the agreement on June 14 following their first preparatory meeting on fishery cooperation in Manila. The Philippines and Taiwan agreed to share maritime law enforcement procedures and establish means of effective notification whenever actions are taken against vessels of the other party. The Philippines and Taiwan have been seeking to reduce tensions since the May 9 killing of a Taiwanese fisherman by the Philippine coast guard.
- **Philippines seeks to procure missile systems from Israel.** Communications Secretary Ricky Carandang confirmed on June 15 that the Philippines will be procuring surface-to-air missiles and multiple-launch rocket systems from two Israeli defense contractors. A report from the



Elephant tusks seized from poachers in Garamba National Park in the Democratic Republic of the Congo. The Philippines is burning five tons of ivory smuggled from Africa between 1996 and 2009.
<http://www.flickr.com/photos/7545702@N07/8931506782/>

Manila Standard identified the firms as Rafael Advanced Defense Systems Ltd. and Israel Military Industries Ltd. The paper reported that Defense Secretary Voltaire Gazmin is rumored to be heading to Israel in late June to sign the agreement. The systems could be shipped to the Philippines within three to six months once an agreement is signed.

VIETNAM

- **Two bloggers arrested in a month.** Police in Vietnam arrested one of the country's most prominent bloggers, Pham Viet Dao, on June 14 for "abusing democratic freedoms," according to the Ministry of Public Security's Web site. Dinh Nhat Uy was arrested two days later for posting "slandorous and erroneous" reports online. Uy's brother, Dinh Nguyen Kha, who was arrested in October 2012, was sentenced to eight years in prison on May 10 for "spreading propaganda." Authorities have convicted 46 bloggers and activists so far in 2013, significantly more than in 2012.
- **President Sang visits Beijing, pledges cooperation with China.** President Truong Tan Sang paid an official three-day visit to Beijing on June 19–21 for talks with Chinese president Xi Jinping. The two leaders pledged to pursue cooperative measures in settling territorial disputes, agreed to comprehensively implement the 2002 Declaration on the Conduct of Parties in the South China Sea, and extended until 2016 an agreement on joint exploration for oil and gas in the Gulf of Tonkin. They also agreed that their countries will take necessary measures to maintain stable growth in bilateral trade.
- **More petroleum distributors join Vietnamese market.** The Ministry of Industry and Trade on June 17 awarded four private businesses and joint stock companies the licenses required to operate as petroleum distributors in Vietnam. Just six distributors account for 90 percent of market share in Vietnam, but the entry of new companies could lead to a more competitive domestic petroleum market. Vietnam now has a total of 17 petroleum distributors.
- **Anticorruption curriculum to be taught in schools.** Prime Minister Nguyen Tan Dung on June 17 issued a directive ordering the government to develop an anticorruption curriculum to be taught in high schools, colleges, and universities beginning in the 2013–2014 academic year. The Ministry of Education and Training has been tasked with guiding schools in the introduction of the new curriculum. The government inspectorate has been told to compile documents on corruption prevention and to update its Web site with corruption cases in Vietnam and abroad. It is also responsible for monitoring the implementation of the new curriculum.



Vietnamese president Truong Tan Sang, who met with his Chinese counterpart, Xi Jinping, during a visit to China on June 19–21. https://upload.wikimedia.org/wikipedia/commons/1/14/Truong_Tan_Sang.jpg

ASEAN

- **John Kerry to attend his first ASEAN Regional Forum on July 2.** Secretary of State John Kerry began a multination trip on June 21 that will include stops in the Middle East and India before wrapping up with his first appearance at the ASEAN Regional Forum (ARF) on July 2 in Brunei. ASEAN foreign ministers will convene for the ASEAN Ministerial Meeting on June 29–July 1, followed by the ARF, which involves 27 countries and the European Union. Officials are expected to discuss ASEAN economic integration, sovereignty disputes in the South China Sea, and North Korea’s nuclear program.
- **Singapore, Malaysia lead ASEAN in Global Peace Index.** The Institute for Economics and Peace’s 2013 Global Peace Index (GPI), released on June 11, showed mixed results for ASEAN member states. The GPI measures internal and external peace in 162 countries according to 22 indicators. Singapore and Malaysia ranked among the most peaceful countries in the world, placing 26th and 29th respectively. The Philippines (129th), Thailand (130th), and Myanmar (140th) ranked among the least peaceful. The report found that, overall, the world has become 5 percent less peaceful since 2008.
- **ASEAN less protectionist than developed nations.** ASEAN members implemented significantly fewer protectionist measures between June 2012 and May 2013 than their counterparts in the European Union and the Group of Eight (G8), according to the Centre for Economic Policy Research’s Global Trade Alert (GTA). The GTA provides real-time information on measures taken during the global economic crisis that discriminate against foreign commerce. ASEAN implemented 136 protectionist measures, compared to the European Union’s 375 and the G8’s 548. Indonesia, with 71 measures, was more protectionist than all other ASEAN countries combined.
- **Trafficking in Persons report shows minimal changes in ASEAN.** The U.S. State Department’s 2013 Trafficking in Persons (TIP) report, released on June 19, shows minimal changes for ASEAN members since 2012. The TIP ranks countries in four categories based on their efforts to combat trafficking, with the best ranking in Tier 1 and the worst in Tier 3. No ASEAN member ranked in Tier 1. Most were placed in Tier 2, with Myanmar, Thailand, Malaysia, and Cambodia on the Tier 2 Watch List, meaning their anti-trafficking efforts are insufficient and they risk being downgraded next year if they do not improve. Cambodia, which moved down from Tier 2, was the only ASEAN member whose rank changed from 2012.

SOUTH CHINA SEA

- **New judge appointed for Philippines-China case.** The Philippine Foreign Ministry announced on June 25 that Shunji Yanai, president of the International Tribunal of the Law of the Sea, has appointed Ghanaian judge Thomas Mensah to lead the five-member tribunal that is hearing Manila's case against Beijing's claims in the South China Sea. Mensah replaces Sri Lankan judge Chris Pinto, who resigned from the tribunal on May 6 to avoid a conflict of interest because his wife is a Philippine national.
- **WWF report says South China Sea among waterways with highest incidence of shipping accidents.** A new report released by World Wildlife Fund (WWF) on June 7, entitled *Accidents at Sea*, identifies the South China Sea as among the world's most dangerous waters for shipping accidents. There have been 293 shipping accidents in the South China Sea and East Indies, home to 76 percent of the world's coral species, since 1999, the most for any body of water in that period. WWF blames the volume of accidents in the disputed waters on the region's large number of tramp steamers, older vessels, and unregulated flags of convenience.
- **Philippines deploys marines to Second Thomas Shoal.** Philippine defense secretary Voltaire Gazmin said on June 19 that Manila has deployed a new contingent of marines to Second Thomas Shoal in the Spratly Islands. The feature has been occupied by Philippine forces since 1999. A Chinese warship and a surveillance vessel appeared near the disputed shoal on May 25 and Chinese ships have remained in the area since, sparking diplomatic protests by Manila. Gazmin said he discussed the marine deployment with Chinese ambassador Ma Keqing to avoid a confrontation. China's Foreign Ministry on June 21 condemned the Philippine's "illegal occupation" of the shoal.

CAMBODIA

- **Appeals court upholds conviction of land activist.** The Phnom Penh Court of Appeals on July 14 upheld the guilty verdict of Yorm Bopha, a prominent land rights activist. The 29-year-old mother had campaigned for the release of the Boeung Kak 13, a well-known land rights group that has led protests against the forced eviction of thousands of residents near Boeung Kak Lake in Phnom Penh since 2007. Yorm Bopha was sentenced to three years imprisonment in December 2012 on politically orchestrated charges of ordering an assault on two motorbike taxi drivers.
- **Opposition lawmakers seek return to Parliament.** Fourteen of the 27 opposition lawmakers stripped of their positions petitioned the



Philippine marines. Manila has deployed new marine forces to Second Thomas Shoal amid tensions over the presence of a Chinese warship and surveillance vessel in the area. <http://www.flickr.com/photos/42751184@N06/5931987387/>



Supporters of opposition leader Sam Rainsy. Elected officials from Sam Rainsy's new party, the Cambodia National Rescue Party, have petitioned for a constitutional review of a decision to remove them from Parliament. <http://www.flickr.com/photos/quartje/2630532409/>

Constitutional Council on June 19 to review the legality of their removal from Parliament. A legislative committee composed entirely of ruling Cambodia Peoples Party (CPP) members voted on June 5 to strip all opposition lawmakers of their salaries and status, precluding them from participating in the upcoming July 28 national elections. The CPP said that by trying to run under the newly formed Cambodia National Rescue Party, the lawmakers had violated election rules by maintaining membership in more than one party.

- **Thailand, Cambodia commit to cooperation and peace along contentious border.** Cambodian foreign minister Hor Namhong said during a June 17 meeting with United Nations Educational, Scientific, and Cultural Organization director-general Irina Bokova in Phnom Penh that Cambodia and Thailand have agreed to maintain stability and peace along their border after the International Court of Justice rules on ownership of disputed land near the Preah Vihear temple. That decision is expected in October. Hor Namhong's statement follows a June 11 pledge by Cambodia and Thailand to boost connectivity and trade along their shared border.

SINGAPORE



Singapore's financial district is home to many of the world's banks. The government has decided to censure 20 banks for manipulating interest rates. <http://www.flickr.com/photos/99233151@N00/2544935298/>

- **Singapore censures 20 banks over rate manipulation.** The Monetary Authority of Singapore (MAS) censured 20 of the world's largest banks on June 14 for attempted manipulation of local benchmark interest rates, a move that is part of financial regulators' investigation of a larger rate-rigging scandal. MAS found that 133 traders at the censured firms had tried to influence the local benchmark rate for their own financial gain since 2007. Three-quarters of the traders identified have already resigned or been fired, while the rest face disciplinary action, including loss of bonuses, according to MAS.
- **Government launches Web site on labor market data.** Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam said on June 17 that the government of Singapore has adopted a new "Open Data" philosophy, launching a Web site that will make information on the local labor market available to the public. The new data service, called "Population Query," will allow Singaporean citizens access to government data such as an area's demographics, available schools, transport options, and other amenities. The government also plans to encourage crowd-sourcing of information, as well as research and analysis on issues of public concern through the Web site.

BRUNEI

- **Crown prince calls on Islamic financial institutions to adopt public-private partnerships.** Crown Prince Al-Muhtadee Billah called on Brunei's Islamic financial institutions on June 18 to consider adopting public-private partnership (PPP) models to help realize the country's National Development Plan. Islamic finance institutions are playing an increasingly significant role in Brunei's international trade and cross-border investments. Adopting PPP models, according to the prince, will gain the Islamic finance model wider market access by providing it with legal and regulatory certainty and making it more accepted internationally.
- **Brunei hosts sports day to build camaraderie between nations.** Brunei hosted a sports day on June 14 to build camaraderie among the 18 countries that participated in the ASEAN Humanitarian Assistance/ Disaster Relief and Military Medicine Exercise from June 16 to June 20. Medical personnel from all 10 ASEAN countries and the other eight members of the East Asia Summit, including the United States, participated in the sports competition. A joint China-Singapore team won the relay race and the Japan-Thailand team won the tug-of-war competition.
- **Royal Brunei Airlines first in Southeast Asia to operate 787s.** Royal Brunei Airlines (RBA) will become the first company in Southeast Asia to operate Boeing 787 Dreamliners, with four to be placed into service by the end of 2013. RBA is one of the smallest flag carriers in Asia, but it is revamping its fleet of planes to improve efficiency and usher in a new brand of service. RBA has historically been unprofitable due to its relatively few routes and Brunei's small population. The Centre for Aviation says that RBA will find it difficult to become profitable even with the 787s.

LAOS

- **Dengue outbreak could be worst in country's history.** Officials with Laos's Ministry of Health and the World Health Organization warned during an ASEAN Dengue Day meeting on June 18 that Laos may be experiencing the worst outbreak of the disease in its history. They said the outbreak could soon reach epidemic levels. Thirty-one people have died so far in 2013, with the number of reported cases far exceeding that of the same period for recent years. Children are especially vulnerable to dengue, with children under 15 suffering rates of infection eight times higher than the rest of the population.
- **South Korea resettles 20 North Korean defectors from Laos.** South Korea has facilitated the transfer of 20 North Korean defectors from Laos to



A Royal Brunei Airlines Boeing 777-200. The carrier will become the first in Southeast Asia to operate Boeing's new 787 Dreamliners. <http://www.flickr.com/photos/46423105@N03/8159251518/>



A hospital in Laos. Dengue fever has taken the lives of 31 people, making this year's outbreak possibly the worst in Laos's history. <http://commons.wikimedia.org/wiki/File:MuangKhounHospital.jpg>

Seoul, according to a June 18 report from *Chosun Ilbo*. The South Korean Embassy in Vientiane had housed the defectors for several weeks after Laos deported a number of orphaned North Korean defectors to China in late May. South Korean rights groups strongly condemned that decision, citing China's policy of repatriating defectors to North Korea, where they face harsh punishment.

TIMOR-LESTE

- **Noeleen Heyzer appointed UN special adviser for Timor-Leste.** UN secretary-general Ban Ki-moon appointed Noeleen Heyzer as special adviser for Timor-Leste on June 10. Heyzer will assume the role in addition to her current posts as under-secretary general of the United Nations and executive secretary of the Economic and Social Commission for Asia and the Pacific. Heyzer previously led initiatives in Timor-Leste on gender violence, gender inequality, and political participation in her previous role as head of the UN Development Fund for Women.
- **Timor-Leste launches national fish farming program.** The government of Timor-Leste on June 18 announced the launch of a national fish farming program to fight poverty and malnutrition. Small famers will be provided technical support and financial services with the goal of developing small and medium-size aquaculture projects alongside existing agriculture. The U.S. Agency for International Development-funded Coral Triangle Support Partnership is among the program's funders.

MEKONG RIVER

- **Report says dams threaten extinction of Mekong catfish.** The World Wildlife Fund released a report June 20 saying the planned Xayaburi dam in northern Laos may threaten the giant Mekong catfish with extinction. The hydropower dam, located on the mainstream of the Mekong River, may prevent the large fish from migrating upstream. The catfish, which can weigh more than 600 pounds, are a major food source for the greater Mekong population. Cambodia and Vietnam have both objected to the \$3.5 billion project due to its potential negative environmental and food security impacts on the greater Mekong region. ■



UN under-secretary Noeleen Heyzer. Secretary-General Ban Ki-moon recently appointed Heyzer as special adviser for Timor-Leste. http://upload.wikimedia.org/wikipedia/commons/4/4d/Noeleen_Heyzer_2012.jpg

Looking Ahead

- **Discussion with USAID deputy director Donald Steinberg.** CSIS will host an “exit interview” with Donald Steinberg, outgoing deputy director of the U.S. Agency for International Development, on June 27 as part of the ongoing “Chevron Forum on Development” series. Steinberg will discuss a number of issues facing the development agenda, including the future of the Millennium Development Goals, procurement reform, and the evolving role of the private sector. The event will take place from 3:30 p.m. to 4:30 p.m. in the CSIS B1 Conference Center, 1800 K St., NW. Please e-mail ChevronForum@csis.org to RSVP.
- **Event on Asia’s economic future.** The American Enterprise Institute (AEI) will hold a panel discussion on June 28 titled “Asia’s Economic Future: What’s the Outlook for Trade and Integration?” AEI’s Claude Barfield, the U.S.-Japan Business Council’s James Fatheree, and the Chinese Taipei Asia-Pacific Economic Cooperation Study Center’s Mignonne Chan will share their perspectives on Asia’s economic integration. The event will be held from 9:00 a.m. to 10:30 a.m. at 1150 7th Street, NW. Please RSVP [here](#).
- **Program on politics and economics in the Philippines.** The Asia Foundation will host a program on June 28 titled “Moving Forward: Philippine Elections and a Hot Economy.” The Asia Foundation’s country representative to the Philippines, Steven Rood, will discuss the recent Philippines’s May midterm elections, President Benigno Aquino’s reform agenda, and the country’s strong economic growth. For more information, please contact [Elizabeth Matthews](#).
- **Discussion on liquefied natural gas exports to Asia.** The CSIS Energy and National Security Program and Wadhvani Chair in U.S.-India Policy Studies will cohost a discussion July 10 on “Expanding U.S. Trade Markets: Exploring Liquefied Natural Gas Exports.” Congressman Charles Boustany (R-LA) will join CSIS’s Amb. Karl Inderfurth and Sarah Ladislav to explore opportunities for U.S. gas exporters to provide clean natural gas and deepen the commercial relationship between the United States and Asia. The event will take place from 8:30 a.m. to 10:00 a.m. in the CSIS B1 Conference Center, 1800 K St., NW. Please RSVP to externalrelations@csis.org. ■

SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

CSIS Sumitro Chair for Southeast Asia Studies contributors:

Ernest Bower, Senior Adviser and Chair
Murray Hiebert, Senior Fellow and Deputy Director
Gregory Poling, Research Associate
Phoebe De Padua, Researcher
Amy Killian, Researcher
Jeremiah Magpile, Researcher
Matthew Hnatio, Researcher
Noelan Arbis, Researcher

For more details on our programs and to follow CSIS with real-time updates, follow the CSIS Chair for Southeast Asia Studies:



On Facebook at <http://www.facebook.com/CSISSoutheastAsia>



On Twitter at [@SoutheastAsiaDC](https://twitter.com/SoutheastAsiaDC).



On our blog, [cogitASIA](http://cogitASIA.com) at <http://cogitASIA.com>

Thank you for your interest in U.S. policy in Southeast Asia and the CSIS Sumitro Chair for Southeast Asia Studies. Join the conversation!

This newsletter is published by the Sumitro Chair for Southeast Asia Studies at the Center for Strategic and International Studies (CSIS) in Washington, D.C., a private, tax-exempt institution focusing on international public policy issues. CSIS's research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2013 by the Center for Strategic and International Studies. All rights reserved.