

# Southeast Asia from Scott Circle

Volume V | Issue 6 | March 21, 2014

## Aloha ASEAN: Hagel to Host Defense Ministers in Hawaii

ERNEST Z. BOWER

*Ernest Z. Bower is senior adviser and Sumitro Chair for Southeast Asia Studies at the Center for Strategic and International Studies in Washington, D.C.*

*March 21, 2014*

---

Defense Secretary Chuck Hagel will host most of the ASEAN ministers of defense in Honolulu on April 1-2. Hagel's invitation for all 10 of his ASEAN counterparts to meet in the United States marked a first for a U.S. defense secretary. Hagel's proactive hospitality underlines the Pentagon's continued leadership in the Indo-Pacific and its role as the leading edge of President Barack Obama's rebalance to Asia.

However, Hagel, the Department of Defense, and Pacific Command (PACOM) cannot be effective acting alone. Hagel understands this. He and Commerce Secretary Penny Pritzker [coauthored an op-ed](#) in the *Wall Street Journal* on February 17 emphasizing that the Obama administration understands that real security in Asia can only be achieved in tandem with deep economic engagement. Hagel is doing his part with the forward-leaning invitation to his ASEAN counterparts, which he delivered at the Shangri-la Dialogue in Singapore last June. Pritzker is stepping up too and will travel to four ASEAN countries this summer with leading U.S. chief executive officers to promote trade and investment.

The ASEAN defense ministers are coming to Hawaii during a historic window of opportunity defined by Southeast Asian interest in having the United States more engaged for a number of reasons. One of those

## Inside This Issue

### BIWEEKLY UPDATE

- Multinational search for Malaysia Airlines flight expands
- Jokowi nominated as presidential candidate
- Thai Constitutional Court rejects \$62 billion infrastructure bill

### LOOKING AHEAD

- Discussion on China's foreign aid
- Myanmar's reemergence and opportunities for cooperation
- A long-term view of the U.S. rebalance to Asia

## Aloha ASEAN: Hagel to Host Defense Ministers in Hawaii *(continued)*



*Secretary of Defense Chuck Hagel shakes hands with his Vietnamese counterpart, Gen. Phung Quang Thanh, during the 2013 ASEAN Defense Ministers' Meeting Plus in Brunei. Hagel will meet with Thanh and eight other ASEAN defense ministers in Honolulu on April 1-2. <http://www.flickr.com/photos/68842444@N03/9620133446/>*

reasons is China's continued aggressiveness in the South China Sea—including high-pressure tactics to isolate the Philippines and dissuade it from following through with a case against China's claims at a UN arbitration tribunal, increasing interdiction of Vietnamese fishing vessels in the Paracel Islands, and patrols by Chinese warships at James Shoal in waters claimed by Malaysia.

Tragically, the disappearance of Malaysian Airlines flight 370 (MH370) demonstrates the very real need for greater coordination among regional militaries, intelligence agencies, and ministries of foreign affairs and defense. Forums such as the East Asia Summit (EAS) and ASEAN Defense Ministers' Meeting Plus (ADMM+) offer the United States, ASEAN, and other partners the opportunity to develop regional standards and to practice and prepare for emergencies so coordinated efforts can be employed in real time in such areas as search and rescue (SAR) and humanitarian assistance and disaster relief (HADR). The United States has been quick to support Malaysia during the MH370 crisis and was the decisive partner to turn the tide in the emergency response to Typhoon Haiyan in the Philippines last year.

## Aloha ASEAN: Hagel to Host Defense Ministers in Hawaii *(continued)*

Hagel and the ASEAN defense ministers have an opportunity to engage in a particularly substantive dialogue in Hawaii. Here are some recommendations for areas on which they should focus and actions they should take:

1. *Institutionalize annual U.S.-ASEAN defense engagement.* The U.S. and ASEAN defense ministers should commit to a 10+1 meeting on an annual basis, alternating between venues in the United States and ASEAN. Although such meetings have occurred in recent years on the sidelines of the biannual 18-member ADMM+ summit and the annual ASEAN Defense Ministers' Meeting Retreat, a more institutionalized 10+1 summit is needed.
2. *Announce a defense trade initiative for ASEAN.* Building on the commitments to help ASEAN's militaries modernize, professionalize, and enhance capacity in areas ranging from ethics to maritime domain awareness, the United States should announce a new defense trade initiative for ASEAN, starting with a joint study of regional capabilities in nonsensitive areas such as SAR, HADR, and other public goods. This initiative should outline a number of new policy actions including bringing the U.S. export control regime up to date and emphasizing defense and security cooperation, technology transfer, and capacity building with ASEAN countries.
3. *Create a Thailand contact group.* At this time, only 9 of the 10 ASEAN defense ministers plan to attend the meeting in Hawaii. Thailand's interim prime minister, Yingluck Shinawatra, who is also the minister of defense, will not attend given her country's ongoing political crisis. ASEAN members and the United States share direct interests in seeing Thais resolve their political impasse peacefully. While only Thais will be able to find the solution, friends of Thailand should indicate their strong support through a Friends of Thailand Contact Group that would be available for consultations and to provide support for the country as it works through its critical situation. Ministers of defense could be extremely helpful in this effort due to their deep institutional engagement with current and retired leaders of Thailand's military. A contact group should include military representation as well as leaders from the diplomatic, business, and civil society sectors.
4. *Seize the unique opportunity of Myanmar.* Hagel and the ASEAN defense ministers should focus on how to provide training and capacity-building support for Myanmar's military. Impressive efforts

## Aloha ASEAN: Hagel to Host Defense Ministers in Hawaii *(continued)*

are already under way on a bilateral basis and some ASEAN-based training has begun, but the United States should seek to strengthen the organization while promoting reform in Myanmar by increasing its engagement in ASEAN-based training. The ministers should empower the Honolulu-based Asia-Pacific Center for Security Studies to provide leadership in this effort in conjunction with sister institutions in each of the ASEAN countries.

5. *Honor former U.S. senators Daniel Akaka and Daniel Inouye.* While in Hawaii, Hagel and his ASEAN counterparts could initiate a proactive dialogue with their respective legislatures as a way to enhance transparency, improve governance, and elevate efforts to modernize regional militaries and make them more accountable to their citizens. Akaka and Inouye long served the United States honorably in the Senate and both served in the military. In fact, Senator Inouye earned the Medal of Honor, Bronze Star, and Purple Heart for his bravery and selflessness in battle in Italy during World War II. Both men were staunch supporters of a more proactive U.S. engagement in Asia.

Secretary Hagel, the Pentagon, and PACOM continue to set the pace for substantive U.S. engagement in ASEAN specifically and in the Indo-Pacific generally. The time invested in getting to know their counterparts is an invaluable contribution to the national interests of the United States. President Obama should encourage all of his cabinet members with international portfolios to similarly engage their ASEAN counterparts and use that engagement to develop ideas and initiatives for the EAS. This would help build bridges to a region that will help determine the United States' security and well-being for the rest of the twenty-first century. ■



*U.S. and Philippine troops carry relief supplies from a U.S. MV-22 Osprey aircraft in the aftermath of Typhoon Haiyan in November 2013. The typhoon underscored the importance of greater humanitarian assistance and disaster relief coordination in Southeast Asia, and the United States' unparalleled capacity to assist in such efforts. <http://www.flickr.com/photos/34975434@N08/10948926454/>*



*A U.S. Navy helicopter and a Royal Malaysian Navy frigate engaged in the search for Malaysia Airlines flight 379. Personnel from 26 countries have joined the search, which continues to expand. <http://www.flickr.com/photos/us-pacific-command/13132584063/>*

## MALAYSIA

- **Multinational search for Malaysia Airlines flight expands.** Personnel from 26 countries including the United States have joined the search for **Malaysia Airlines flight 370**, which disappeared en route from Kuala Lumpur to Beijing on March 9 with 239 people on board. Governments have expanded the search to include the Gulf of Thailand, Indian Ocean, and 11 countries' land area. Authorities are unsure what happened to the flight and are looking into possibilities that include an accidental crash, terrorism, or a hijacking. More than half the passengers on the flight were Chinese, and Beijing has been highly critical of the Malaysian government's handling of the tragedy.
- **Anwar convicted of sodomy.** The Malaysian Court of Appeal on March 7 found opposition leader **Anwar Ibrahim guilty** of sodomizing his former aide in 2008, overturning an earlier acquittal. The court sentenced Anwar to five years in prison but deferred the sentence until he exhausts his appeals. Anwar had planned to contest an upcoming by-election in the western state of Selangor, but the conviction disqualifies him from doing so. Critics have accused the court of moving up its decision, originally scheduled for April, to keep Anwar from running.
- **Wan Azizah replaces husband Anwar in state by-election.** The opposition Pakatan Rakyat coalition on March 9 chose People's Justice Party president Wan Azizah Wan Ismail to replace her husband, Anwar Ibrahim, as a candidate in the March 23 state legislative assembly by-election in western Malaysia's Selangor state. Anwar, who was expected to become the state's chief minister after winning the election, was disqualified due to a March 7 sodomy conviction. Wan Azizah previously served from 1999 to 2008 as a member of Parliament from Penang state in northwest Malaysia.
- **Protests planned against Anwar, Karpal verdicts.** The opposition Pakatan Rakyat, or People's Alliance, coalition plans to hold a mass rally on March 21 to protest the recent convictions of opposition leader Anwar Ibrahim and Democratic Action Party national chairman Karpal Singh. The Court of Appeal convicted Anwar of sodomy, disqualifying him from an upcoming by-election. Another court fined Karpal over \$1,000 for sedition, which will force him to resign his parliamentary seat. Government critics view both rulings as politically motivated, while many commentators believe they have galvanized the opposition.

## INDONESIA

- **Jokowi nominated as presidential candidate.** Jakarta governor Joko “Jokowi” Widodo announced on March 14 that Indonesian Democratic Party of Struggle (PDI-P) chairwoman Megawati Sukarnoputri has tapped him as the party’s candidate to run for the presidency in July. Polls give Jokowi a double-digit lead over all other candidates, and most analysts describe the election as his to lose. Jokowi’s nomination will likely give the PDI-P a boost in the April 9 parliamentary elections in which it is already expected to win more seats than any other party.
- **Democrat Party halts national convention until after parliamentary elections.** A Democrat Party official announced on March 11 that the party has halted its national convention to choose a presidential candidate until after Indonesia’s April 9 parliamentary elections. The party paused the convention in order to focus all its efforts on the upcoming elections. Eleven party members, including former army chief Pramono Edhie Wibowo, former trade minister Gita Wirjawan, and former ambassador to the United States Dino Patti Djalal, are campaigning for the Democrat Party’s presidential nomination.
- **Central Islamic body issues fatwa to protect endangered species.** The Indonesian Council of Ulama (MUI), the nation’s highest Islamic clerical body, issued a fatwa, or interpretation of Islamic law, on March 4 declaring the hunting or trafficking of endangered animals forbidden. It was the MUI’s first fatwa aimed at protecting wildlife. Indonesia is home to an active black market in rare and endangered animals. Activists and conservation groups praised the fatwa.
- **Investment in petrochemicals to increase by \$7 billion.** Investment in Indonesia’s petrochemicals sector is expected to increase by \$7 billion over the next three years, according to Amir Sambodo, the director of an Indonesian industry association. The country produces 1.75 million tons of petrochemicals annually and consumes 3.5 million tons, relying on \$15.5 billion in imports to make up the difference, according to a March 11 *Jakarta Globe* article. Sambodo expects public and private investment in domestic petrochemical production to reduce imports to zero by 2020.
- **Indonesia identified as world’s top location for piracy.** The Indonesian archipelago was home to the highest concentration of pirate attacks in the world in 2013, according to Allianz Global Corporate & Specialty’s *Safety and Shipping Review 2014*, released on March 13. Indonesia’s 17,000 islands saw 106 incidents of piracy in 2013, up from just 15 incidents in 2009. This accounted for nearly half of the 264 incidents of piracy worldwide and



*Jakarta governor Joko “Jokowi” Widodo speaking to reporters. The Indonesian Democratic Party of Struggle has nominated the popular Jokowi to run for president in July. <http://www.flickr.com/photos/23696801@N04/10374500436>*

runs counter to a global decline in piracy since 2011. The majority of pirate attacks in Indonesia are cases of opportunistic maritime robbery, not attempts to capture or ransom crews or vessels.

#### MYANMAR

- **Ethnic groups, government to merge cease-fire drafts.** The Nationwide Ceasefire Coordination Team, which includes representatives from most of Myanmar's major armed ethnic groups, and the government's Union Peace Working Committee announced during a March 9-10 meeting in Yangon that they will form a joint committee to merge their draft cease-fire agreements. The committee will include nine ethnic leaders, three cabinet officials, three parliamentarians, and three military officers. Military representatives at the meeting said they hope to sign a cease-fire agreement by August 1.

- **Lower house seeks to remove local authorities' power to block protests.** The lower house of Myanmar's parliament passed revisions to the country's Peaceful Assembly Law on March 5 to eliminate a requirement that protestors must receive permission from local authorities before demonstrating. Under the revisions, protest organizers would need only to inform authorities of planned demonstrations. Lawmakers also reduced the maximum punishment for those who fail to alert authorities in advance from one year in prison to six months. The upper house must now pass the bill before it is forwarded to President Thein Sein.

- **United States accuses Myanmar of continuing military ties with North Korea.** A 2013 Department of Defense report to Congress, made public on March 5, finds that Myanmar has begun to distance itself from North Korea but continues to receive conventional arms and may have recently received equipment for ballistic missiles. Myanmar's presidential spokesperson, Ye Htut, insisted that Myanmar only maintains diplomatic ties with North Korea. The U.S. Treasury Department in December 2013 placed sanctions on a Myanmar military official and three firms for continued involvement in arms trading with North Korea.

- **World Trade Organization completes first Myanmar trade policy review.** The World Trade Organization (WTO) completed its first trade policy review of Myanmar on March 13, finding that trade and exchange-rate reforms since 2011 have brought the country closer to reintegration with the global economy. The WTO identified a lack of capacity and poor infrastructure as continuing obstacles for Myanmar, but noted that its natural resource wealth, proximity to fast-growing economies, and young labor force give it substantial growth potential. The review said Myanmar



*A June 2013 march to protest fighting in northern Myanmar's Kachin state. The lower house of parliament has voted to no longer require protesters to seek permission from local authorities before demonstrating. <http://www.flickr.com/photos/burmapartnership/8995004352/in/photostream/>*

must introduce legislation on intellectual property rights, competition, and consumer protection in order to capitalize on that potential.

- **“Rohingya” will not be an option on census.** Minister of Immigration and Population Khin Yi in early March reiterated that “Rohingya” will not be offered as an option for ethnicity on Myanmar’s first national census because it is not one of the 135 national races identified by the country’s 1982 citizenship law. Government officials and representatives of the UN Population Fund, which is offering technical assistance for the census, have previously said that Rohingya may self-identify as such under an “other” category that will allow write-ins. But Khin Yi on March 12 dismissed that option, telling the Burmese-language newspaper *Tomorrow* that any Rohingya who do so will face arrest for providing false information.

#### THAILAND



*A passenger train rolls through Bangkok. The Constitutional Court on March 12 ruled unconstitutional a government-proposed bill to borrow up to \$62 billion to improve the country’s infrastructure. <http://www.flickr.com/photos/17423713@N03/12363871753>*

- **Constitutional Court rejects \$62 billion infrastructure bill.** Thailand’s Constitutional Court on March 12 ruled that a government-proposed bill to allow the Finance Ministry to borrow up to \$62 billion for infrastructure development projects is unconstitutional. The bill outlined a seven-year spending plan that included construction of high-speed rail lines and badly needed upgrades to existing infrastructure. A group of opposition lawmakers in November challenged the constitutionality of the bill after it passed in Parliament.
- **Election Commission sets poll reruns for April.** Thailand’s Election Commission on March 11 scheduled makeup elections for April 5 and April 27 for those districts where voting in national elections was cancelled or disrupted due to antigovernment **protests on February 2**. Five provinces and Bangkok will hold elections on April 5, while six other provinces will hold polls on April 27. The commission has yet to set a date for elections in 28 southern constituencies where no candidates were able to register for the elections due to protests.
- **Thailand lifts state of emergency following demands from business.** National Security Council chief Paradorn Pattanathabut announced on March 18 that the government was lifting a state of emergency in Bangkok and surrounding areas, effective the next day, due to demands by the business community. Authorities imposed the state of emergency in the capital region on January 21 to cope with growing violence surrounding antigovernment protests. The political unrest has brought business and consumer confidence in the country to some of the lowest levels in over two years.



- **Thailand cuts interest rates to bolster economy.** Thailand's central bank on March 12 cut the country's benchmark interest rate to 2 percent from 2.25 percent, its lowest level in more than three years, in hopes of bolstering the economy. The Thai economy grew just 0.6 percent year-over-year in the last quarter of 2013, down from 2.3 percent growth in the third quarter, due to the ongoing political crisis. The central bank also noted that the country is likely to grow at less than 3 percent in 2014, down from an initial forecast of 4 percent.
- **Thai authorities arrest 200 suspected Uighur migrants.** Thai police are trying to identify the nationalities of 200 illegal migrants arrested on March 13 at a rubber plantation in southern Thailand. The 200 claim to be from Turkey, but police suspect they are ethnic Uighurs from northwest China's restive Xinjiang province. Thai authorities plan to deport the migrants once their nationality is confirmed. Human rights groups have asked Bangkok to hold off on deporting them until their potential refugee status can be determined, as their safety could be threatened if they are returned to China.

#### PHILIPPINES

- **Philippines, U.S. reach consensus on access to military bases.** Philippine officials announced on March 14 that they had reached a consensus with the United States on a plan to host temporary U.S. military facilities on Philippine bases. The agreement allows the United States access to several military bases, but not to civilian airfields and ports like Subic Bay. The two countries are in the last stages of negotiations, which officials hope to conclude before U.S. president Barack Obama's visit to the Philippines in April.
- **Twelve killed in communist attack in Mindanao.** At least 50 members of the communist New People's Army (NPA) on March 10 launched a string of attacks on Philippine police and military forces in the southern island of Mindanao. Ten members of the security forces and two insurgents were killed in the violence. The Philippine government has engaged in on-and-off peace negotiations with the NPA since the 1980s, but the talks have repeatedly stalled. The last attempt to revive negotiations ended in April 2013.
- **Senate passes Freedom of Information bill.** The Philippine Senate on March 10 approved the third and final reading of its version of a Freedom of Information bill that aims to combat corruption by opening government transactions to the public. The Senate is awaiting a counterpart bill from the House of Representatives, which will be consolidated with the Senate

version and then passed into law. The office of President Benigno Aquino welcomed the bill's passage, but said the president will not use his powers to certify the bill as urgent and speed it along.

- **Soaring prices delay rice self-sufficiency program.** Department of Agriculture undersecretary Dante de Lima on March 11 said that the Philippines will seek to import as much as 880,000 metric tons of rice in 2014, delaying for another year a government goal of producing enough rice to meet domestic demand. The decision comes after Typhoon Haiyan devastated key rice-growing regions in November, resulting in a 4 percent price hike in the last quarter of 2013. The UN Food and Agriculture Organization estimates that the Philippines will import 1.2 million metric tons of rice in 2014, which would be the most it has imported in four years.

#### VIETNAM

- **Under Secretary of State Wendy Sherman visits Vietnam.** Under Secretary of State for Political Affairs Wendy Sherman led a delegation to Vietnam on March 4 as a follow-up to Secretary of State John Kerry's visit in December 2013. The delegation focused on implementation of the U.S.–Vietnam Comprehensive Partnership, the ongoing negotiations for the Trans-Pacific Partnership trade deal, and maintaining peace in the South China Sea. Sherman also visited Malaysia and Myanmar during the March 2–8 trip to Southeast Asia.
- **U.S. treasury secretary meets with Vietnamese counterpart in Washington.** Vietnamese finance minister Dinh Tien Dung met with his counterpart, U.S. treasury secretary Jack Lew, on March 11 in Washington. Dung briefed Lew on his government's efforts to restructure the economy and maintain macroeconomic stability. They also discussed progress made on the Trans-Pacific Partnership and on areas of bilateral cooperation. During his March 8–15 trip, Dung also met with U.S. Federal Reserve chair Janet Yellen and officials from the World Bank and the International Monetary Fund.
- **More sites contaminated by dioxin discovered.** Researchers on March 10 announced the discovery of more sites contaminated by dioxin, a toxic contaminant in the defoliant Agent Orange, during the Vietnam War. The concentration of dioxin chemicals at the identified sites at the Bien Hoa airbase northeast of Ho Chi Minh City are at levels that require cleanup according to international standards. Agent Orange was used in the area during the war and is known to cause cancer and severe birth defects.



*A flooded rice field in the Philippines. The country's Department of Agriculture expects to import as much as 880,000 metric tons of rice in 2014 due to the devastation caused by Typhoon Haiyan. <http://www.flickr.com/photos/worldbank/6358578319>*



*Under Secretary of State Wendy Sherman (right) during a 2013 trip to Indonesia. Sherman visited Malaysia, Vietnam, and Myanmar from March 2 to 8. <http://www.flickr.com/photos/79520801@N03/8796349524>*

- **Blogger Truong Duy Nhat sentenced.** A court in the central coastal city of Danang on March 4 sentenced dissident blogger Truong Duy Nhat to two years in prison on charges of abusing democratic freedoms. Nhat was arrested at his home in Danang in May 2013, just weeks after he posted a blog calling for the resignation of Prime Minister Nguyen Tan Dung and Communist Party secretary general Nguyen Phu Trong. Nhat was a journalist with state-run newspapers before he became a popular blogger and free speech activist.

#### CAMBODIA



*Cambodian opposition leader Sam Rainsy, who on March 12 had threatened to walk out on electoral reform negotiations with the ruling Cambodian People's Party.*  
<http://www.flickr.com/photos/39515458@N02/8957930078>

- **Government, opposition agree to reform election committee.** The ruling Cambodian People's Party (CPP) agreed on March 17 to prioritize reforming the country's National Election Committee. The decision rescued ongoing talks with the opposition Cambodia National Rescue Party to reform the electoral system and end a months-long political standoff. Opposition leader Sam Rainsy on March 12 had threatened to walk away from the negotiations if the CPP did not agree to reform the election committee. A previous meeting on March 3 between both parties produced a significant agreement on electoral reforms.
- **Garment workers postpone stay-at-home strike.** Sixteen unions representing Cambodian garment workers agreed on March 11 to delay a massive stay-at-home strike until after the Khmer New Year. Workers were concerned about having enough money to travel home for the three-day holiday, which begins on April 14. The stay-at-home strike was to be one of the largest organized actions since a deadly clash between striking workers and military police in early January.
- **Chinese firm to operate Phnom Penh bus system.** A Chinese firm has won a bid to expand and operate Phnom Penh's new public bus system, according to a March 5 article in the *Phnom Penh Post*. Following a month-long trial, the pilot bus route was deemed a success after carrying 42,000 passengers along central Monivong Boulevard. The government hopes that a public bus system will help relieve traffic congestion in the capital.

#### SINGAPORE

- **Singapore announces plan to regulate virtual currency exchange.** The Monetary Authority of Singapore (MAS) announced on March 13 that it will regulate virtual currency exchanges, including operators of Bitcoin, in order to prevent their use for money laundering and the financing of illegal organizations. MAS said that regulations for virtual currency



*A physical representation of the virtual currency Bitcoin. Singapore announced it will regulate Bitcoin, among other virtual currencies, to prevent money laundering and financing of illegal organizations. <http://www.flickr.com/photos/105644709@N08/10307504544/>*

intermediaries will look similar to those used for money changers and remittance businesses. Singapore is among the first countries to impose regulations on virtual currency exchanges.

- **Singapore real estate developers face competition from China in Malaysia's Iskandar.** Singaporean firms are facing increasing competition from Chinese developers in Iskandar, Malaysia, a booming residential area directly across the border from Singapore. Chinese Greenland Group on March 11 announced plans to invest \$3.25 billion in real estate and homes in Iskandar. Other Chinese developers have invested \$2.8 billion over the past two years in parts of Malaysia previously dominated by Singapore-based firms, according to a March 11 *Forbes* article.

- **Labor market outlook in Singapore remains positive for 2014.** An employment outlook survey conducted by the consultancy firm ManpowerGroup found 23 percent of Singaporean employers intend to increase staffing levels in the second quarter of 2014, bringing hiring prospects up 2 percent from the same period in 2013, according to a March 11 Channel NewsAsia article. The survey found that the transportation and utilities sectors have the strongest hiring forecast while manufacturing has the weakest.

#### SOUTH CHINA SEA

- **China expels Philippine vessels from Second Thomas Shoal.** Chinese ships patrolling near Second Thomas Shoal in the Spratly Islands on March 9 expelled Philippine civilian vessels that Beijing claimed were carrying construction materials to build permanent structures on the disputed reef. Philippine officials denied the charges, saying the ships were carrying supplies for Philippine troops stationed at the shoal. Manila sent a navy plane to airdrop supplies to the troops the next day. Philippine authorities lodged a complaint with Chinese embassy officials, but Beijing dismissed their complaints.

- **Chinese patrols interdicting boats weekly under new fishing rules.** Luo Baoming, party secretary for China's southern province of Hainan, on March 13 said that Chinese maritime patrols are enforcing new fishing rules by apprehending or driving off foreign fishing ships in the South China Sea on a weekly basis. The new rules, which took effect on January 1, require foreign vessels to seek permission from Hainan officials before conducting fishing activities in the South China Sea, though their enforcement has largely been limited to the Paracel Islands. The Philippines and Vietnam have accused Chinese patrol vessels of using aggressive tactics to intimidate fishermen in the area.

## TRANS-PACIFIC PARTNERSHIP

- **TPP tops president's 2014 trade agenda.** Concluding the Trans-Pacific Partnership agreement is one of the top priorities on President Barack Obama's 2014 trade policy agenda, which U.S. Trade Representative Michael Froman issued on March 4. The president's other main trade priorities for the next 10 months include advancing the Transatlantic Trade and Investment Partnership and moving toward agreements on services and information technology. The agenda links free trade to employment and economic growth.



*U.S. Treasury secretary Jack Lew, who testified before the Senate Finance Committee on March 5, saying that President Barack Obama's administration wants to work with committee members on a Trade Promotion Authority bill.*  
[http://upload.wikimedia.org/wikipedia/commons/e/e3/Jacob\\_Lew\\_official\\_portrait.jpg](http://upload.wikimedia.org/wikipedia/commons/e/e3/Jacob_Lew_official_portrait.jpg)

- **White House to work with Senate Finance Committee on "fast-track" bill.** Treasury Secretary Jack Lew on March 5 testified to the Senate Finance Committee that President Barack Obama's administration wants to work with committee members to advance a Trade Promotion Authority (TPA), or "fast-track" bill. Lew responded to members of the committee who doubted the administration's commitment to TPA and the Trans-Pacific Partnership (TPP) trade agreement, noting that the president made them clear priorities in his State of the Union speech. Lew said he hoped TPA would garner bipartisan support.

## LAOS

- **Nationwide fiber-optic network set for completion.** Laos expects to finish installing a nationwide underground fiber-optic network in late March, five years since work began. The state-funded project, which will compete with private aboveground telecommunication networks, already provides services to Vientiane and 8 of Laos's 18 provinces, according to a March 10 *Vientiane Times* report. The network is expected to generate considerable revenue for the state.

- **Laos allocates part of special economic zone for Japanese investment.** Laos has designated part of the Savan-Xeno Special Economic Zone in the central province of Savannakhet to be used exclusively by Japanese factories, according to a March 17 report by the *Vientiane Times*. Japan provides about \$100 million a year in development assistance to Laos, part of which since 2010 has gone to providing proper roads, electricity, and water for the zone.

- **Laos vows transparency on Don Sahong dam.** The Lao government has said it will begin formal construction of the controversial Don Sahong dam on the Mekong River in December but will proceed transparently to assuage fears about the dam's environmental impact, according to a March 12 report by Radio Free Asia. The Lao Ministry of Energy and Mines

hosted a workshop in Vientiane on March 7 for Mekong stakeholders and environmentalists to speak directly with project developers.

#### ASEAN

- **Indonesia's failure to ratify haze treaty delays implementation of monitoring system.** Indonesia's parliament has still not ratified the ASEAN Agreement on Trans-boundary Haze Pollution signed in 2002. Its failure to do so is holding up the implementation of a satellite monitoring system to track smog. Nearly 65 percent of lawmakers at a March 3 meeting of the Indonesian parliament supported ratifying the treaty, but they are unlikely to do so until a new parliament is formed after general elections in April.
- **ASEAN to resume trade talks with EU after 2015 ASEAN Economic Community.** ASEAN secretary general Le Luong Minh indicated during the grouping's annual Delhi Dialogue with India on March 6-7 that ASEAN will not resume talks for a free trade agreement with the European Union until after the planned ASEAN Economic Community takes shape at the end of 2015. He indicated that ASEAN is currently too focused on addressing the remaining obstacles to regional integration for it to engage deeply in free trade negotiations.

#### TIMOR-LESTE

- **Journalists push back against restrictive draft media law.** Journalists and activists in Timor-Leste launched ongoing protests in early March against a draft law that would create an official media council and narrowly define journalists as Timorese citizens employed full-time by a news agency. Critics charge that the bill would restrict access to information by ignoring the rights of bloggers, foreigners, and independent journalists. They also argue that journalists should be allowed to govern themselves through their own independent press council. The controversial law was drafted in August 2013 and advanced to a parliamentary committee for discussion in late February 2014.

#### BRUNEI

- **Government to increase spending by 9 percent.** Brunei's Finance Ministry on March 10 announced plans to increase the national budget by \$550 million, allowing for a 9 percent spending increase in fiscal year 2014/2015. The increased spending is intended to counter an expected 7.7 percent dip in the country's energy sector caused by a recent decrease in oil drilling, according to a March 11 *Brunei Times* article. The ministry said the spending increase will boost public welfare and stimulate private-sector investment and growth. ■



*Smog hangs over Indonesia's western island of Sumatra in July 2011. Indonesia has yet to ratify an ASEAN agreement on combatting smog, which has delayed implementation of a satellite monitoring system. <http://www.flickr.com/photos/rainforestactionnetwork/6012569623/>*



*Journalists training in East Timor. Activists and journalists are protesting a draft media law that they argue would restrict access to information. <http://www.flickr.com/photos/dfataustraliaid/10730521496/>*

- **Discussion on China's foreign aid.** The Sigur Center for Asian Studies at George Washington University will host Saitama University's Shino Watanabe on March 24 for a discussion of China's foreign aid policies. Watanabe will discuss how Chinese aid is interacting with and affecting the international aid regime. The event will take place from 12:00 p.m. to 1:30 p.m. at the Elliot School of International Affairs, 1957 E St., NW, Conference Room 501. [Click here](#) to RSVP.
- **Myanmar's reemergence and opportunities for cooperation.** The National Bureau of Asian Research (NBR) and the U.S.-ASEAN Business Council will host a discussion on March 25 with Myanmar's ambassador to the United States, Kyaw Myo Htut, to celebrate the release of a new NBR report. The ambassador will speak about the current state of Myanmar's reforms and its role as 2014 ASEAN chair. His presentation will be followed by a panel discussion on Myanmar's emergence into the regional economy. The event will take place from 9:00 a.m. to 11:00 a.m. at the Capitol Visitor Center, First Street, SE. [Click here](#) to RSVP.
- **A long-term view of the U.S. rebalance to Asia.** The Institute of Policy Studies will host a panel discussion on March 26 on the U.S. rebalance to Asia, focusing on long-term challenges such as climate change, demographic shifts, and the evolution of technology as factors that the rebalance has overlooked. Panelists will include Lawrence Wilkerson, former chief of staff to the secretary of state, Alexis Dudden of the University of Connecticut, and Daniel Garrett of the Asia Institute. The event will take place from 12:00 p.m. to 1:30 p.m. at 1112 16th St., NW, Suite 600. To RSVP, e-mail Netfa Freeman at [netfa@ips-dc.org](mailto:netfa@ips-dc.org).
- **Forum on China's role as a partner for economic and political stability in Asia.** The Universal Peace Federation will host a forum on March 26 about China's growing influence and engagement in Asian and global political and economic stability. The event will focus on the possible opportunities and challenges for cooperation between China, the United States, and U.S. allies in the Asia Pacific. The forum will take place from 2:00 p.m. to 4:30 p.m. at 3600 New York Ave., NE. To RSVP, e-mail William Selig at [wselig@upf.org](mailto:wselig@upf.org).
- **Australia and New Zealand Army Corps Day.** The Embassy of Australia will host a dawn service, "gunfire breakfast," and church memorial service on April 25 in honor of Australia and New Zealand Army Corps Day. The dawn service will take place from 5:45 a.m. to 6:15 a.m. at the Korean

Veterans War Memorial, 900 Ohio Dr., SW. The “gunfire breakfast,” an ANZAC Day tradition that consists of coffee with rum, will be served from 7:00 a.m. to 9:00 a.m. at the Embassy of Australia, 1601 Massachusetts Ave., NW. The church service will be held from 10:30 a.m. to 11:30 a.m. at Washington National Cathedral, 3101 Wisconsin Ave., NW. [Click here](#) for more information. ■



## SOUTHEAST ASIA FROM SCOTT CIRCLE

CSIS Sumitro Chair for Southeast Asia Studies contributors:

Ernest Bower, Senior Adviser and Chair  
Murray Hiebert, Senior Fellow and Deputy Director  
Gregory Poling, Fellow  
Phuong Nguyen, Research Associate  
Noelan Arbis, Researcher  
Brian Kraft, Researcher  
Kyle Springer, Researcher  
Kathryn Tinker, Researcher  
Courtney Weatherby, 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).

© 2014 by the Center for Strategic and International Studies. All rights reserved.