Enter the Elephant: India Is Part of Asia

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Ganesh, the elephant-headed Hindu god, is considered an important symbol in India and is widely revered in mythology as the “remover of obstacles.” Strategically, including India in new strategic conceptions of Asia could help to do exactly that—remove obstacles, enhance balance, and help create regional architecture robust enough to welcome rising super powers in a manner that preserves peace and prosperity in Asia and globally.

Encouraging India to focus on Asia should be a shared interest of the United States, ASEAN, and other Asian powers. India clearly understands the benefits of deeper engagement in Asia; Prime Minister Manmohan Singh’s “Look East” policy articulates the strategic and economic benefits with lucidity. Still, the policy is not being implemented with the kind of energy that makes partners believe India is serious. Security in the Indian Ocean combined with the prospect of new markets and investment opportunities should be compelling entry channels, but an all-encompassing focus on Pakistan is monopolizing foreign policy bandwidth in New Delhi.

To the extent that Southeast Asia’s diverse countries share a foreign policy and national security outlook, the focus of common interest is balancing great-power influence in the Asia Pacific and Indian Ocean. U.S. secretary of state Hillary Clinton called the Association of Southeast Asian Nations (ASEAN) the “fulcrum for the region’s emerging regional architecture.” The region is comfortable with that concept, namely being the center of a balanced, peaceful, and prosperous Asia.
Enter the Elephant: India Is Part of Asia  (continued)

ASEAN countries want to benefit from the growing economic dynamism of their large neighbors China and India, but as their economic interdependence with these regional giants expands, ASEAN is becoming increasingly wary of the longer-term intentions of China. It perceives India to be less engaged in Asia and more focused on domestic issues and Pakistan. While desiring engagement, balance, and even commercial competition between the world’s largest economies, ASEAN wants to avoid a paradigm shift in which it finds itself at the center of great-power confrontation.

In this context, ASEAN is looking to repeat its early success in welcoming a large neighbor with unclear intentions and aspirations into a community of nations to promote peace and growth. ASEAN was founded in Thailand in 1967, motivated at least in part by creating a regional framework to accommodate Indonesia. Sukarno had confronted Malaysia and Singapore during konfrontasi and needed to be convinced that Indonesia could exercise its power and influence while respecting the sovereignty of its neighboring countries and reap benefits from promoting mutual security and economic interests. ASEAN’s success in assimilating Indonesia is clear.

Fast-forward to today. China has stirred atavistic antibodies in ASEAN over the last 18 months by using language such as “indisputable sovereignty” and “core interest” in reference to the South China Sea, through its unwillingness to compromise on allowing ASEAN to coordinate as a group for negotiations over disputed territory in the South China Sea, by its handling of maritime disputes in north Asia (specifically the Senkaku and Diaoyu islands), and via its response to North Korea’s aggressive acts against South Korea. China has not used such language in reference to the Indian Ocean, but there are real concerns among ASEAN countries about China’s intent in pursuing a military presence there—the “String of Pearls”—through its efforts in Burma, Bangladesh, Sri Lanka and Pakistan. There are also concerns about China’s foreign policy in “buffer states,” including North Korea, Burma, and to a certain extent Pakistan. Changing the paradigm in these countries could augur an even brighter future for stability and economic growth in Asia.

ASEAN generally views Indian engagement as less strategically focused and more commercial in nature than China’s. This is a posture the region would be comfortable with if it were not concerned about China’s intentions. Given heightened anxieties about China, there is interest among some ASEAN countries in promoting a more proactive Indian engagement in Southeast Asia and regional architecture. It is important to point out that ASEAN has no interest in containing China, but is motivated instead to develop a regional framework that can accommodate and provide enough ballast to

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help smooth the edges of an ascendant China so that it will focus on growth while respecting the sovereignty of its neighbors and vital “public goods” such as the sea lanes of communications (SLOCs). ASEAN can emphasize these themes during the ASEAN-India Dialogue in Delhi on March 2-3.

The United States has shared interest with ASEAN in promoting balance, peace, and prosperity in Asia. To that end, the United States has become more proactive and serious about regional architecture, deepening ties with allies, expanding new strategic partnerships and seeing India more engaged. To be effective in this context, the United States should take the following steps:

1. Take regional architecture seriously. Send President Obama to his first East Asia Summit (EAS) in Jakarta this fall with a listening brief and statesman like posture. Do not try to rationalize the structure and drive the agenda explicitly in his inaugural engagement. Prepare by supporting friends and like-minded members.

2. Strengthen ASEAN. Invest in building ASEAN’s capacity and capabilities to attain its economic, political, and social integration goals. Coordinate closely with allies such as Japan, Australia, and Korea in this effort, leveraging their myriad strengths and resources.

3. Encourage India to engage strategically and energetically in security efforts in the Indian Ocean and specifically in ASEAN, the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers’ Meeting Plus (ADMM +), and the East Asia Summit. Secretary Clinton’s upcoming visit to India presents an ideal venue for this effort.

4. Seek India’s support, in its role as current chair of the United Nations Security Council, for the candidacy of Dr. Surin Pitsuwan as the next United Nations Secretary General. Dr. Surin is the current ASEAN Secretary General, former Thai foreign minister, and an outspoken advocate of moderate Islam.

5. Reshape the bureaucratic divisions of South Asia and East Asia in foreign policy, defense, and national security structures within the U.S. government.

The colonial-era lines dividing South Asia and East Asia are being practically erased by business, people-to-people ties, transnational shared interests, and geostrategic balancing. The new US strategic perspective of the region should take these trends into account. Doing so will send timely encouragement to our friends in India and Southeast Asia.
THAILAND

- **Six dead after Thai and Cambodian troops clash.** Thai and Cambodian troops exchanged heavy fire over the disputed Preah Vihear temple resulting in the deaths of three Cambodians—two civilians and one soldier—and three Thai—twosoldiers and one civilian. The temple was also damaged by artillery shelling. Cambodian prime minister Hun Sen has asked the United Nations Security Council to intervene after three days of skirmishes, and ASEAN Secretary General and former Thai foreign minister Dr. Surin Pitsuwan has offered ASEAN's support. The Royal Thai Government has rejected international mediation. The clash was triggered by Cambodia’s rejection of Thailand’s demand to remove its flag from Wat Keo Sikha Kiri Svara near the disputed temple as well as by the recent guilty verdict handed down by the Phnom Penh Municipal Court, which sentenced Thai activists Mr. Veera Somkwamkid and his assistant Ratree Pipatanapaiboon to eight- and six-year sentences, respectively, for espionage and trespassing in Cambodian territory. Thailand’s People’s Alliance for Democracy (PAD)—known as the yellow shirts—and its ally Thai Patriot Network (TPN) arranged mass rallies at Government House to pressure the government to take a more assertive position in the border dispute.

- **Elections on the horizon.** Prime minister Abhisit Vejjajiva said that if the charter amendment on the electoral system is passed on February 11, he will dissolve the House and call for snap elections. Sources suggest that there is enough support in Parliament to see this through. However, the opposition Puea Thai Party may file a censure motion against the ruling coalition. According to the Thai constitution, the prime minister may not call for a House dissolution during a vote of no confidence. Puea Thai MP Mingkwan Sangsuwan has been selected to lead the censure debate and is a possible prime ministerial candidate.

- **Telephone Organization of Thailand (TOT) claims $6.8 billion from private sector.** The state-owned TOT is seeking $6.8 billion from four major telecommunication firms: AIS, DTAC, True Corp, and TT&T. The TOT is claiming damages on concession amendments and the telecom excise that were made over several governments. Seven amendments have been made regarding the excise since 2001. The Information and Communication Technology (ICT) Ministry has received the approval from the cabinet to set up a committee to review the petition and report back to the cabinet on February 18, 2011.
BURMA/MYANMAR

· Aung San Suu Kyi speaks at Davos. Burmese pro-democracy leader Aung San Suu Kyi urged the world’s political and business elite not to forget the people of Burma as they rebuild the global economy during a videotaped presentation played at the World Economic Forum in Davos. She did not mention sanctions in her speech, but appealed to those present to help promote “national reconciliation, genuine democratization, human development, and economic growth” in Burma. Read her full speech here:

· Burma’s new parliament convenes. Burma’s new parliament convened for the first time on January 31. This was the first time a legislative body has met since 1988. The military bloc in parliament exercised its constitutional right to nominate its own candidate to become the president, electing Thein Sein. The military is closely aligned with the Union Solidarity and Development Party (USDP), which won 80 percent of the new parliament’s 600 seats. The National League for Democracy, the party led by Nobel laureate Aung San Suu Kyi, is not represented in the legislative body as it boycotted national elections in November 2010.

· New leadership in Burma. Former prime minister and former general Thein Sein was named the first civilian president of Burma on February 4. The junta’s former third-in-command, Shwe Man, was elected by the new parliament on January 31 to become the chairman of the lower house of Parliament. While military general Than Shwe was not on any of the lists for the leadership, the 77-year-old is unlikely to relinquish real power and will remain the supreme military commander of the country.

INDONESIA

· No Need to be a BRIC, Indonesia is a MIST. Goldman Sachs analyst Jim O’Neill, who coined the acronym BRIC (Brazil, Russia, India, China) to focus on the world’s largest and fastest-growing major markets, has now refocused on MIST (Mexico, Indonesia, South Korea, and Turkey) as the critical next-tier emerging markets. Based on size and growth outlook, O’Neill may consider swapping Russia and Indonesia and reordering his acronyms to create BIIC and MSTR.

· SBY: Indonesia will feature in “Asia’s renaissance.” At the World Economic Forum at Davos, Indonesian president Susilo Bambang Yudhoyono (SBY) pointed out that “Asia is of course more than China, Japan, and India.” While Asia as a whole is undergoing strong and rapid
economic and social resurgence, Indonesia, as a powerful regional actor, will “feature prominently in Asia’s renaissance.” Indonesia is the only ASEAN member of the G20. Its global influence is set to expand as it assumes the chairmanship of both ASEAN and the East Asia Summit (EAS) and prepares to chair the Asia Pacific Economic Cooperation (APEC) forum in 2013. For a detailed analysis on Indonesia’s role in the world, read “Indonesia Steps onto the World Stage” by Ernest Bower, CSIS Southeast Asia Program senior adviser and director, on the CSIS Asia policy blog, cogitASIA: http://cogitasia.com/indonesia-steps-onto-the-world-stage/.

- **Anticorruption push nets politicians.** The Indonesian Corruption Eradication Commission (KPK) recently detained three more current and former legislators allegedly involved in the $2.7 million bribery scandal surrounding Miranda Goeltom’s 2004 appointment as deputy governor of Bank Indonesia, the country’s central bank. The three politicians, Budningsih, Willem Tutuarima, and Rusman Lumbantoruan, are members of the Indonesian Democracy Party of Struggle (PDI-P). A total of 22 suspects have been detained in relation to this case.

- **Inflation is major threat to growth.** As part of urgent efforts to combat inflation, Indonesia will suspend import duties on rice, soybeans, and wheat. Last week, the government bought five times as much rice as had been expected, lifting regional prices. Neighboring countries are also dealing with inflation. Thailand will import 120,000 tons of cooking oil and placed a price ceiling on the staple in order to help consumers and businesses in the food industry.

**ASEAN**

- **U.S.-Japan-ASEAN Trilateral Strategic Dialogue.** In January, CSIS organized a track 1.5 trilateral strategic dialogue in Maui, Hawaii, to explore ways in which the United States, Japan, and members of ASEAN can collaborate to ensure regional peace and prosperity. Cochaired by CSIS Southeast Asia Program director and senior adviser Ernest Bower and Japan Chair Michael Green, the dialogue focused on deeper U.S. and Japanese engagement with ASEAN and examined areas for cooperation in international security, economic integration, and Asia’s institutional architecture. Key findings included the recognition that the U.S.-Japan alliance is the cornerstone of regional security in Asia; that the United States, Japan, and ASEAN have found China’s economic dynamism and investments to be economically beneficial for the region, even though there have been security concerns over China’s aggressive posturing in the
South and East China seas; and that effective regionalism involves nations with common interests focusing on delivering results. Recommendations included enhancing focus on institution building and good governance; promoting annual convening of the ASEAN Defense Ministers’ Meeting Plus (ADMM+); supporting the inclusion of Japan, Korea, and additional ASEAN countries in the Trans-Pacific Partnership (TPP); and establishing a U.S.-Japan-ASEAN infrastructure task force to identify ASEAN’s primary infrastructure needs for the next 20 years. See the full report here: http://csis.org/files/publication/110105_Bower_USJpanASEAN.pdf.

- ASEAN, China foreign ministers meet in Yunnan. Foreign ministers from ASEAN and China met in Yunnan, China, in January 2011 to explore long-term strategic cooperation. China was a lavish host, working hard to recover confidence it lost last year over its aggressive position on the South China Sea. Issues discussed included regional connectivity, the ASEAN-China Free Trade Area, sociocultural exchanges, and cooperation within the East Asia Summit. ASEAN secretary general Surin Pitsuwan suggested the emphasis of this meeting was on the need to strengthen people-to-people interactions between the two sides to enhance mutual understanding. The foreign ministers also inspected the 1,750-kilometer-long Kunming-Bangkok highway and suggested proposals on maritime and aviation connectivity. Since 2010, the ASEAN-China Free Trade Area has provided investment access to a combined market of 1.9 billion people, accounting for a gross domestic product (GDP) of $6 trillion and a total trade value of $4.5 trillion. ASEAN foreign ministers have agreed to make a similar journey to India next year.

- ASEAN ministers suggest lifting Burma sanctions. During their annual retreat in January hosted by Indonesia on the island of Lombok, ASEAN foreign ministers suggested that economic sanctions against Burma should be lifted, as the military has held national elections and Aung San Suu Kyi has been released. The foreign ministers called on the United States, the European Union, Canada, and Australia to revise the sanctions provisions they have imposed on Burma. U.S. sanctions include a ban on imports, as well as restrictions on financial transactions and foreign investment in Burma. ASEAN foreign ministers have also urged Burma’s government to move forward with efforts to make reconciliation with Aung San Suu Kyi and Burma’s political opposition. Reactions toward ASEAN foreign ministers’ remarks have been mixed. Some groups suggested that lifting sanctions would be premature, as the legitimacy of the last Burmese elections was doubtful; but other analysts suggested that lifting sanctions would promote greater foreign investments for U.S.
companies to operate in Burma. Aung San Suu Kyi criticized ASEAN for the recommendation emphasizing the need for real political reform before releasing pressure on the ruling junta-controlled government.

THE PHILIPPINES

- **United States and Philippines hold first strategic dialogue.** The Philippines and the United States held their first strategic bilateral dialogue in Manila on January 26-27, 2011. The dialogue was led by Erlinda F. Basilio, Undersecretary for Policy (Department of Foreign Affairs); Kurt M. Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, U.S. Department of State; Pio Lorenzo F. Batino, Undersecretary for Legislative Affairs and Strategic Concerns (Department of National Defense); and Derek J. Mitchell, Principal Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs, U.S. Department of Defense. The talks focused on the evolving regional architecture in the Asia-Pacific region and maritime security in the South China Sea; trade and economic cooperation; humanitarian assistance and climate change; and the promotion of human rights. The Philippine Navy is in talks with the United States to buy a Hamilton-class coastguard cutter to improve the country’s military facilities. The two countries have also been looking for ways to strengthen their economic partnership. Negotiations on the Philippines TPP membership have been mentioned, and U.S. economists and the Philippine government have been working together to identify factors that constrain the country’s economic growth. See CSIS senior adviser Ernie Bower’s interview with U.S. ambassador to the Philippines Harry K. Thomas: [http://csis.org/multimedia/video-interview-ernest-bower-interviews-us-ambassador-philippines-harry-k-thomas-jr](http://csis.org/multimedia/video-interview-ernest-bower-interviews-us-ambassador-philippines-harry-k-thomas-jr).

- **Economy on the rise.** The Philippine economy grew at its fastest pace in over 20 years in 2010, expanding at 7.3 percent. The National Statistical Coordination Board suggested that the main reason for the strong performance was record growth rates of foreign trade. The country welcomed record tourist arrivals of 3.52 million in 2010. Analysts have suggested that the economic growth is also a vote of confidence for President Aquino and his plans to address corruption, institutionalize reform, and promote investment through public-private partnerships.

- **Agreement with Vietnam on food security.** The Philippine government renewed an agreement with Vietnam for the supply of up to 1.5 million metric tons of rice annually until 2013. Agriculture Secretary Proceso Alcala said the renewal was made in the face of growing concerns over
Southeast Asia from the Corner of 18th & K Streets  February 9, 2011 | 9

food security following a series of climate-related calamities that affected food-producing countries. Secretary Alcala suggested that the Philippines will achieve rice sufficiency by 2013 and may no longer have to import rice by that time. To sustain the country’s food demands in the long term, the Philippine government aims to promote foreign investments in the agricultural sector. The government will host a planning session in February 2011 entitled “Agriculture and Fisheries 2025: Shared Vision, Shared Journey.” The session will examine ways in which investors and the government can achieve solutions for sustaining Philippine agricultural sector in the long run.

MALAYSIA

- **Barisan Nasional wins Tenang by-election.** Malaysia's ruling coalition Barisan Nasional (BN) scored a victory in Tenang with candidate Mohd Azahar Ibrahim winning the by-election. The Tenang race is the 14th by-election since the BN lost its two-thirds super majority in the March 2008 national elections. BN has won only 6 of the 14 by-elections, but it triumphed in 4 of 5 in the last year, which some analysts perceive as a trend showing confidence in Prime Minister Najib’s political and economic reforms. In the meanwhile, the opposition Pakatan Rakyat has seen its leading party Parti Keadilan Rakyat (PKR) suffer a defection as N. Gobalakrishnan resigned. Opposition leader Anwar Ibrahim will speak at Georgetown University on February 12 at 12:30p.m. on “Revolution and Democracy in the Muslim World.” Interested parties can RSVP via http://events.georgetown.edu/events/index.cfm?Action=View&CalendarID=106&EventID=83527.

- **Malaysia joins Cobra Gold 2011.** Southeast Asia’s largest military exercise will take place February 7–18, 2011 in northern Thailand. This is the 30th annual Cobra Gold and will include 2,996 troops from Thailand, 5,900 from the United States, 38 from Singapore, 54 from Japan, 304 from South Korea, and, for the first time, 13 from Malaysia. Ten other countries—Australia, France, Italy, Britain, China, Bangladesh, Cambodia, Nepal, India, and the Philippines—will also take part in a related multinational planning and augmentation training (MPAT) program. Cobra Gold began in 1981 as collaboration between U.S. Pacific Command (PACOM) and the Royal Thai Army.

- **Heavy metal—world’s iron-ore producer to invest.** Vale SA, the world’s largest iron-ore producer, will invest $4.6 billion in a distribution center in Malaysia. The center will be located in Perak state. The company said
the project will be completed in phases, with the investment estimated to span 10 years. The company has already acquired land and will start construction in July.

- **Malaysia's exports to India jump in 2010.** The Malaysia External Trade Development Corporate (Matrade) noted that despite the sluggish global economy, Malaysia's exports to India were at $9 billion, up from $6.5 billion in 2009. The growth was attributed to the increasingly liberal Indian economy and benefits of the India-ASEAN Free Trade Agreement. India-Malaysia ties are also growing as a result of bilateral visits, and the two countries will look to sign the Comprehensive Economic Cooperation Agreement this month.

- **Malaysia's palm oil industry destroying forests.** According to a report released by Wetlands International, some Malaysian palm oil companies are destroying carbon-rich peat swamp forests to build production facilities for palm oil. The report's forecast is gloomy: unless Malaysia finds sustainable methods of palm oil production or halts the trend altogether, none of these forests will be left by the end of this decade. The report also claimed that almost 353,000 hectares of peat swamp forests, a third of Malaysia's total, were cleared between 2005 and 2010, mainly for palm oil production.

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**VIETNAM**

- **Party congress ends but sets course for continuity.** Vietnam's communist party ended its 11th National Party Congress (NPC) on January 19 by selecting a new general secretary, 67-year-old former National Assembly Chairman Nguyen Phu Trong. Prime Minister Nguyen Tan Dung will likely keep his post (he will be confirmed by the National Assembly in April). Retiring president Nguyen Minh Triet will be succeeded by Truong Tan Sang. For a detailed analysis, see CSIS senior adviser Ernie Bower's post, “11th Party Congress: A Vote for Continuity” [http://cogitasia.com/11th-party-congress-in-vietnam-a-vote-for-continuity/](http://cogitasia.com/11th-party-congress-in-vietnam-a-vote-for-continuity/).

- **Economic expansion undercut by inflation.** Vietnam's economy expanded at 7 percent of gross domestic product (GDP), but the growth is being undercut by double-digit inflation, which has driven up the prices of food, basic commodities, and other key products and services. The consumer price index surged to 12.17 percent in January, increasing from 11.75 percent in December 2010. Controlling inflation is a top priority for the new government in 2011.

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SINGAPORE

• **Singapore economic indicators released.** Newly released economic data lend support to the prediction by the Monetary Authority of Singapore (MAS) that Singapore’s economy, which saw stunning growth in 2010, will cool this year. The Economic Development Board (EDB) predicted that manufacturing output will grow at about 5 to 10 percent this year, compared with the stunning 29.7 percent expansion in 2010. Analysts also predict that Singapore’s booming property market, which saw property prices expand by 14.1 percent last year, will stabilize and rise by only 5 to 8 percent this year. Meanwhile, the MAS reassured the Singaporean public that inflation, which has hit 4.6 percent, will moderate in the second half of 2011, with full-year inflation predicted at 2 to 3 percent. The MAS predicted in December last year that the economy would grow by only 5.1 percent in 2011, after seeing an expansion of 14.5 to 14.7 percent in 2010.

• **Lee Kwan Yew’s new book stirs controversy among Muslims.** Minister Mentor Lee Kwan Yew’s remarks about the Muslim community in his new book *Hard Truths* have drawn criticism from Singaporean Muslims. In the book, MM Lee stated that the city-state could integrate all religions “except Islam” and urged Singapore’s Muslims to be “less strict on Islamic observances.” Two Singaporean Muslim associations, the Association of Muslim Professionals and Perdaus, issued media statements expressing their regret over Lee’s comments. In an effort to calm Muslim reactions, Prime Minister Lee Hsien Loong praised Singaporean Muslims’ efforts to strengthen social harmony.

• **Speculation grows over timing of Singapore’s general elections.** Singapore’s foreign minister George Yeo has indicated that general elections will be held this year, although he has wavered over their exact timing. In a speech to journalists, Yeo said that he had told his grassroots to be ready for polls from the end of March onwards after the budget debate, and that elections could not occur in the third quarter. Yeo later contradicted this by saying that the polls could possibly be held in the third quarter, after the August presidential elections. The final decision to call elections ultimately lies with Prime Minister Lee Hsien Loong. By law, the next general elections have to be held before February 2012.

CAMBODIA

• **Former Khmer Rouge leaders appeal for release.** Three Khmer Rouge leaders appealed to the Extraordinary Chambers in the Courts of Cambodia
for release. Lawyers for “brother Number 2” Nuon Chea, head of state Khieu Samphan, and social action minister Ieng Thirith argued that the court has not met the legal requirements to continue holding their clients in detention ahead of trial, which is expected to begin in six months. The lawyer for Nuon Chea, Jasper Pauw, claimed that internal rules should not be broken simply because they are inconvenient. However, the prosecutors argued that public order could be threatened if the suspects were freed.

Vietnam’s largest asset management company plans to invest $100 million in Cambodia. VinaCapital Investment Management Ltd. pledged to invest $100 million in Cambodia and eventually launch a dedicated fund. Its new unit, VictoryCapital, will source and manage the investments in Cambodia and will join China and South Korea in investing in the $10 billion economy.

LAOS

Celebrated general Vang Pao dies. Vang Pao, the Hmong general who commanded a CIA-led secret army against the communist insurgents during the Vietnam War, died on January 6, 2011, in California. During the war, Vang Pao organized 7,000 guerrillas, increased the force to 39,000, and led them in many battles. William Colby, CIA director in the mid-1970s, called him “the biggest hero of the Vietnam War.” He has inspired many Laotians and Hmong to fight against human rights abuses, and his picture hangs in thousands of homes. His supporters are now lobbying to have him buried at Arlington as a U.S. war hero. His death marks a generational benchmark among Hmong and others Lao people living in the United States who have opposed expanding U.S.-Lao relations. Some younger Hmong and Lao Americans are beginning to return to their country to participate in new business ventures, civil society, and other peaceful activities.

Laos launches stock exchange. On January 11, Laos launched its first stock exchange—the Lao Securities Exchange (LSX). As of now, only two stocks are listed: EDL-Generation Public Company and state-run Banque Pour Le Commerce Exterieur Lao. The chairman of the exchange, Dethphouvang Moularat, is confident and optimistic that the stock exchange will tremendously help a country where the majority of people still live on less than two dollars per day.

Construction of high-speed railway begins in April. The government of Laos wants to start constructing a 481-kilometer high-speed railway

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http://upload.wikimedia.org/wikipedia/commons/a/a0/Ticker_board_of_Tokyo_stock_exchange.jpg
Southeast Asia from the Corner of 18th & K Streets  Febrary 9, 2011  |  13

linking Laos to China and Thailand. It ordered the National Consulting Group, which is in charge of conducting the impact assessment study, to speed up its work in order to begin construction. The railway will cost $7 billion and will run from the Chinese border to the country’s capital, Vientiane.

APEC

• **APEC agenda for 2011.** The United States is hosting APEC this year, and it has set a goal for APEC to build a seamless regional economy with practical, concrete, and ambitious results. The aim of the APEC Leaders Summit to be held in November in Honolulu, Hawaii, is to achieve concrete outcomes in three specific priority areas: (1) strengthen regional economic integration and expand trade; (2) promote green growth; and (3) expand regulatory cooperation and advance regulatory convergence. These efforts are designed to complement the Yokohama Vision and the APEC Growth Strategy. APEC will feature progress by the Trans-Pacific Partnership (TPP) free trade negotiations and work to strengthen the Free Trade Area of the Asia-Pacific (FTAAP) by eliminating non-tariff barriers of trade and preventing new barriers from emerging. APEC will also actively promote environmentally sustainable economic growth, help economies transition to a clean energy future, and increase transparency in the rule-making processes and improve the quality of regulations.

• **United States outlines TPP goals before APEC meeting.** The United States wants to substantially strengthen and complete negotiations on the Trans-Pacific Partnership (TPP) with the eight other countries involved in negotiations before President Obama hosts APEC in November. The United States sees completion of the agreement as key to increasing U.S. export competitiveness in the Asia-Pacific region and has moved to negotiate the agreement with other member countries. One of the goals outlined is to produce the “most liberalizing trade agreement on labor, environment, and intellectual property rights provisions,” according to U.S. Trade Representative Ron Kirk.

SOUTH CHINA SEA

• **China’s new missile capabilities cause for anxiety in region.** According to Admiral Robert Willard, commander of the United States Pacific Command (PACOM), China has developed an anti-ship ballistic missile (ASBM) with the ability to destroy aircraft carriers. According to Admiral Robert Willard, commander of the United States Pacific Command (PACOM), China has developed an anti-ship ballistic missile (ASBM) with the ability to destroy aircraft carriers. A Department of Defense (DoD) report last year noted that the missile has a range of 1,500 kilometers, well within the range of the first island chain, which includes Japan, Taiwan,
the Philippines, and the South China Sea. Admiral Willard has remarked that the ASBMs have “initial operational capability,” which according to some experts means that the missile has tested successfully and already deployed. For a copy of the report, check here: http://www.defense.gov/pubs/pdfs/2010_CMPR_Final.pdf

- United States to pledge assistance for Philippines navy. U.S. assistant secretary of state for East Asian and Pacific Affairs Kurt Campbell pledged U.S. assistance to boost the Philippines’ capacity to patrol its waters. Against the backdrop of tensions that flared over the disputed South China Sea last year, the move was seen as part of a broader regional objective to strengthen the capacity of regional countries to protect the vital sea-lanes of communication (SLOCs). Campbell noted that the U.S. position over the disputed sea is to use a broader framework of multilateral dialogue to develop confidence on this issue and others in the greater Asia-Pacific region.

NEW ZEALAND

- Prime Minister Key announces national election. New Zealand prime minister John Key announced general elections will be held on November 26, 2011, giving the country an unconventional 10-months notice. Key stated that he believed it was in the country’s “best interests to know the date of the general election early in election year” as it creates certainty and allows for planning. Under his leadership, the National Party ended nine years of Labor Party rule. Labor Party leader Phil Goff has promised that his party would work for tax cuts and the elimination of taxes on fruit and vegetables. Key has stated that he plans to partly privatize several state-owned enterprises in order to reduce the country’s debt. He also mentioned that the general election would include a referendum that will ask voters whether they want to keep the current proportional representation system.

- New Zealand elite forces redeployed in Afghanistan. Prime Minister John Key has confirmed the extension of the mission of the Special Air Service (SAS) in Afghanistan for another year. The size of the troops will be reduced to 35 from 70. Redeployment was requested by the SAS in order to conclude its operations. The elite unit will continue to work in partnership with the Afghanistan primary response unit.

- New Zealand determined to avoid credit rating downgrade. Credit rating agencies have criticized New Zealand for its widening deficit and
Brunei currently has about 50,000 permanent residents, about 43 percent of whom are stateless.

BRUNEI

- **Citizenship for stateless permanent residents.** Minister of Home Affairs Pehin Dato Haji Badaruddin has announced that his ministry will work to expedite the granting of Bruneian citizenship to permanent residents of Brunei who currently do not possess citizenship elsewhere. The process will involve conducting citizen assimilation courses to prepare the stateless permanent residents for citizenship. However, no timeline has been provided for this process. This would benefit the Bruneian economy greatly, as many of these permanent residents are involved in small and medium-sized enterprises and granting them citizenship will allow them to register businesses in their own name. The granting of citizenship to foreign citizens will not be affected. Brunei currently has about 50,000 permanent residents, about 43 percent of whom are stateless.

- **Brunei to extend peacekeeping in Southern Philippines.** Brunei will extend the tour of duty of its peacekeeping force by three months at the request of the chief of the Philippine Armed Forces (PAF). Brunei’s peacekeeping forces are in the southern Philippine province of Mindanao as part of the International Monitoring Team (IMT), which monitors the ceasefire agreement between the Philippine government and the Moro Islamic Liberation Front (MILF). The PAF chief said that he was “confident of the team” Brunei provides and that Brunei can offer impartial advice for both the MILF and the Philippine government. He mentioned that the Sultanate has also contributed to the socioeconomic development of Mindanao, including a project to build a grand mosque in Cotabato in the province.

AUSTRALIA

- **Australia and Japan to resume FTA talks despite agriculture sector disputes.** Japan and Australia held talks on February 7, 2011, to resume free trade agreement talks. Negotiations fell apart last year after Japan refused to open up its farming industry. If the talks go through, it will be Japan’s first free trade agreement with a major agricultural exporter. Japan has traditionally been protective of its farming sector, placing high tariffs
on imported products such as rice (800 percent) and wheat (250 percent). Japanese prime minister Naoto Kan has stated he would like to prioritize trade. Analysts believe Japan will be more open to compromise as it has other needs, for example, access to Australia’s supply of raw materials, which helps to fuel the country’s energy consumption. As well, Japan faces pressure from regional neighbors like South Korea—which last year inked trade deals with the United States and the EU—and China. Pressure has been placed on Japanese companies to respond to these developments as they seek to maintain competitiveness in the global marketplace.

- **Cyclone Yasi tears through Australia.** On the heels of massive flooding, a category five cyclone with wind speeds up to 170 mph spread over 100 miles on the northeastern coast of Australia. Hundreds of homes were destroyed; due to advanced warning, however, areas that were the most impacted had been evacuated days earlier and there have been no reports of deaths. The cyclone is estimated to have caused $3.5 billion in damage. The damages from the flooding and the cyclone could total up to $20 billion. Experts say the cyclone will affect inshore fisheries and drive up prices of certain agriculture products. Prime Minister Julia Gillard has visited Townsville to investigate the aftermath of the cyclone and praised the resilience of Queenslanders. Eye of the storm, NASA image acquired February 3, 2011.

- **Report suggests Australian cyber security is weak.** The Australian security think tank Kokoda Foundation asserts in a report that the fundamentals of the nation’s cyber infrastructure are weak, leaving Australia’s water, energy, transport, and communication systems vulnerable to attacks. The chief of the lobbying group Internet Industry Association (IIA), Peter Cornoes, slammed the report for being factually flawed and its recommendations unnecessary. He said Australia is in the forefront of cyber security among developed countries.

- **Australia lets Thailand’s PTT oil firm continue despite spill.** Thailand’s state-owned oil and gas company PTT was given approval to continue operations in western Australia by Energy Minister Martin Ferguson. PTT is responsible for the Montra oil spill in August 2009 in the Timor Sea, 155 miles off the Kimberly coast over an area of 2,300 square miles. According to Ferguson, the green light was given because the company “cooperated fully throughout the review process and demonstrated significant changes to improve its leadership, governance, and operating practices.” PTT’s production and exploration licenses can be revoked over the next 18 months if the firm does not meet the strict new standards.
PAPUA NEW GUINEA

- **PNG detains more than 70 along PNG-Indonesia border.** Papua New Guinea security forces raided three West Papuan camps in Sanduan Province along the PNG-Indonesian border and detained more than 70 people who are now being housed in a holding camp. The security forces also picked up two West Papuan flags and camouflage uniforms believed to be for OPM (Free Papua Movement) rebels, who seek independence from the Indonesian province of Papua, which borders PNG. The PNG government launched the operation in a bid to clamp down on human and drug smuggling and to destroy camps set up by West Papuan rebels on PNG soil. However, the governor of Port Moresby, Powes Porkop, has accused the PNG government of being used by Indonesia to clamp down on the rebels and has called for an end to the operation.

- **PNG to pay villagers in land-owning dispute over LNG plant.** The government of Papua New Guinea has agreed to pay money owed to disgruntled landowners affected by the country’s new liquefied natural gas (LNG) plant. The promise comes in the wake of a court order by PNG’s chief justice for mediation between the landowners, the government, and ExxonMobil. The landowners claim that ExxonMobil failed to properly identify the landowners and instead paid money to the wrong people. ExxonMobil expressed its satisfaction with the settlement, but will not resume construction work until its workers’ safety can be guaranteed. Work on the plant had been suspended after villagers attacked workmen on the site last week, prompting the pullout of 200 construction workers from the site.

TIMOR-LESTE

- **Ban Ki-Moon: presence of UN police needed.** Secretary-General of the United Nations Ban-Ki Moon said earlier this week that the continued presence of the United Nations police force was necessary to assist the national police with regard to institutional and capacity building. Since May 2009, the UN Integrated Mission in Timor-Leste (UNMIT) has been assisting in the creation of an effective police force. The secretary-general recommended a 12-month extension of the UNMIT mandate, which is set to expire February 26.

- **The 11th ASEAN member?** Timor-Leste plans to submit its official letter of application to the ASEAN Secretariat next month. East Timor has received strong support from Indonesia and Thailand for its membership.
application. According to the ASEAN Charter, Timor-Leste meets all the necessary requirements for becoming a candidate for membership. Currently, East Timor has embassies in only four ASEAN countries: Indonesia, Singapore, Thailand, and Malaysia.

MEKONG RIVER

- **Agencies to launch hydropower assessment tool.** The Rapid Basin-wide Hydropower Sustainable Development Tool (RSAT), launched by the Asian Development Bank, Mekong River Commission, and World Wildlife Fund (WWF), is an innovative assessment tool that will identify sustainable sites for hydropower development in the lower Mekong River Basin. The tool assesses hydropower development in basin-wide contexts rather than on a case-by-case basis. As of the moment, there are more than 100 hydropower projects planned in the Lower Mekong Basin in Laos, Cambodia, Thailand, and Vietnam. The project and the assessment tool will be funded by Germany, Finland, and the United States. The project is in line with the State Department-led Lower Mekong Initiative (LMI), which has established strengthening water management as one of its key goals. The LMI includes “Forecast Mekong,” a modeling tool designed to illustrate the impact of environmental and man-made challenges on the sustainable development of the Mekong River Basin.

“As of the moment, there are more than 100 hydropower projects planned in the Lower Mekong Basin in Laos, Cambodia, Thailand, and Vietnam.”
• **CSIS U.S.-ASEAN Strategy Commission meeting on February 8.** The CSIS U.S.-ASEAN Strategy Commission will meet to discuss and review near-term recommendations for policymakers and outline next steps. The commission will be consulting with a range of U.S. government senior officials and separately with the ASEAN ambassadors to the United States. The U.S.-ASEAN Strategy Commission is cochaired by Maurice R. “Hank” Greenberg, chairman and CEO of the C.V. Starr Corporation, and William S. Cohen, former U.S. senator and secretary of defense. For more information on the commission, please go to its website at [http://csis.org/program/us-asean-strategy-commission](http://csis.org/program/us-asean-strategy-commission).

• **U.S.–New Zealand Partnership Forum on February 20–22, 2011.** CSIS will formally launch the study Pacific Partners: The Future of U.S.-New Zealand Relations at the U.S.–New Zealand Partnership Forum to be held in Christchurch, New Zealand, later this month. The final report will provide an intellectual and research-based foundation for discussions regarding the future of the bilateral relationship at the Partnership Forum and beyond. The Partnership Forum is considered the premier bilateral event connecting U.S. and New Zealand leaders to share visions for future cooperation. For more information on the study and the forum, please visit [http://csis.org/program/pacific-partners](http://csis.org/program/pacific-partners).

• **Panel on the Aquino administration – February 10, 2011.** The Asia Foundation will host a panel called “The Philippines: Challenges and Opportunities for the New Aquino Administration.” Featured panelists include Mr. Manuel Quezon, III, Undersecretary of Communications and Strategic Planning for the Office of the President; Mr. Raymund Jose G. Quilop, Assistant Secretary for Strategic Assessment at the Department of National Defense; Ms. Yasmin Busran Lao, Founding Chair of the Al-Majadilah Development Foundation, Inc; and, Dr. Steven Rood, Philippines Country Representative for the Asia Foundation. The panelists will discuss the unique political, security, and social challenges confronting the Aquino administration. The event will include a Q&A session for attendees. If interested, please RSVP to Mr. Norris Thigpen at nthigpen@asiafound-dc.org

• **CSIS Southeast Asia Program’s Photo Contest · Final Round.** From now until February 18, 2011, help decide the winner of CSIS Southeast Asia Program’s Photo Contest. Check out the finalist photos on our Facebook and cast your vote by clicking “like” on whichever photo you best exemplifies the contest themes. The winner will receive a signed ASEAN Charter by ASEAN Secretary-General Surin Pitsuwan and former U.S. Ambassador to ASEAN Scot Marciel, as well as the opportunity to have his/her work displayed at CSIS Southeast Asia Program events.
SOUTHEAST ASIA FROM THE CORNER OF 18TH & K STREETS

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