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**Subject:** Fw: Southeast Asia from the Corner of 18th and K - Nov 2, 2010 - Paradigm Shift

Forward deployed diplomacy taking root in commentary from Hawaii speech. We will use it more in next statements. Kurt

**From:** Ernie Bower [redacted]  
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**Sent:** Tue Nov 02 17:36:30 2010  
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**Paradigm Shift: Forward-Deployed American Engagement in Asia**

**by Ernie Bower**

Experts identify trends by defining inflection points at which dynamics change and a new paradigm takes hold. As U.S. secretary of state Hillary Clinton embarks on her sixth trip to Asia and President Barack Obama prepares for his second visit to the region, the outlines of a U.S. strategy for Asia are being revealed. A new chapter is being written and it could be entitled "Forward-Deployed Diplomacy."

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**The Week That Was**

- Tsunami death toll reaches 408
- 17th ASEAN Summit
- President Obama's visit to Indonesia confirmed

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**Looking Ahead**

- U.S. secretary of state Hillary Clinton's Asian tour on October 27–November 9
- President Barack Obama's Asian tour on November 4–15, 2010
- G-20 Summit on November 11–12 in Seoul, Republic of Korea

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## **Paradigm Shift: Forward-Deployed American Engagement in Asia**

by Ernie Bower

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

Experts identify trends by defining inflection points at which dynamics change and a new paradigm takes hold. As U.S. secretary of state Hillary Clinton embarks on her sixth trip to Asia and President Barack Obama prepares for his second visit to the region, the outlines of a U.S. strategy for Asia are being revealed. A new chapter is being written and it could be entitled "Forward-Deployed Diplomacy."

Looking back, the point of departure for the new dynamic was Secretary Clinton's strong intervention, backed by a consensus of concerned partners, at the ASEAN Regional Forum (ARF) in Hanoi in late July.

It was Clinton's determination to speak directly and clearly on the South China Sea issue at the ARF that defined a real and renewed American commitment not only to be substantively involved in the creation of new trade and security architecture in the Asia Pacific, but to be present consistently whenever and wherever discussions of issues of interest to the United States and the Asia Pacific take place. At the same venue, China punctuated its remarkable two-decade charm offensive toward Southeast Asia by misjudging how it is perceived by its neighbors and overreacting to a unified expression of will to work multilaterally, advised by international law, to resolve disputes in the region. China's unmasking tapped into atavistic anxieties about how it might pursue its core interests among the ASEAN countries at the same time that Japan and Korea were getting in touch with those very same concerns over China's response to the Senkaku and Diaoyu Islands and handling North Korea after the sinking of the Cheonan.

Clinton's words were instructive. They were not words that could be uttered by a principal who was not willing to back them up. The Obama administration had decided to embark on a forward-deployed diplomatic push toward Asia.

Trips by the secretaries of state and defense and by President Obama can be understood in this context. Secretary Clinton and Secretary Robert Gates have visited Asia regularly and with purpose. Key criteria supporting the United States' decision to join the East Asia Summit (EAS) and advising Secretary Gates' enthusiastic response to Vietnam's invitation to join the ASEAN Defense Ministers' Meeting Plus included three important points:

1. Recognition that ASEAN would be the core of these new structures;
2. Understanding that structures would be ineffective unless ASEAN is strengthened; and,
3. Commitment to substantively deepen and strengthen ties with ASEAN and its key members.

Between them, Secretary Clinton and President Obama will visit 4 of the 10 ASEAN countries on their trips over the next two weeks. Secretary Clinton's trip includes seven countries in Asia, one of the most extensive visits of any American secretary of state. She has visited Vietnam not only to accept the invitation for the United States to join the EAS, but also to hold another meeting of the Lower Mekong Initiative, a smart partnership with four mainland Southeast Asia countries—Cambodia, Laos, Thailand, and Vietnam—focused on sustainable development, environmental issues, energy, and climate change. The Vietnam visit further cemented strengthening U.S.–Vietnam bilateral ties, marking American commitment to find alignment with one of ASEAN's most enthusiastic members.

Secretary Clinton will also visit Guam, Cambodia, Malaysia, Papua New Guinea, New Zealand, and Australia. In each venue, as explored below in the Southeast Asia from the Corner of 18th & K country reports, Clinton is making notable progress in advancing U.S. ties with important partners in the Asia Pacific.

For his part, President Obama has accepted responsibility for strengthening the two vitally important relationships with India and Indonesia, respectively the second- and fourth-largest countries in the world and the second- and third-largest democracies. The India relationship is solid and getting stronger. The

Indonesia relationship is one that the Obama administration wants to transform along the lines the Bush administration achieved with India. President Obama will launch the Comprehensive Partnership with his counterpart, President Susilo Bambang Yudhoyono, and the pair will then travel to Korea for the G-20 Summit and to Japan for the APEC Leaders' Summit.

This year is ending well for the United States in Asia, but there are two questions Asian leaders will have for Secretary Clinton and President Obama: (1) is the U.S. economy on a steady path to recovery; and (2) can the United States resume a leadership position on trade?

The acid test for sustained U.S. engagement in Asia is a healthy and growing American economy and passing the U.S.-Korea Free Trade Agreement (KORUS). Asia knows that if President Obama is willing—after the U.S. midterm elections today—to spend real political capital on KORUS, then the Trans-Pacific Partnership (TPP) becomes a real and meaningful negotiation. If not, the U.S. strategy for engaging Asia with ASEAN as a fulcrum will be incomplete and unconvincing.

July was an inflection point for a new paradigm of enhanced U.S. commitment and engagement in Asia. If the administration is able to sustain and advance economic recovery and move on trade, it is likely that Hillary Clinton's legacy as secretary of state will be as the forward-deployed diplomat who recovered Asia for the United States at the outset of the twenty-first century.

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## The Week That Was

### PREPARATION FOR SUMMITRY

Southeast Asia, along with partners throughout the Asia-Pacific region, spent the week preparing for and beginning an intense set of leaders' summits, including the 17th ASEAN Leaders Summit and the 5th East Asia Summit (both in Hanoi, Vietnam), the G-20 Leaders' Summit (in Seoul, Korea), and the APEC Leaders' Summit (in Yokohama, Japan).

### NATURAL DISASTERS

**Southeast Asia is among the world areas most vulnerable to natural disasters.** Over the last several weeks, that fact has been tragically underlined, pointing to the need for regional governments and militaries to improve coordination on humanitarian assistance and disaster relief efforts. The events are a tragic but timely motivation for developing new security architecture—a challenge that the region's leaders focused on in Hanoi at the newly expanded East Asia Summit.

**Tsunami death toll reaches 408.** A 7.7-magnitude earthquake off the coast of West Sumatra triggered tsunami waves up to 26 feet high that crashed through the Mentawai Islands on October 25, 2010. The waves flattened villages and destroyed 25,000 homes. Some 13,000 people have been displaced and are living in camps. Another 300 are missing, and rescuers expect most to have perished. Due to the poor infrastructure of the islands, relief efforts have focused on using helicopters and warships to deliver food, supplies, and medical equipment to inaccessible areas. President Susilo Bambang Yudhoyono cut short his time at the ASEAN and East Asia Summits in Hanoi to visit the disaster-struck area. He told survivors that the government's assistance was unyielding. Critics have blamed a dysfunctional German-made tsunami early warning system that was set up after the 2004 Indian Ocean tsunami. Secretary Clinton has expressed her condolences for the loss of life and destruction in the islands and has noted that Americans are proactively providing humanitarian assistance and disaster relief with other partners in the region. Meanwhile, Java's Mount Merapi, one of Indonesia's most active volcanoes, erupted hot ash and debris, killing 34 people and displacing 50,000 people.

**Cyclone Giri displaces thousands in Burma.** Cyclone Giri hit Burma's western Rakhine state last week, destroying the major town of Kayaukpyu. According to the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), at least 90 have been killed, 70,000 displaced, and 175,000 others impacted. With wind speeds up to 155 miles per hour, the storm was more powerful than Cyclone Nargis, which claimed around 140,000 lives in 2008. Aid groups, such as Myanmar Red Cross and the Social Welfare Ministry, have set up temporary camps to shelter more than 5,000 people.

**Flooding in Southeast Asia.** As the monsoon season envelopes Southeast Asia, several countries have been ravaged by flooding and landslides. Thailand continues to suffer one of the worst floods in the nation's history, with 94 people dead and 13,000 displaced. Authorities estimate 4.2 million people, mostly in the central and eastern areas, were affected by the flooding as their homes, farmland, and livestock were submerged. Prime Minister Abhisit Vejjajiva promised that the flooding will not be allowed to reach Bangkok proper due to the city's importance as the nation's economic center. Heavy rains and flooding in central Vietnam's Nghe An, Ha Tinh, and Quang Binh provinces have left at least 66 dead and 17,000 households submerged in water.

CSIS Southeast Asia encourages our readers to support the recovery efforts by contributing using the following links to key relief agencies.

Donations can be sent to the Indonesian Red Cross (Palang Merah Indonesia) ([www.pmi.or.id](http://www.pmi.or.id)) and Indonesian Relief-USA ([www.indonesiarelief-usa.org](http://www.indonesiarelief-usa.org))

## **ASEAN**

**7th ASEAN-China Business and Investment Summit.** China hosted the seventh China-ASEAN business and investment summit on October 19, 2010 in Nanning, capital city of Guangxi Zhuang Autonomous Region of China. A top Chinese political adviser reaffirmed at the summit's opening ceremony that "no matter how strong and powerful China can be, the country's policy of mutual trust, equal treatment, good-neighborhood, mutually beneficial cooperation, and common development would remain unchanged in developing relations with ASEAN countries." The leaders agreed to create a business advisory committee of 33 Chinese and ASEAN companies in January 2011 to provide private-sector guidance for ways to effectively expand trade and investment. ASEAN-China two-way trade reached \$ 211.3 billion from January to September 2010, up 44 percent year-on-year, as the China-ASEAN Free Trade Agreement (CAFTA) went into effect on January 1, 2010.

**17th ASEAN Summit.** ASEAN's leaders convened in Hanoi on October 28–30 for their 17th annual summit. They reviewed progress toward their collective goals for economic, political, and social integration defined in the ASEAN Charter (<http://www.aseansec.org/21069.pdf>). The leaders met amid growing confidence about regional recovery. The World Bank and IMF estimate the region's GDP will expand by 6.5 percent in 2010. The leaders also recognized the need to accelerate integration efforts as their partners from around the Asia-Pacific region have come to a consensus that ASEAN will be the core of new regional architecture for trade and security.

**ASEAN currency coordination?** In the context of continued global concern about currency valuations, ASEAN leaders discussed options for greater coordination on currency policies to prevent the decline of exports. Recognizing their limited influence in the currency drama being played out by the world's largest economies, ASEAN Secretary General Dr. Surin Pitsuwan suggested that the bloc boost regional demand and reduce reliance on U.S. and European markets. Malaysian prime minister Najib also urged ASEAN not to be distracted by the currency tension but to focus on greater trade links in the region. Indonesia, Thailand, and the Philippines are pushing ASEAN to adopt a common foreign-exchange position ahead of the G-20 Summit in an effort to prevent competitive devaluations among members. Indonesia is a member of the G-20, and Vietnam will represent ASEAN at the G-20 Summit in its current role as Chair of ASEAN.

**ASEAN endorses connectivity plan.** ASEAN leaders agreed on a "connectivity master plan" outlining strategies to improve the region's connectivity in three major areas: physical connectivity (transport and infrastructure), institutional connectivity (trade and investment liberalization), and people-to-people connectivity (tourism and education). The plan seeks to bridge the economic diversity in the region and help ASEAN achieve its goals of an integrated community in 2015. The plan also supports connectivity with the

"Plus 3" partners in East Asia, China, Japan and South Korea. Those countries have provided financial support for several infrastructure projects in ASEAN countries.

**ASEAN ministers call for agreement on climate change.** On October 13, 2010, in Bandar Seri Begawan of Brunei the 12th Informal ASEAN Ministerial Meeting on the Environment called for a legally binding agreement to restrict global temperature rise to less than two degrees Celsius above the pre-industrial level, underlining the importance of reaching a climate change deal at the United Nations Conference on Climate Change (UNCCC) to be held in Cancun, Mexico, from November 29 to December 10. The Ministers urged developed countries to define "specific and binding targets" for cutting greenhouse gas emissions, and called on them to provide developing countries with "adequate, predictable, and sustainable" financial resources. Created under the ASEAN Charter, the ASEAN Climate Change Initiative (ACCI) serves as a regional platform to strengthen regional mitigation and adaptation efforts.

**Burma not on the agenda, but discussed.** Indonesia's foreign minister Marty Natalegawa announced that Burma's controversial election was "not officially scheduled" for the 17th ASEAN Summit. However, sources involved indicated that Burma and the elections were discussed in some detail during both the ministerial meeting and among the leaders. One outcome is that all resident ASEAN embassies in Burma will be invited to be "observers" for the election and will be allowed facilitated access to the election process "without restrictions." All ASEAN members indicated their interest in joining that effort. There were apparently indications that opposition leader Aung San Suu Kyi could be released after the elections.

**ASEAN + 3 summit concludes.** ASEAN leaders met their dialogue partner counterparts from Japan, Republic of Korea, and China for the annual ASEAN + 3 Summit. At the meeting, Japanese prime minister Naoto Kan agreed to help to support the implementation of the newly adopted Master Plan on ASEAN Connectivity. ASEAN and South Korean leaders also agreed to elevate their cooperation to a strategic partnership by endorsing a Joint Declaration on Strategic Partnership for Peace and Prosperity, which is available on [http://asean2010.vn/asean\\_en/news/48/2DAA0A/Joint-Declaration-on-ASEAN-REPUBLIC-OF-KOREA-strategic-partnership-for-peace-and-prosperity](http://asean2010.vn/asean_en/news/48/2DAA0A/Joint-Declaration-on-ASEAN-REPUBLIC-OF-KOREA-strategic-partnership-for-peace-and-prosperity). ASEAN and China reaffirmed their commitment to comprehensive cooperation toward balanced and sustained development by adopting a Joint Statement on Sustainable Development, available on [http://asean2010.vn/asean\\_en/news/48/2DAA0E/ASEAN-China-Leaders-Joint-Statement-on-Sustainable-Development](http://asean2010.vn/asean_en/news/48/2DAA0E/ASEAN-China-Leaders-Joint-Statement-on-Sustainable-Development).

**China-Japan-ROK meeting in Hanoi.** Leaders of China, Japan, and the Republic of Korea (ROK) met on the sidelines of the 17th ASEAN summit held October 28–30 in Hanoi. At the meeting, they agreed that their trilateral cooperation will not only serve the interest of the three nations but also contribute to boosting regional cooperation, peace, and stability in East Asia. Chinese premier Wen Jiabao underlined, "The correction direction of the tripartite cooperation should be firmly kept from a strategic perspective." China also pushed for completion of joint study on a China-Japan-ROK free trade area.

## INDONESIA

**President Obama's visit to Indonesia confirmed.** The U.S. president will revisit the city where he spent several years of his childhood during his 10-day Asia tour and will formally launch the U.S.-Indonesia comprehensive partnership, which includes major initiatives in maritime security, counterterrorism, higher education, and climate change cooperation. Indonesia, nearly twice the size of the next largest member, will chair ASEAN and the East Asia Summit next year. It is also the world's fourth-largest country, third-largest democracy, and home to the largest number of Muslims in the world, though it is not an Islamic country. Strengthening ties with Indonesia is very important to the United States as it seeks to strengthen links with ASEAN and enhance the capacity and integration efforts among ASEAN members so the 10-country group will be a solid foundation for new regional security and trade architecture in Asia. On November 10, 2010, President Obama will deliver a speech at the Istiqlal Mosque, addressing Indonesians in a speech being described as building on the ideas in his Cairo speech in June 2009, where he called for "a new beginning" between the United States and the Muslim world. The president is likely to link the success of Indonesian and Malaysian Muslims to sustainable economic models and democratic governance structures. More analysis on the U.S.-Indonesia Comprehensive Partnership can be found on the cogitAsia blog here: <http://cogitasia.com/2010/09/30/the-u-s-indonesia-comprehensive-partnership-the-security-component/>

**Aceh terror suspect held in Malaysia.** Indonesian authorities have confirmed that Taufik Marzuki, currently in Malaysian detention, is the terror suspect involved in the Aceh ideological and military training camp that police raided earlier this year. As a member of the Islamist Kumpulan Mujahiddin, he is thought to be involved in the Aceh terrorist network and has been on the police's wanted list since March 2010. In another example of outstanding transnational cooperation on counterterrorism in ASEAN, Taufik fled to Malaysia after the police raid and was arrested on September 29, 2010, by Malaysian authorities coordinating with their Indonesian counterparts.

**Anti-government rallies in Jakarta.** Marking the first anniversary of President Susilo Bambang Yudhoyono's second term, hundreds of protestors congregated outside the presidential palace, throwing stones and setting tires on fire, demanding that the president step down. The police resorted to firing tear gas and warning shots to disperse the crowd. Several smaller demonstrations occurred in other islands as well. The protestors indicated that they are dissatisfied with the president for not fulfilling his campaign promises concerning corruption, improvement of human rights, and economic recovery. More protests are planned in the near future.

## APEC

**Secretary Clinton to miss 2010 APEC ministerial meeting.** Boasting an otherwise perfect attendance record on key Asian ministerial meetings, it appears the APEC ministerial meeting is one meeting too far for Secretary Clinton, who is covering seven countries on her current pan-Asian visit. She has asked Deputy Secretary of State Jim Steinberg to attend the 2010 APEC ministerial meeting on November 10 in Yokohama, Japan. President Obama will attend the 2010 APEC Leaders' Meeting on November 12–13 in Yokohama, but Clinton's absence does highlight the question of whether APEC will retain its prominence and relevance as other regional structures such as the East Asia Summit add the United States and Russia to their memberships.

**APEC business leaders recommend free trade.** The APEC Business Advisory Council, composed of representatives from business communities in each of APEC's 21 member economies, urged APEC leaders to speed up establishment of the free trade zone, known as Free Trade Area of the Asia-Pacific (FTAAP) to materialize trade liberalization in the region. In its proposal submitted to Japan, chair of the 2010 APEC Summit, the council made a reference to the Trans-Pacific Partnership (TPP) as a model and argued, "FTAAP is an inspirational but achievable vehicle for delivering free and open trade and investment in the Asia-Pacific region." Recent research suggests that removing tariffs and implementing trade facilitation measures in an FTAAP would increase regional economic growth by 2.9 percent.

## BURMA/MYANMAR

**International community responds to elections in Burma.** On October 27—less than two weeks before the national elections—Burmese foreign minister Nyan Win said that the military junta "will release Aung San Suu Kyi (ASSK) maybe after the elections." However, no date was specified. U.S. State Department spokesman Philip Crowley accused the military regime of "craven manipulation" of the elections by offering to release ASSK only after voting. He demanded Burma free all political prisoners immediately and allow Suu Kyi to participate in the elections. United Nations secretary general Ban Ki-Moon also called on Burma's Southeast Asian neighbors to act more aggressively in urging Burma to provide political space and free elections or risk tarnishing their own democratic credentials. Philippines' president Benigno Simeon Aquino III cited the exclusion of ASSK as a sign that the elections lack credibility. Cambodia, Laos, Thailand, and Vietnam issued a joint statement calling for free and fair elections. Australian prime minister Julia Gillard added her voice to the discussion by stating her concern with Burma's human rights violations.

**Burmese General Than Shwe will not compete in the election.** According to a Southeast Asian diplomat, Burma's general Than Shwe will not be running in the national election on November 7, 2010. The diplomat spoke on condition of anonymity. While it is widely believed that Than Shwe's name will not appear on the ballot during the elections, it remains unclear what role he will play in the country's political future.

## THAILAND

**Thai-Burma border closure during elections.** Tighter restrictions have been placed on the shared border after reports of people being detained for attempting to place explosives at the Rangoon International Airport and other public buildings in Rangoon, Mandalay, and the federal capital Naypyitaw. The suspects are believed to have connections to the armed anti-government movements: All Burma Students Democratic Front (ABSDF) and Karen National Union (KNU), which are based near the border. Thai authorities say that the border will remain closed until November 14, 2010, one week after the elections in Burma.

**Bangkok to vote on Cambodian-Thai border.** Prime Minister Abhisit Vejjajiva informed a group of Cambodian reporters in Bangkok that Thailand's National Assembly is set to deliberate on the minutes of a bilateral joint border committee (JBC) meeting between Thailand and Cambodia held on October 26, 2010. Negotiations of the JBC were suspended last year because the Thai parliament had not endorsed the agreed minutes. The documents stipulate joint demining and demarcation projects along the border near the Preah Vihear temple and redeployment of soldiers in the zone in order to diffuse border tensions. The parliament's approval will not only facilitate the JBC's future tasks but also expedite the resolution of long-standing disputes over the two countries' shared boundary. However, citing insufficient time, the parliamentary vote is reportedly suspended until next week.

**Ties with Cambodia strained over DSI report.** In mid-October, Thailand's Department of Special Investigation (DSI) disclosed a report claiming that militant "Red shirts" received special weapon training in Siem Reap, Cambodia. This bombshell accusation took place as relations between the two kingdoms were restored after their two premiers met in New York in September and in Brussels in October. Prime Minister Hun Sen of Cambodia rejected the allegation and argued, "Cambodia has [an] obligation to fight against terrorism and has no interest in interfering into the internal affairs of Thailand." Prime Minister Abhisit Vejjajiva of Thailand, who was assured by the Cambodian leader's non-interference policy, warned the DSI to take 'extra caution' when making such a public statement.

## VIETNAM

**U.S.-Vietnam ties strengthened.** During the 17th ASEAN Summit, U.S. secretary of state Hillary Clinton and Vietnamese foreign minister Pham Gia Khiem witnessed the signing of two cooperative agreements. The first is a contract for Vietnam Airlines to buy B787-9 aircraft from the U.S. Boeing Company; the second is a commitment between the Vietnam Ministry of Information and Communication and the U.S. Microsoft Corporation to improve Vietnam's information technology. Both countries also agreed to work on marine security and disaster relief. See Secretary Clinton's remarks with Foreign Minister Khiem here: <http://www.state.gov/secretary/rm/2010/10/150189.htm>.

**Japan and Vietnam cooperate on rare earth metals and nuclear power.** During the East Asia Summit in Hanoi, Japanese prime minister Naoto Kan and Vietnamese prime minister Nguyen Tan Dung agreed to cooperate in developing rare earth metals and building nuclear power. The two countries will conduct joint geological surveys of the rare earth minerals. Japan also agreed to build two of four nuclear power plants planned in Vietnam. These partnerships are seen as part of Vietnam's attempt to speed up resource development to meet the growing demand of its economy.

**U.N. secretary general visits Vietnam for the first time.** United Nations secretary general Ban Ki-moon made his first official visit to Vietnam on October 28–30, 2010. Ban met with President Nguyen Minh Triet and Communist Party general secretary Nong Duc Manh. He also attended the third ASEAN-U.N. Summit on October 29. During his meeting with President Triet, Ban congratulated Vietnam on its successes as ASEAN chair and its contributions to the implementation of the Millennium Development Goals. President Triet took the occasion to propose that the UN provide information and financial assistance to help Vietnam cope with climate change.

**Should Vietnam continue its bauxite mining projects?** Explicitly as a result of the massive toxic mud spill in Hungary in early October, a group of Vietnamese statesmen petitioned the government to close bauxite mines in Vietnam's central highlands. The petition was signed by 15 senior officials, including former Vietnamese vice president Nguyen Thi Binh. Together they called on the government to close the current mines and cancel all future operations. However, their concerns were dismissed by the Vietnam National Coal and Mineral Group (Vinacomin), which claimed that, unlike Hungary, Vietnam has plans to

guarantee environmental safety. Also, if the projects are canceled, Vinacomin will suffer great losses because two-thirds of the investment has already been disbursed. Opposition to the mining deal sets a new benchmark in the role of nongovernment actors influencing decisionmaking in Vietnam. Among those opposing the deal is national hero and 97-year-old war veteran General Vo Nguyen Giap. He is joined by a wide coalition of Vietnamese citizens including bloggers and scientists. Some analysts believe that China's involvement in the deal—the deal involves the Aluminum Corporation of China (Chinalco)—is a contributing factor to the grassroots opposition.

**Vietnamese government evaluates the near collapse of state-owned Vinashin.** Vinashin, Vietnam's state-owned shipbuilding firm, was founded in 1996 and became one of the country's eight Economic Groups in 2006. It contributed more than \$169.6 million to the government's budget by the end of 2009. However, in the last two years, the firm has incurred tremendous losses as a result of the global financial crisis. Instead of accurately reporting its deficit, Vinashin officials claimed to have earned \$38.25 million in profit while actually losing \$81.6 million. Because Vinashin is a state-owned company, the government plays a significant role in responding to this crisis. Vietnamese prime minister Nguyen Tan Dung attributed this situation to "managerial weakness, a lapse in responsibility, [and] deliberate violations and the falsification of financial reports...." Companies claimed that the government needs to increase controls on the way state-owned companies use their investment capital. The company's problems and its fate are an important harbinger of how the government will handle state-owned enterprises, address corruption, and manage the privatization process.

## CAMBODIA

**United Nations chief visits Cambodia.** On his four-Asian-nation tour, UN secretary general Ban Ki-moon paid a three-day visit to Cambodia. In a meeting with the UN chief, Cambodian prime minister Hun Sen threatened to close down the local UN human rights office if General Secretary Ban does not replace the current UN human rights representative, Christophe Peschoux, who was accused of representing Cambodian opposition parties rather than working on human rights issues. On the Khmer Rouge tribunals, Hun Sen demanded that the UN-backed court must cease seeking new more indictments in order to maintain Cambodia's peace and stability. The premier asserted that additional prosecutions will "reopen old wounds and trigger another civil war" in his nation. Secretary Ban responded by defending the rights of the UN office head and underlining the importance of the court's independence. The UN chief also urged both Cambodia and Thailand to address their current border disputes through peaceful means.

**Clinton to visit Cambodia from October 30 to November 1.** U.S. secretary of state Hillary Clinton visited Cambodia, marking the third trip to Cambodia by top U.S. secretaries of state, namely Colin Powell in 2003 and Warren Christopher in 1996. Clinton's visit will coincide with the 60th anniversary of diplomatic relations between the U.S. and Cambodia. For more details on the trip: <http://www.state.gov/r/pa/prs/ps/2010/10/150193.htm>. The two countries cohosted "Angkor Sentinel" military exercises, held in July 2010 in Cambodia and attended by 26 countries. In October 2010, hundreds of Cambodian and U.S. sailors conducted a joint maritime security and security training exercise in Cambodia known as "Cooperation Afloat Readiness and Training Cambodia 2010." Clinton's trip is also seen as part of the U.S. effort to deepen its interests in Southeast Asia ahead of joining the East Asia Summit. During the visit, Secretary Clinton agreed to send U.S. experts to resume negotiations with Cambodia with a view to exploring ways to resolve the Cambodian debt issue. She also hinted, "The United States would be interested in seeing the money spent in Cambodia on improving education or environmental protection, instead of taking a direct payment."

## SOUTH CHINA SEA

**ASEAN and China will meet to discuss South China Sea.** According to ASEAN secretary general Dr. Surin Pitsuwan, ASEAN and China will launch a working group meeting in December to prepare for a code of conduct to resolve the territorial disputes in the South China Sea. The meeting will be held in China. The ASEAN foreign ministers are keen to avert military conflict and strengthen confidence in the region. The code of conduct will implement the Declaration on Conduct of Parties in the South China Sea, which was signed in 2002 by all ASEAN member states and China. ASEAN and China have been unable to agree on implementing modalities for the past eight years.

**Cambodia rejects internationalization of South China Sea.** Cambodian prime minister Hun Sen recently urged all claimants to the South China Sea to use existing mechanisms to resolve the dispute through consultations and to fully adhere to the Declaration on Conduct in the South China Sea agreed in 2002. His statement is seen as action taken in response to a request from China. Cambodia, which itself is not a claimant, also urged some countries not to pressure China. In the 2002 declaration, ASEAN and China agreed to create a peaceful, friendly, and harmonious environment in the South China Sea with a view to promoting peace, stability, economic growth, and prosperity in the region. ASEAN and China differ on whether to resolve disputes multilaterally (the ASEAN view) or bilaterally (China's preference).

**China expands naval fleet.** Amid disputes with ASEAN members over the South China Sea, with Japan over the East China Sea (Senkaku and Diaoyu Islands), and with Korea related to North Korea's sinking of the Cheonan, China is expanding its fleet of naval surveillance ships. China launched a new high-speed inspection ship, and 36 more are expected to be added. The latest ship—China Marine Surveillance 75—would patrol the South China Sea. Beijing dismissed criticism suggesting the additional ships might be perceived as aggressive and explained that the ships will be used solely to protect its maritime rights.

## MALAYSIA

**Secretary Clinton to visit Kuala Lumpur.** Secretary Clinton will be arriving in Malaysia on November 1. This is the first official visit to Malaysia by a U.S. secretary of state in 15 years. The three-day official visit to Malaysia, the longest leg of Clinton's Asia trip, is a reflection of the strengthening of ties between Malaysia and the United States. Secretary Clinton was scheduled to meet with Prime Minister Najib, but he came down with chicken pox on the last day of the ASEAN Summit and related summits in Hanoi, Vietnam. Clinton will meet with Malaysia's foreign minister, Datuk Seri Anifah Aman. A noteworthy feature of the visit will be the signing of the Memorandum of Understanding between the Malaysian Government and the United States on Science and Technology Cooperation During a briefing in Washington D.C., Assistant Secretary of State Kurt Campbell said, "Few countries have come as far, in terms of our bilateral relationship, as the one between the United States and Malaysia." Malaysia's efforts to strengthen ties are resulting in a warm embrace from Washington, D.C. The Clinton visit was in line with the commitment by U.S. president Barack Obama to elevate ties with Malaysia to a higher level during a bilateral meeting with Prime Minister Najib at the Nuclear Nonproliferation Summit in April 2010. Since then, Malaysia has sent military doctors and specialists to Afghanistan, strengthened its nonproliferation regime through passing the Security Trade Act, joined the Trans-Pacific Partnership trade negotiations, and is working closely with the United States on transnational issues such as climate change and counterterrorism.

**By-elections in Sabah and Kelantan.** Malaysia's Election Commission (EC) has set November 4, 2010, for two important parliamentary by-elections in Batu Sapi in Sabah and Galas in Kelantan. The elections are seen as an important referendum on Prime Minister Najib's leadership, specifically his reform efforts. **Najib unveils Budget.** Prime Minister Najib unveiled his 2011 budget on October 16, laying the roadmap for the country for the next few years. Among the highlights of the budget are plans to build another six highways and a 100-story tower, implementing a Mass Rapid Transit (MRT) transportation system in Kuala Lumpur, and Rural Basic Infrastructure (RBI) NKRA initiatives such as providing clean and treated water, electricity, and roads to improve the living standards of rural communities, especially those in Sabah and Sarawak. The Malaysian government also announced that it has achieved its budget target for the first time in three years and announced deficit reductions for 2011.

**Indian prime minister visits Malaysia.** As part of his "Look East" policy, Indian prime minister Manmohan Singh made a visit to Malaysia on October 26 on his way to the East Asia Summit in Hanoi. He met with Prime Minister Najib and discussed issues of economic integration and cooperation in the areas of infrastructure development, railways, knowledge industries, energy, defense, and greater people-to-people exchanges. The visit is expected to culminate in the signing of several pacts and the announcement of the conclusion of negotiations over an India-Malaysia Comprehensive Economic Cooperation Agreement (CECA) that is expected to conclude early next year.

**Malaysia urged to be firm in corruption fight.** While Malaysia remained in the same spot as last year's on Transparency International's (TI) yearly corruption scale at 56th position, its corruption score dropped from 4.5 to 4.4. TI's corruption scale ranges from zero (perceived to be highly corrupt) to 10 (thought to have little corruption). Malaysia's 2010 target was to reach a score of 4.9. Although Prime Minister Najib has pledged to tackle corruption and introduced a series of reform measures, IT urged Malaysia to be firmer

in fighting corruption. Paul Low, president of TI Malaysia, stated that for Malaysia to achieve its national target of high-income and developed nation status by 2020, it needs to maintain and enhance its commitment to fight corruption. Endemic corruption has hampered Malaysia's efforts to attract much-needed foreign investment and has posed significant challenges for the country's overall economic development.

## PHILIPPINES

**Philippines in top 10 for gender equality.** The World Economic Forum ranked the Philippines 9th among nearly 200 countries in gender equality in its 2010 Global Gender Gap Report, the highest ranking in Asia. The Philippines also ranked first on education and health in Asia, 13th on economic participation, and 17th on political empowerment. The report comes amid the debate over the passage of the Reproductive Health Bill, which has been staunchly opposed by the Catholic Church. The report quantifies equality in the areas of politics, education, employment, and health. The high ranking illustrates the improved status of Filipino women in society. Though discrimination still exists, more women than men are now enrolled in college, hold CEO positions at the top corporations, and practice previously male-dominated positions like law, medicine, and engineering in the Philippines.

**Philippines to deepen cooperation with Vietnam.** President Aquino will sign four landmark memorandums of agreement (MOAs) with Vietnam when he visits the country for the East Asia Summit. Aquino's visit is by invitation of Vietnamese president Nguyen Min Triet and is his first visit to an ASEAN country after his inauguration. The MOAs will focus on academic cooperation, defense cooperation, oil spill preparedness and response, and search and rescue at sea.

**"PH" and "PHL" instead of "RP."** The Department of Foreign Affairs has adopted "PH" and "PHL," which are the initials designated by the International Organization for Standardization (ISO), as the acronyms for the nation. The older "RP" is the acronym for Republic of the Philippines and has caused confusion with other countries. It is unclear if the names of treaties and government bodies using the initials "RP" would have to be renamed, such as the RP-U.S. Visiting Forces Agreement.

## NEW ZEALAND

**Pacific Partners: Washington Seminar.** The CSIS study Pacific Partners: The Future of U.S.-New Zealand Relations is well under way. On Wednesday October 27, 2010, a U.S.-New Zealand expert seminar discussed and debated the first draft of the study. Nearly 30 experts offered their wisdom and expertise by giving commentary and feedback. The next review will be held in Wellington, New Zealand, on November 22, and the study will be finalized in January and published at the U.S.-New Zealand Partnership Forum in Christchurch in February 2011. It will lay out a series of research-backed recommendations for taking the United States and New Zealand to the next level. Prime Minister John Key and Foreign Minister Murray McCully will receive Secretary Clinton on Thursday November 4, 2010, in Wellington for her three-day visit and will sign the Wellington Declaration. U.S. assistant secretary of state Kurt Campbell stated that the declaration will underline the United States' desire to enhance U.S.-New Zealand cooperation on issues ranging from nuclear nonproliferation and climate change to stability in the Pacific Islands.

**John Key attends the East Asia Summit.** New Zealand's prime minister, John Key, has said the Burmese election was a step in the right direction, but not enough to satisfy New Zealand. Prime Minister Key said he would raise the issue with UN secretary general Ban Ki-Moon, who will be at the summit. For New Zealand's bid for a seat on the UN Security Council in 2015, Secretary Ban will also be invited to the Pacific Islands Forum to be held in Auckland next year. If he accepts, he will be the first UN secretary general to attend.

**Trade deficit expands.** Although New Zealand's exports increased recently, its strong domestic demand and currency caused import growth to rise faster. Increased purchases of cars and machinery contributed to the widening of this gap. The expansion of New Zealand's exports by 0.3 percent, or \$2.3 billion, was the first time in four months and was concentrated in milk powder, butter, and cheese. Imports have increased by 3.6 percent, or \$2.77 billion, and are led by purchases of vehicles, machinery, and equipment.

**AUSTRALIA**

**Prime Minister Julia Gillard on the move.** Prime Minister Gillard was in Hanoi this weekend for the Fourth East Asia Summit. Gillard indicated that in addition to the various security, political, and economic topics that will be discussed, she would take a strong position regarding upholding basic human rights in Burma. Following her trip, Prime Minister Gillard visited Indonesia and Malaysia and discussed human trafficking and asylum seekers. She will also have the opportunity to ask Indonesian president Susilo Bambang Yudhoyono for clemency for convicted Australian drug trafficker Schapelle Corby.

**AUSMIN November 8, 2010.** U.S. secretary of state Hillary Clinton and U.S. secretary of defense Robert Gates will participate in the 14th Australia-U.S. Ministerial (AUSMIN) on November 8, 2010. The AUSMIN is taking place after being postponed when Secretary of State Clinton needed to turn around en route to Australia due to the earthquake in Haiti in January 2010. Australia's foreign minister Kevin Rudd and defense minister Stephen Smith will host the consultations at Government House in Melbourne. This will be Secretary Clinton's first visit to Australia. AUSMIN is the premier forum for strengthening Australia-U.S. cooperation in the Asia-Pacific region and globally on foreign policy, defense, and strategic matters.

**Afghan troops train with Special Forces.** Six Afghan troops were flown to Australia to train alongside Australia's elite Special Forces. Air Chief Marshal Houston defends the decision but neither confirms nor denies reports the men are linked to Afghan warlord Matiullah Khan, who protects U.S. and Australian convoys in the Uruzagan province. This training program is seen as a calculated risk and a tactical decision that will be beneficial to security in the long run. Some critics say that the government needs to reveal the security process these men underwent before entering the country.

**SINGAPORE**

**Indonesian haze plagues Singapore and neighbors.** Illegal forest-clearing fires on Indonesia's Sumatra Island are sending haze across the Malacca Strait to neighboring Malaysia and Singapore, causing the worst air pollution since 2006. Singapore received a Pollution Standards Index reading of 72/100, considered to be in the moderate range. Singapore's Environment and Water Resources minister Yaacob Ibrahim noted that ASEAN environment ministers may need to conduct another meeting to discuss measures to combat the haze generated by uncontrolled forest fires on Sumatra. Environment ministers from ASEAN states had met in Brunei on October 13 to discuss national, subregional, and regional activities dealing with land and forest fires. Ibrahim noted that Singapore was disappointed at the recent turn of events and that Indonesia has been reminded several times to take more substantive action when tackling the issue of transboundary pollution.

**Deputy prime minister steps down after 17 years.** After leading a 24,000-strong home team for 17 years, Wong Kan Seng, Singapore's deputy prime minister for home affairs, announced October 27 that he would step down from his post. The Home Affairs Ministry oversees such departments and divisions as the Police Force, the Civil Defense Force, the Prison Service, the Internal Security Department, and the Immigration and Checkpoints Authority. Law minister K. Shanmugam, who was the second home affairs minister, took over from Mr. Wong on November 1, 2010.

**LAOS**

**Laos and Thailand border demarcation.** Following a three-year suspension, bilateral negotiations on border demarcation between Laos and Thailand are set to resume in January 2011. Laotian foreign minister Thounloun Sisoulit underlined the need for fully demarcated borders, creating a legacy for future generations and avoiding mistrust between the neighbors. Ninety-three percent of Cambodian-Laos borders have been officially demarcated.

**Laos needs \$15 billion to finance its development projects.** In a recent meeting with its donor countries, Laos presented its national development plan to be implemented from 2011 to 2015. The five-year development strategy costs about \$15 billion. The proposed sources of funding are as follows: 26 percent from foreign assistance, about 60 percent from foreign direct investment, 10 percent from domestic credit, and 10 percent from the national government. Donor countries agreed on October 21 to support the

development compact, seeking \$3.9 billion from external aid. The donors' main interests in Laos are promotion of equitable future growth and transparency in government's revenues.

**Laos learns socialist modernization from China.** The Communist parties of China and Laos cohosted the inaugural "socialist modernization" seminar titled "Major Theory and Practice in the Socialist Modernization Drive." China Communist Party member Liu Yunshan underlined the need to "strike a balance among reform, development, and stability, and create a favorable condition for the socialist modernization drive. China will continue to uphold the great banner of socialist development with Chinese characteristics, emancipate the mind, keep pace with the times, promote sound and fast social and economic development, and open up a new prospect in the socialist construction cause."

## **BRUNEI DARUSSALAM**

**Japan offers flood assistance for Brunei.** Japan's ambassador to Brunei, Norike Hirose, suggested that Japan could potentially partner with Brunei to help develop infrastructure and to enforce effective methods for flood prevention. Ambassador Hirose noted that Japan had already developed the infrastructure necessary to deal with severe flooding, and that the Bruneian government could consider engaging the Japanese government on that level. Japan has developed an advanced rapid-response system and provisions for the control of extreme flooding.

**China's Huawei to build broadband network in Brunei.** Huawei, a Chinese telecommunications network solutions provider, announced it had been selected as the exclusive provider for the Brunei Next Generation Broadband Network (BNBN) project of Telekom Brunei Berhad. The project is the largest investment of its kind ever made by Telekom Brunei Berhad. BNBN will oversee the development of four major areas in Brunei.

## **MEKONG RIVER**

**MRC recommends postponing dam construction.** According to a report commissioned by the Mekong River Commission (MRC), no dam should be built on the main stream of the lower Mekong River for the next decade. The report comes weeks after Laos formally notified its neighbors that it wants to build a major dam at Xayaboury near the border with Thailand. Weighing the potential risks and economic benefits, the MRC recommended deferring dam construction for the next 10 years. It cited the catastrophic consequences for fish stocks that could be caused by the mainstream dams.

**Lower Mekong Initiative addresses climate change effects.** On October 30, Secretary Clinton hosted a meeting with her counterparts from Cambodia, Laos, Thailand, and Vietnam to discuss plans for the Lower Mekong Initiative. They first addressed the potential impact of building dams on the Lower Mekong, then discussed ways to adapt to the effects of a changing climate and agreed to explore sustainable operating structures for the region.

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## **Looking Ahead**

**U.S. secretary of state Hillary Clinton's Asian tour on October 27–November 9.** Secretary Clinton visits Vietnam, China, Cambodia, Malaysia, Papua New Guinea, New Zealand, and Australia. The trip is characterized as "cool-headed, constructive diplomacy" with China and efforts to boost American ties with Pacific neighbors. The secretary's first trip as secretary of state was to the ASEAN region. She visited Indonesia and paid a courtesy call on ASEAN secretary general Dr. Surin Pitsuwan at the ASEAN Secretariat in Jakarta.

**President Barack Obama's Asian tour on November 4–15, 2010.** President Obama will make a state visit to India (November 5–9), formally launch the new Comprehensive Partnership with Indonesia

(November 9–10), participate in the G-20 Leaders' Summit in the Republic of Korea (November 11–12), and attend the APEC Leader's Summit in Japan (November 13–14).

**25th Australia-United States Ministerial Consultations (2010 AUSMIN) November 8.** The AUSMIN is the principal bilateral forum between Australia and the United States to discuss and share perspectives and approaches on major global and regional political issues and to deepen bilateral security and defense cooperation. Annually held in an alternate fashion, this forum is headed by both nations' defense and foreign ministers. This year, both Secretary Clinton and Secretary Gates will be in Melbourne. Their visit will also mark the 25th anniversary of the AUSMIN talks, launched in 1985, and 70 years of diplomatic relations between Australia and the United States.

**G-20 Summit on November 11–12 in Seoul, Republic of Korea.** The summit will discuss a broad range of issues including global economic recovery and measures to prevent "competitive devaluations" among its members amid foreign-exchange tension.



**18th APEC Leaders' Summit on November 13–14 in Yokohama, Japan.** President Barack Obama will attend this economic conference whose major focus will be achieving the "Bogor Goals," which called for industrialized member economies and developing members to achieve free and open trade by 2010 and 2020 respectively.

**United Nations Climate Change Conference (UNCCC)** in Cancun, Mexico, November 29–December 10, 2010.

**Hu Jintao visit to Washington, Q1 2011.** The United States and China have begun preparation for an official visit to the United States by President Hu Jintao in the first quarter of 2011. The visit could help ease regional tensions in Asia over perceived U.S.-Sino competition in a number of areas ranging from currency valuation to security-related issues in Southeast and Northeast Asia.

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