Dynamic Equilibrium: Indonesia’s Blueprint for a 21st-Century Asia Pacific

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The term “dynamic equilibrium” has been bandied among Indonesian officials and U.S. interlocutors with surprising frequency since Indonesia assumed the ASEAN chairmanship in 2012. As shorthand for Indonesia’s regional foreign policy goals, the term is not new, but it is widely misunderstood.

Indonesia, as a rising middle power itself, seeks to strengthen the role of middle and rising powers in the Asia Pacific region in order to avoid a regional conflict or condominium of power between the resident superpowers, the United States and China. The knee-jerk reaction has been to see this as a twenty-first-century balance of power strategy, but it is more than that.

Indonesia does not seek an Asia Pacific in which it, the United States, China, India, Australia, Japan, South Korea, and Russia avoid conflict only through a balance of force, either individually or in coalition. The preponderance of the United States and China makes such a traditional balance of power improbable, if not impossible. Instead, Indonesia and its like-minded neighbors have set their sights on building a series of regional mechanisms, driven by middle powers, in which none are dominant and none excluded.

This is the heart of the “dynamic equilibrium” idea—the creation and maintenance of a system that builds trust among and norms between
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all involved. The centerpieces of that system are the expanded ASEAN institutions, including the East Asia Summit (EAS), ASEAN Defense Ministers’ Meeting Plus (ADMM+), and the Expanded ASEAN Maritime Forum (AMF) as well as the web of burgeoning bilateral and trilateral relationships around the region.

The multiplicity of mechanisms involved is precisely why the equilibrium is dynamic, and also why Indonesia hopes it will work. If successful, each Asia Pacific country, especially the two regional giants, would be caught in a web of mutually beneficial relationships and separate forums. There would be no grand coalitions of “us” and “them” cutting across all interests. Such a system could hopefully offer what a balance of power cannot—a situation in which a win for one great power is not necessarily a loss for the other.

The only way such a system of “dynamic equilibrium” can be created is through the voluntary step-by-step immersion of each regional player in the multiplicity of overlapping institutions, with no single power predominant. This is why Indonesia pushed for the inclusion of India, Australia, New Zealand, Russia, and the United States in the ADMM+ and the Expanded AMF. It is also why Indonesia has been hard at work developing an Indian Ocean strategy with India and Australia and why it takes part in the Indian Ocean Rim Association for Regional Cooperation, which it will chair from late 2015 to late 2017.

Indonesia individually, and ASEAN as a group, recognize that the big question is whether China will agree to this new system. The South China Sea dispute is proving a key test in answering that question. Beijing has been eager to take part in regional economic architecture, but has proved far less comfortable with enmeshing its security and political interests in regional frameworks. Its desire to deal with the multilateral disputes in the South China Sea bilaterally stems from a traditional concept that China, as the larger power, can simply browbeat smaller states into aligning with its interests. But this mindset increasingly clashes with the preferences of both ASEAN and the other Asia Pacific powers to avoid a might-makes-right ethos in the region.
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A modest step toward moving China away from such bullying tactics came with the signing of the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC). The nonbinding agreement has failed for over a decade to resolve the disputes, but in the eyes of Indonesia and most of its fellow ASEAN members, it remains the best hope of a lasting, nonviolent solution. This is why Indonesian foreign minister Marty Natalegawa made a whirlwind tour of Southeast Asia last summer to salvage a modicum of agreement following the breakdown of consensus over the South China Sea during the July ASEAN Ministerial Meeting.

It is also why ASEAN members have so eagerly courted, and received, the support of the other seven members of the East Asia Summit—Australia, India, Japan, New Zealand, Russia, South Korea, and the United States—on the issue. If the multilateral process that began with the DOC is allowed to crumble, then the prospects of convincing China that its interests are best served via peaceful, mutually agreed-upon mechanisms do not look good. The same is true if China is allowed to impose its will and drive the process.

To one degree or another, most of the region’s powers have rallied around the goal of a peaceful, institution-driven Asia Pacific, if only implicitly. They have read history and recognize the dangers of U.S.-China rivalry. They are also not excited about the possibility of a U.S.-China condominium of power. Both scenarios would relegate the middle powers to the background, and neither would likely be sustainable. A “dynamic equilibrium” could well prove the best alternative.

The one thing that such a future has working for it is that one of the two great powers in the region, the United States, has at least proved open to the notion. The Obama administration’s “pivot” to the Asia Pacific has focused on engaging and strengthening multilateral institutions as much as bilateral relationships. It has supported but not sought to lead ASEAN in its efforts, creating the right perceptions in the region and avoiding provoking China unnecessarily. It has also engaged in more inclusive
multilateral military exercises and has sought creative new mechanisms like the burgeoning U.S.-India-Japan trilateral relationship.

Now the United States should double-down on a “dynamic equilibrium” in the Asia Pacific. It will have neither the ability nor the desire to drive Asia Pacific institutions in the twenty-first century as it did Atlantic ones in the twentieth century. It also does not want a rivalry with a rising China. The best option is therefore to facilitate middle powers to help lead on regional issues. Indonesia should be a lynchpin in that effort, and its “dynamic equilibrium” offers as good a blueprint as any.
• Yudhoyono’s nomination for central bank governor draws fire. President Susilo Bambang Yudhoyono on February 22 nominated Finance Minister Agus Martowordojo to replace Darmin Nasution as central bank governor. Nasution’s term ends on May 23. The move drew criticism from investors disappointed by the prospect of Martowardjo, a capable technocrat, being removed from the finance portfolio. His confirmation also faces opposition from lawmakers who argue that he lacks monetary and macroeconomic policy experience.

• Separatists kill eight soldiers in Papua. Eight Indonesian soldiers were killed by members of the armed wing of the separatist Free Papua Movement (OPM) on February 21 in Puncak Jaya district. Gunmen first attacked a military outpost, killing one soldier. Another group attacked a platoon of unarmed soldiers an hour later, killing seven. Gunmen also fired on a military helicopter whose crew were attempting to retrieve the bodies the next day, injuring three crew members and damaging the helicopter. The incidents were the deadliest in Papua’s low-level insurgency in two years.

• Democrat Party chief resigns amid corruption allegations. Anas Urbaningrum, chairman of President Susilo Bambang Yudhoyono’s ruling Democrat Party, resigned from his position on February 23 amid an investigation by the Corruption Eradication Commission (KPK). Urbaningrum is accused of accepting a $75,000 bribe in connection with the construction of a sports complex used for the 2011 Southeast Asia Games. He faces a minimum of four years in jail and has repeatedly denied any wrongdoing. Democrat Party members met February 24 to select a new chairman but have not yet reached a decision.

• Incumbent holds onto West Java governorship. Incumbent West Java governor Ahmad Heryawan secured 32 percent of votes in the province’s February 24 gubernatorial elections, narrowly avoiding a runoff by 2 percent. Challenger Rieke Diah Pitakolah, who was backed by the Indonesian Democratic Party of Struggle (PDI-P), won 28 percent. The deciding factor appeared to be Heryawan’s decision to court the support of the hardline Islamic Defenders Front a day earlier by vowing to ban the religious activities of the minority Ahmadiyah sect. PDI-P rejected the results, citing widespread fraud, and Pitakolah said March 3 that he would file a challenge with Indonesia’s Constitutional Court.
Workers, rights groups protest bills on mass organizations and national security. Hundreds of activists from labor and rights groups gathered outside Indonesia’s parliament on February 19 to demand that lawmakers scrap two proposed bills on mass organizations and national security. The bill on mass organizations would require civil society groups to maintain religious values and adhere to the state ideology of Pancasila. It would also require foreign associations to obtain permits from the Foreign Ministry to operate and would prohibit groups from conducting activities that disrupt Indonesia’s “unity” and diplomatic ties. The national security bill would allow the president to deploy the military to counter threats to national security, possibly including mass protests, without parliamentary consent.

Myanmar

Treasury Department expands U.S. companies’ access to Myanmar banks. The U.S. Treasury Department issued a general license on February 22 to four Myanmar banks, permitting them to engage in financial transactions with U.S. companies. All four remain on the Specially Designated Nationals list, which prohibits U.S. entities from investing in or entering into joint ventures with them. They include Ayeyarwady Bank and Asia Green Development Bank, owned by tycoons Zaw Zaw and Tay Za, respectively. Both are close associates of the former military regime and remain under U.S. sanctions.

Myanmar government holds peace talks with ethnic groups in Thailand. The United Nationalities Federal Council (UNFC), an umbrella organization of 11 ethnic rebel groups including the Kachin Independence Organization, met with government negotiator Aung Min for peace talks on February 20 in Chiang Mai, Thailand. The two sides released a five-point statement outlining a framework and timeline for political dialogue and, for the first time, mechanisms to advance livelihoods in ethnic areas. The next round of talks will be held in Thailand by the end of April.

Draft budget allocates 20 percent of government expenditures to military. Myanmar’s parliament on March 1 approved the country’s 2013–2014 budget, which allocates a fifth of government spending to the military. The amount spent on the military is 5 percent less than in 2012–2013, but is still the largest allocation to any one sector. Several members of parliament, including Pe Than of the Rakhine Nationalities Development Party, expressed concern that the government provided little explanation for the allocation request. Under Myanmar’s 2011 Special Funds Law, the armed forces chief can secure military funding without parliamentary consent if he chooses.
• **U.S. Chamber of Commerce leads major business delegation to Myanmar.** The U.S. Chamber of Commerce led a 50-person business delegation to Myanmar from February 24 to 28 to explore opportunities for trade and investment. The delegation, which included executives from Chevron, ConocoPhillips, and Yum! Brands, participated in the U.S.-Myanmar Trade and Investment Conference on February 25 in Yangon that brought together business leaders and government officials. The delegation was the largest since President Barack Obama lifted import sanctions on Myanmar ahead of his November 2012 visit to the country.

• **Controversial press law sent to parliament.** The Myanmar government sent a new Printing and Publications Law to parliament on March 4. The proposed legislation would levy harsh fines and jail terms for media outlets that operate without a license or publish material deemed threatening to state unity. Rights groups strongly criticized the bill, which comes as a disappointment after President Thein Sein dissolved the country’s censorship board in January and ended pre-publication approval requirements in August 2012. The Ministry of Information violated an earlier pledge by drafting the law without consulting press organizations.

**THAILAND**

• **Thailand agrees to peace talks with rebels; Malaysia to facilitate.** The Thai government and the Barisan Revolusi Nasional (BRN), a major rebel group in southern Thailand, agreed on February 28 to hold peace talks in March. Representatives of BRN and the Thai National Security Council signed the agreement in Kuala Lumpur, where Thai prime minister Yingluck Shinawatra and her Malaysian counterpart, Najib Razak, also held talks. Malaysia will facilitate the talks, solidifying its role as a peace broker in the process. The deal could mark a major step toward resolving the conflict that has troubled Thailand’s southern provinces for decades and left more than 5,000 dead since 2004.

• **Incumbent Bangkok governor wins second term.** The Democratic Party’s Sukhumbhand Paribatra won the Bangkok gubernatorial race on March 3 by an unexpectedly wide margin. The incumbent governor beat out Pheu Thai Party challenger Pongsapat Pongcharoen, former deputy commissioner of the Thai police. Sukhumbhand garnered a record 1.26 million votes to Pongsapat’s 1.07 million, though pre-election polls indicated a close race. Pheu Thai is the party of Prime Minister Yingluck Shinawatra and is affiliated with her brother, former prime minister Thaksin Shinawatra. No Thaksin-affiliated party has ever won the Bangkok governorship.
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- **Explosion in southern Thailand injures six.** A motorcycle bomb exploded on March 1 in Narathiwat Province, just a day after Thailand agreed to peace talks with the rebel group Barisan Revolusi Nasional. Prime Minister Yingluck Shinawatra denied that the attack was in retaliation for the deal and said it would take time for violence to subside. The attack was one of several across Thailand’s southern provinces in the past several weeks. Nearly 30 bombs went off throughout Pattani Province on February 23–24, injuring 10.

- **Financial Action Task Force removes Thailand from high-risk countries list.** The Financial Action Task Force (FATF), an intergovernmental body that combats terrorist financing, removed Thailand from its blacklist on February 22. The FATF upgraded Thailand’s status in response to the parliament’s recently passing the Anti-Money Laundering Act and the Anti-Terrorism Act. The decision should ease Thai businesses’ ability to conduct financial transactions abroad.

**MALAYSIA**

- **Several killed as Malaysian forces try to end standoff with sultan of Sulu’s followers.** Malaysia launched an air and ground assault on March 5 against a group of armed followers of the sultan of Sulu, an island chain in the southern Philippines, who have engaged in a nearly month-long standoff in Sabah. Clashes have continued since, leaving at least 52 members of the Sulu group and eight Malaysian police officers dead. Part of modern Sabah was ceded or leased, depending on which translation is followed, by the then-Sultanate of Sulu to the British North Borneo Company in 1878. The arrangement was inherited by post-independence Malaysia, but the sultan is now demanding the territory’s return.

- **Najib’s and ruling party’s popularity continue to drop.** Voter approval of Prime Minister Najib Razak and his ruling Barisan Nasional (BN) coalition sank to 61 percent and 45 percent, respectively, in a January 23–February 6 public opinion survey by the Merdeka Center. The poll was the latest challenge to Najib ahead of general elections that must be held by June 27. Support for BN fell not only among the general population, but also among the Malay majority—from 77 percent to 73 percent. The upcoming elections are expected to be the closest in Malaysia’s history, and some analysts say they offer the first real possibility of an opposition victory.

- **Lynas Corporation produces first rare earths in Malaysian plant.** Australia’s Lynas Corporation has produced the first rare earths in its Malaysian plant, according to a February 27 Australian report. After years of protests and court battles over health and environmental concerns,
Lynas is operating the controversial plant under a temporary license it received in September 2012. Malaysia's opposition coalition, Pakatan Rakyat, has promised an immediate halt to Lynas’ operations if elected, according to a February 25 *Bernama* report.

- **State-owned firm plans post-election IPO.** Malaysia’s state-owned UMW Holdings Bhd. is planning an initial public offering (IPO) worth up to $500 million, according to a February 25 *Wall Street Journal* report. UMW has appointed bankers from Maybank, CIMB, Credit Suisse, and Goldman Sachs as managers to prepare for the second-quarter IPO, while Standard Chartered will act as the primary underwriter. Malaysia ranked fifth in the world in the total value of its 2012 IPOs.

- **IMF praises Malaysia’s economic policy.** The International Monetary Fund (IMF) praised Malaysia’s economic policies in a February 28 consultation paper, giving Prime Minister Najib Razak’s government a much-needed boost ahead of upcoming elections. The IMF lauded the Economic Transformation Program, a series of reforms started in 2010 to transform Malaysia into a high-income economy. It also cited the country’s public and private investments, commitment to reduce the budget deficit, minimum wage increase, new goods and services tax plan, and replacement of universal fuel subsidies with a targeted aid program.

**SINGAPORE**

- **Singapore to focus on restricting foreign labor in 2013–2014 budget.** Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam will submit Singapore’s 2013–2014 budget to the parliament on March 1, according to a February 25 *Channel News Asia* report. The planned budget aims to address rising living costs and provide help for companies to ease a workforce shortage, but would also impose further limits on the number of foreign workers allowed into the city-state. Singapore has faced a growing debate in recent months over immigration policy.

- **Singaporean manufacturing unexpectedly declines.** Singapore’s industrial production fell 0.4 percent in January from a year earlier due to low demand for electronics and pharmaceuticals, according to a February 26 Bloomberg report. The city-state continues to suffer from the slow global economic recovery due to its dependence on exports, and its economic woes have been exacerbated by rising living costs. Authorities announced plans on February 26 to raise taxes for luxury homeowners and investment properties in order to curb price speculation that is driving record-high housing prices.
Real estate company’s IPO is Singapore’s largest in two years. Singapore’s Mapletree Greater China Commercial Trust, a real estate investment trust backed by Temasek Holdings, raised $1.3 billion in its recent initial public offering (IPO), according to February 26 Wall Street Journal report. The IPO was Singapore’s largest in two years. Mapletree priced its shares at $0.75 each, above the predicted price range. Singapore is known as a regional hub for real estate investment trust listings, and the recent IPO was Mapletree Investments’ fourth.

Singapore’s new LNG hub to reduce regional prices. Singapore’s new liquefied natural gas (LNG) terminal will help keep Asian LNG prices low, according to a February 26 International Energy Agency (IEA) report. IEA head Laszlo Varro said that Singapore will soon become a maritime gas-trading hub, overtaking Shanghai, which has a more extensive pipeline network and greater demand. Singapore’s LNG terminal will begin operations in 2013 and will receive its initial LNG from Qatar.

U.S. engineer’s death could be linked to cyber espionage. U.S. engineer Shane Todd’s June 2012 death in Singapore could be linked to cyber espionage, according to a March 1 CBS report. Todd’s family believes that he was under pressure from his Singaporean employer, the Institute of Microelectronics (IME), to deliver sensitive U.S. technology to China. Todd was found dead in his apartment and the cause of death was originally believed to be suicide. Singaporean authorities continue to investigate and have asked for assistance from the FBI.

Philippines

Aquino signs bill giving $200 million to victims of martial law. President Benigno Aquino signed landmark legislation on February 25 to recognize and compensate victims of martial law under the administration of former dictator Ferdinand Marcos, which ended in 1986. The new law sets aside $200 million to be distributed for those who were murdered, tortured, or suffered injustices at the hands of law enforcement and the military during Marcos’ 20-year presidency. Lawmakers have pushed for the law’s passage for 14 years. Congressman Walden Bello says the law passed this year because victims are aging, sickly, and close to dying in some cases.

Aquino, MILF react to Sulu armed group’s incursion in Sabah. President Benigno Aquino warned Sulu Sultan Jamalul Kiram III and his followers on February 26 that they will be charged with violating the constitutional laws of the Philippines if they do not promptly leave Malaysia. A group of armed men from Sulu entered the Malaysian state of Sabah on February 13 to stake claim to land that formerly belonged to the Sultanate of Sulu.
Meanwhile, Mohagher Iqbal, the chief negotiator of the Moro Islamic Liberation Front (MILF), said March 5 that the standoff would not have a substantial effect on the MILF’s peace talks with Manila. The latest round of peace negotiations, which are being facilitated by Malaysia, was held in Kuala Lumpur on February 25–28.

- **Philippines and MILF to finalize peace negotiations by April.** Miriam Coronel-Ferrer, the government’s lead negotiator in peace talks with the Moro Islamic Liberation Front (MILF), announced in Kuala Lumpur on February 28 that the two sides plan to reach a final “comprehensive agreement” by April. She also said that finishing touches on plans for disarmament and wealth and power sharing are scheduled to be completed by March. The administration of President Benigno Aquino agreed to a road map for a peace deal with the Muslim separatist group in October 2012.

**VIETNAM**

- **Vietnam to contribute troops to UN peacekeeping operations.** Vice Defense Minister Nguyen Chi Vinh recently told UN assistant secretary-general Edmond Mulet that Vietnam will contribute troops to UN peacekeeping operations beginning in early 2014, according to a February 26 report by the state-controlled *Tien Phong* newspaper. Vietnam has not revealed how many troops will participate, but most countries involved in UN peacekeeping contribute fewer than 40 people. A 2012 study by the International Peace Institute listed Vietnam as one of 33 countries with the potential to contribute troops.

- **Vietnam, Laos, Thailand discuss trilateral transportation cooperation.** The transport ministers of Vietnam, Laos, and Thailand gathered at a conference in Hanoi on February 21 to enhance trilateral transport cooperation. The three ministers agreed to complete procedures for an agreement that will open new routes for cross-border movement between the countries. They also signed an agreement to add national roads to the Greater Mekong Sub-region Cross-Border Transport Facilitation Agreement, which will allow for easier transit of goods between northeastern Thailand, central Laos, and Vietnam’s Vung Ang and Hon La ports.

- **Vietnam, United States near agreement to resume adoptions.** U.S. senator Mary Landrieu told reporters during a visit to Vietnam on February 20 that Vietnam and the United States are close to an agreement that will allow Americans to adopt Vietnamese children after a five-year ban. The senator said that Vietnam now has the necessary safeguards in
place, including a central authority that will closely monitor the adoption process. Washington imposed the ban in 2008 after a U.S. investigation that examined allegations of baby-selling without parental consent.

- Journalist fired for criticizing Communist Party chief. Vietnamese journalist Nguyen Dac Kien was fired by state newspaper *Family and Society* on February 26 for writing a blog post on his personal Web site criticizing a speech by Communist Party general secretary Nguyen Phu Trong. The general secretary said that public discussions about constitutional revisions should not question the role of the party. Kien said that Trong’s words did not reflect the views of the general public and he therefore felt compelled to speak out. The paper said that Kien must be held accountable because he “violated the operating rules” of the publication.

CAMBODIA

- Thailand and Cambodia to demilitarize disputed Preah Vihear temple. Cambodian defense minister Tea Banh and his Thai counterpart, Sukumpol Suwanatat, agreed on February 26 to replace border troops stationed around the disputed Preah Vihear temple with police. The two ministers met to cool tensions ahead of the decision by the International Court of Justice (ICJ) on the temple’s ownership, expected in April. Both sides claim rights to the area, which the ICJ first awarded to Cambodia in 1962, prompting sporadic clashes. The demilitarization is a positive step in Thai-Cambodian relations, which have warmed since Thailand’s Pheu Thai Party came to power in 2011.

- U.S. assistant secretary of state urges rights reforms during Phnom Penh visit. U.S. assistant secretary of state for human rights, democracy, and labor Michael Posner urged Cambodia to address human rights issues during a February 19 meeting with government officials in Phnom Penh. Posner pressed for the release of Mam Sonando, the owner of independent Beehive Radio, who was sentenced to 20 years in prison in 2012 for his station’s coverage of a military crackdown on demonstrators opposing land eviction. He also called on the government to permit the return of self-exiled opposition leader Sam Rainsy, who intends to run in national elections in July.
Government orders urgent action to combat bird flu. Prime Minister Hun Sen issued a directive on March 1 for ministries and law enforcement to take “strict measures” to stop the spread of avian flu. The government reported February 26 that an eighth victim had died of the virus, bringing the total number of reported cases in Cambodia to nine in just two months. Cambodia has not yet introduced preventative measures, such as utilizing an effective flu vaccine, to stem outbreaks as neighboring Thailand and Vietnam have done.

Khmer Rouge trial suspended as unpaid workers go on strike. Translators and interpreters at the Extraordinary Chambers in the Courts of Cambodia (ECCC) went on strike in early March, forcing the tribunal to indefinitely suspend ongoing trials against former Khmer Rouge leaders. The workers, who are among 270 trial staff unpaid since November, say they will not return to work until they receive wages. The suspension is the latest setback for the cash-strapped tribunal, said to be $7 million short on funds for 2013.

OPIC supports historic $5 million loan to expand microfinance opportunities. The United States’ Overseas Private Investment Corporation (OPIC) announced on February 27 that it had issued $5 million to Cambodian microfinance institution Thaneakea Phum (TPC), its first loan in Cambodia. The deal will expand TPC’s portfolio with low-income borrowers by supporting at least 5,000 new loans. At least 50 percent will be allocated to TPC’s home improvement loan program.

TIMOR-LESTE

Timor-Leste receives Philippine support for ASEAN membership. Timor-Leste received the Philippines’ supports to become the 11th member of ASEAN during Foreign Minister Jose Luis Gutierrez’s visit to the archipelago, according to a February 22 Xinhua report. Philippine foreign affairs secretary Albert del Rosario said that the Philippines looks forward to welcoming Timor-Leste into ASEAN. Gutierrez arrived in Manila on February 21 for a two-day visit. Gutierrez also met with Philippine president Benigno Aquino during his trip.

Timor-Leste might end Woodside Petroleum’s involvement in gas project. Minister of Petroleum and Mineral Resources Alfredo Pires said on February 21 that Timor-Leste might carry out natural gas exploration in the Timor Sea on its own and end its partnership with Australia’s Woodside Petroleum due to differences about how to process the gas. Timor-Leste plans to process the gas itself by building a pipeline to the mainland, while Woodside Petroleum wants to set up a processing platform at sea. The
agreement between Australia and Timor-Leste to share resources in the Timor Sea ended on February 23, but might be revised in the future if the two sides reach a new agreement or establish new sea borders.

- **Dili hosts International Conference on the Post-2015 Development Agenda.** Dili hosted the G7+ International Conference on the Post-2015 Development agenda on February 25–28. The conference was opened by Prime Minister Xanana Gusmao and was concluded by the declaration of the Dili Consensus, which advocates for the needs of fragile and conflict-affected countries in the United Nations’ Post-2015 Development Agenda. The G7+ is a group of countries that aims to monitor, report, and draw attention to fragile states’ challenges.

**LAOS**

- **Labor officials concerned about mass migration of workers to Thailand.** Lao provincial officials told the *Vientiane Times* on February 21 that a labor shortage due to migration to Thailand is a concern for villages near the Thai border. Many Lao cross the border to find higher-paying jobs in Thailand. A trend of Lao going to the other side of the border to work in construction and factories is on the rise, according to government officials. About 32,000 workers from Champasak Province and 15,000 workers from Saravan Province left to work in Thailand in 2012.

**SOUTH CHINA SEA**

- **Manila denounces presence of Chinese fishery patrols in Spratly Islands.** The Philippine Department of Foreign Affairs strongly voiced its objection on February 26 to Chinese fishery patrols around the Spratly Islands. Philippine assistant secretary of state Raul Hernandez called on China to “act more responsibly” and respect the territorial sovereignty and exclusive economic zone of the Philippines. He added that increasing fishery patrols in the contested area violated China’s international commitments to the UN Convention on the Law of the Sea.

**MEKONG RIVER**

- **Drug gang executed for murder of Chinese sailors on Mekong River.** Four men convicted of murdering 12 Chinese sailors on the Mekong River in 2011 were executed in China on March 1. Myanmar drug lord Naw Kham and his three accomplices were executed by lethal injection in Kunming, Yunnan Province. Chinese authorities defended the execution as a just manifestation of judicial sovereignty and protection of Chinese citizens’ rights, according to a February 28 *Xinhua* report. The Chinese government broadcast a live program of the lead-up to the men’s execution, which sparked shock and outrage from many viewers.
Upper Mekong River dams will accumulate 16 percent of the river’s water volume. Chu Thai Hoanh of Vietnam’s International Water Management Institute has found that hydropower dams built along the upper Mekong River will accumulate up to 16 percent of the river’s water volume, according to a February 25 VietnamNet report. Several environmental organizations and scientists have objected to the 12 hydropower projects already completed or under construction along the upper Mekong in China, while Vietnam is concerned that its agriculture and seafood production will suffer due to a decrease in silt deposits and worsening landslides.

TRANS-PACIFIC PARTNERSHIP

Abe, Obama agree to include all goods in the TPP talks. U.S. president Barack Obama and Japanese prime minister Shinzo Abe agreed during a February 22 meeting in Washington that all goods, including trade-sensitive agricultural and automotive products, will be subject to negotiation if Japan joins the Trans-Pacific Partnership (TPP) talks. The agreement reassured Japan that it could seek an exemption from the elimination of tariffs for key products, especially rice. The next round of TPP talks is slated for March 3–14 in Singapore, and members hope to conclude an agreement by December.

ASEAN

ASEAN+6 meet in Bali to kick off RCEP negotiations. ASEAN and its six free trade partners held a meeting in Bali on February 26–28 to discuss the Regional Comprehensive Economic Partnership (RCEP). The meeting focused on tariff reduction, extending existing free trade agreements, and setting up a trade negotiation committee. The RCEP negotiations are expected to conclude by 2015 when the ASEAN Economic Community, which will comprise 40 percent of world trade, comes into effect. The ASEAN-led trade agreement will link the economies of ASEAN, China, South Korea, Japan, India, Australia, and New Zealand.
- **Trans-Pacific Partnership negotiations in Singapore.** The 16th round of the Trans-Pacific Partnership (TPP) trade negotiations are being held March 4-13 in Singapore. The last TPP negotiating round was held in New Zealand in early December, with Mexico and Canada joining for the first time. The current round could prove crucial for the success of the negotiations because the United States is expected to table a revised proposal on the contentious subject of pharmaceutical patents.

- **Conference on APEC infrastructure and investment.** CSIS’s Scholl Chair in International Business, the National Center for Asia-Pacific Economic Cooperation, and the National Association of Manufacturers will host a conference March 11 on infrastructure investment in the Asia Pacific. Jose Cuisia, the Philippines ambassador to the United States, and GE’s Karan Bhatia will discuss the benefits of infrastructure investment and the perspectives of U.S. businesses on involvement in the region. The event will take place from 9:00 a.m. to 11:00 a.m. in the B1 Conference Center at CSIS, 1800 K St., NW. Please RSVP here.

- **Film screenings on the Mekong River.** The Goethe-Institut will present a screening of two films on March 22 exploring the livelihoods supported by and economic importance of the Mekong River. The event will showcase “Mekong, the Mother,” directed by Peter Degen, and “Mekong,” directed by Douglas Varchol, who will provide an introduction to his film. The event will take place at 5:30 p.m. at the Goethe-Institut Washington, 812 Seventh Street, NW. More information is available here.

- **Film festival on Indonesia.** The Embassy of Indonesia will host the Indonesian 2013 Mini Film Festival March 25–27. The embassy will screen three Indonesian movies, “Lovely Man,” “Joni’s Promise,” and “The Dancer.” Seating will be first come first serve, but attendees are encouraged to RSVP. One film will be shown each night starting at 6:30 p.m. at the Landmark E Street Cinema, 555 11th St., NW. Please click here for the schedule and ticket information.