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# *INSIGHT* SOUTHEAST ASIA

Looking Eastwards From New Delhi



Vietnamese Students at the Temple of Learning, Hanoi  
Photo Courtesy : Udai Bhanu Singh

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### **Centre Activities for May and June**

The developments in the months of May and June are covered in this issue. As readers would be aware, although the Newsletter is called Insight Southeast Asia, the intention is to include Oceania as well. This issue carries a country profile of the archipelagic nation, Indonesia. There are two commentaries- one on Malaysia-India relations and another on the China-Vietnam spat in the South China Sea/East Sea.

The months of May and June were important for regional organization developments as also development in individual countries. Myanmar got the opportunity to showcase its progress as it went on to host the ASEAN Summit in Nay Pyi Taw.

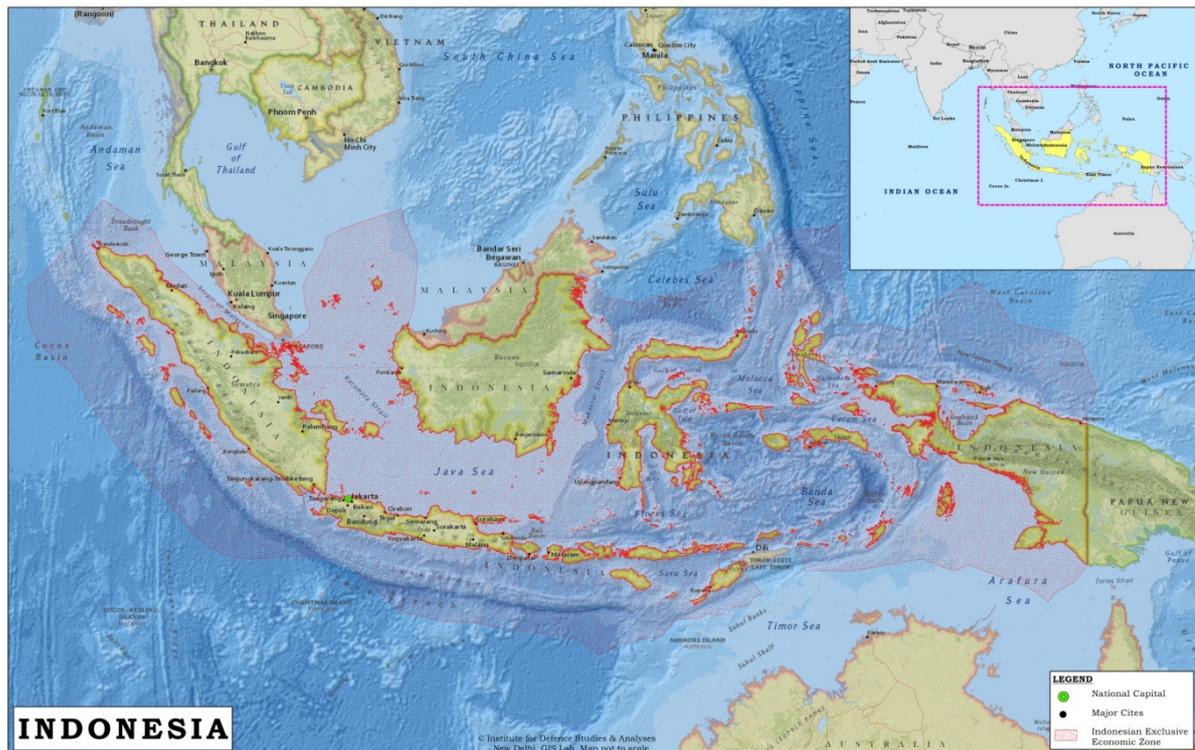
The other most important development in the region was Chinese assertive behavior in the South China/East Sea when it positioned a \$1 billion oil rig in disputed waters claimed by Vietnam to be its EEZ. Less than two months later from the day, in late June China deployed four more rigs in the South China Sea. Meanwhile, Philippines and Indonesia arrived at an understanding on their maritime boundaries through an agreement they have signed to settle the question of overlapping EEZs. Also, Indonesia resumed diplomatic ties with Australia after a short period of tension.

An equally momentous development was the ouster of the Thai Prime Minister Yingluck Shinawatra and the subsequent coup led by the Military. Whether it was a 'coup' or something else may be a subject of academic debate, but that Thailand has been prone to coups in recent history is a well acknowledged fact. Meanwhile, Indonesia which has emerged as something of a model of democratization for the region's military dominated regimes has plans for presidential elections on July 9 with Joko Widodo and Jusuf Kala named as Presidential and Vice Presidential candidates respectively.

China, India and Myanmar recently marked the 60th anniversary of the signing of Panchsheel agreement. While in Sino-Indian relations, the 1962 War still rankles, and-what is more- the border issue remains unresolved, China early on decided to settle its borders with Myanmar. In its relations with Myanmar, India continues to seek a peaceful border. In order to control insurgency on the Myanmar border by signing an MoU on Border Cooperation with its Southeast Asian neighbor. The Imphal-Mandalay flight that was due to start functioning from June 27 has been postponed for the time being. The plan to implement the bus service from Imphal to Mandalay is also awaiting revival in the not too distant future.

**Udai Bhanu Singh**

# INDONESIA



**Source:** IDSA

**Capital:** Jakarta, located on the island of Java

**Land and Geography:** The Republic of Indonesia consists of five large islands and almost 13000 smaller islands. Five main islands are Sumatra, Java, Borneo (or Kalimantan), Sulawesi (earlier known as Celebes) and Irian Jaya (West Irian) which is the western part of the island New Guinea. Indonesia is the fourth largest Asian country, followed by China, India and Saudi Arabia. Indonesia's land boundaries are with Malaysia (on Borneo side), East Timor (on Timor side) and Papua New Guinea (on New Guinea side).<sup>1</sup>

**Population:** 246.9 million (in 2012)<sup>2</sup>

**Politics and Government:** Indonesia is

a multiparty, presidential, republic and democratic country. The *Trias Politica* system of Indonesia separates legislative, judiciary and executive powers from each other. The legislative council is called Consultative Assembly (MPR) that consists of two houses namely the House of Representatives (DPR) (which has representatives of political parties), and the Regional Representatives Council (DPD) (which has representatives from each province in Indonesia). The President, the vice president and the cabinet of ministers form the executive branch where the ministers are answerable to the President and not to the parties. The Supreme Court, the Judicial Commission and the Constitutional Court form the judiciary.<sup>3</sup>

<sup>1</sup> Available at <http://www.encyclopedia.com/topic/Indonesia.aspx>, accessed 21 May 2014.

<sup>2</sup> World Bank Data, <http://data.worldbank.org/country/indonesia>, accessed 21 May 2014

<sup>3</sup> Portal Nasional Republik Indonesia, <http://www.indonesia.go.id/en/indonesia-glance/politics-and-government>, accessed 21 May 2014

**Religion and Ethnic Composition:**

Indonesia is a predominantly Islamic nation where almost 87% of the population professes Islam. The Christians occupy a significant minority position in Indonesia. Few Hindus and Buddhists too can be found in the country. Around 39% of the population belongs to the Javanese ethnicity, 16% to the Sundanese and 12% to the Bahasa Indonesian groups.<sup>4</sup>

**Major Socio-Economic Indicators:**

<b>GDP (current US\$) billion</b>	<b>\$878.0 (2012)<sup>5</sup></b>
<b>GDP per capita (current US\$)</b>	3495.0 (2011) <sup>6</sup>
<b>Employment in industrial sector (% of employed)</b>	20.6 <sup>7</sup> (2011)
<b>Employment in agricultural sector (% of employed)</b>	35.9 <sup>8</sup> (2011)
<b>Tourist arrivals at national borders (000)</b>	7650 (2011)
<b>Energy production, primary (000 mt oil equivalent)</b>	293181 (2010) <sup>9</sup>
<b>Exports (million US\$)</b>	203496.6 (2011) <sup>10</sup>
<b>Imports (million US\$)</b>	177435.6 (2011) <sup>11</sup>

<b>Major Export</b>	Japan, China,
<b>Partners</b>	Singapore
<b>Major Import Partners</b>	China, Singapore, Japan
<b>Population growth rate (average annual %)</b>	1.0(2010-2015) <sup>12</sup>
<b>Sex ratio (males per 100 females)</b>	99.4 (2012) <sup>13</sup>
<b>Life expectancy at birth (females and males, years)</b>	71.8/68.3 (2010-2015) <sup>14</sup>

**Defence:** Army, Navy (including the Indonesian Marine Corps) and the Air Force form the *Tentara Nasional Indonesia* (TNI) or the Indonesian military. In late 1990s, the Indonesian police forces were separated from the Indonesian Army and in 2000, the Indonesian National Police received independence from the military. The Indonesian military is a voluntary one. The Indonesian Army was initially founded with the local militias in 1945 in order to protect the newly emerged country. The Indonesian Navy too was formed in 1945. The Indonesian Air Force came into existence in 1946 only to become the second air force in Southeast Asia after Thailand. Indonesia's land borders are guarded by the *KOSTRAD PERBATASAN* or the Border Army Strategic Reserve Command.

<sup>4</sup> Indonesia, <http://www.populstat.info/Asia/indonesg.htm>, accessed 21 May 2014

<sup>5</sup> World Bank Data, <http://data.worldbank.org/country/indonesia>, accessed 21 May 2014

<sup>6</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>7</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>8</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>9</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>10</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>11</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>12</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>13</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

<sup>14</sup> UN Data, <http://data.un.org/CountryProfile.aspx?crName=indonesia>, accessed 21 May 2014.

The TNI has contributed to several peacekeeping operations under the leadership of UN including United Nations Mission in the Democratic Republic of Congo, United Nations Interim Force in Lebanon and several others.

During the era of Suharto, the TNI used to occupy a significant position in the politics of Indonesia. The dual function or *Dwifungsi* ensured that the military is responsible for the preservation and enforcement of internal and external security and sovereignty of the State as well as play the role of an overseer and arbiter of government policy. Though the post-Suharto era since 1998 has seen observable reductions in military's interference and involvement in the politics, the army still enjoys considerable position in the Indonesian politics.

The Indonesian defence is based on the principle of achieving Minimum Essential Force (MEF) by 2014.

### **Foreign Relations:**

The Ministry of Foreign Affairs of Indonesia mentions that the foreign policy of Indonesia should be directed to prevent the nation's potential for disintegration, attempt to recover the economy of the country, attempt to improve the image of the nation and finally, improve the quality of serving and protect the citizens of Indonesia.<sup>15</sup> Indonesia's outgoing

President, Susilo Bambang Yudhoyono believes in 'thousand friends and zero enemies' and the foreign minister Marty Natalegawa has popularised the so-called doctrine of 'dynamic equilibrium' signifying involving all the major relevant powers within a more cooperative framework as a basis for the development of an inclusive regional architecture.<sup>16</sup> Economy is another dominating factor shaping today's Indonesian foreign affairs.<sup>17</sup>

### **Relations with India:**

Pundit Jawaharlal Nehru and Sukarno shared a common vision of an Asia free of imperialism and colonialism. India's relation with Indonesia is a cordial one. In 2005, President Yudhoyono visited India and the two countries signed a Joint Declaration on Establishing a Strategic Partnership. In January 2011, President Yudhoyono again visited India as the Chief Guest of the Republic Day celebrations and both countries signed 16 inter-governmental agreements including an Extradition Treaty, Mutual Legal Assistance Treaty, an MoU on Exchange of Financial Intelligence related to Money Laundering and Financing Terrorism, an MoU on Establishing a Biennial Trade Ministers' Forum, an Air Services Agreement, an MoU on Cooperation in Oil and Gas, an MoU on Cooperation in Urea Manufacturing, an MoU on Cooperation in the field of Micro, Small and Medium Enterprises, an MoU on Cooperation between the BATAM Free Trade Zone and SEEPZ, and MoU on Cooperation in Marine and Fisheries, an MoU in Weather and Climate

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<sup>15</sup> Ministry of Foreign Affairs of Indonesia, <http://www.kemlu.go.id/Pages/History.aspx?l=en>, accessed 21 May 2014

<sup>16</sup> Dewi Fortuna Anwar, Indonesia's foreign relations: policy shaped by the ideal of 'dynamic equilibrium' 4 February 2014, available at <http://www.eastasiaforum.org/2014/02/04/indonesias-foreign-relations-policy-shaped-by-the-ideal-of-dynamic-equilibrium/>, accessed 21 May 2014.

<sup>17</sup> Dewi Fortuna Anwar, Indonesia's foreign relations: policy shaped by the ideal of 'dynamic equilibrium' 4 February 2014, available at <http://www.eastasiaforum.org/2014/02/04/indonesias-foreign-relations-policy-shaped-by-the-ideal-of-dynamic-equilibrium/>, accessed 21 May 2014.

Services, an MoU on Science and Technology Cooperation, a Programme of Cooperation in Science and Technology, an MoU on Cooperation between the Press Councils of the two countries, an MoU on Cooperation in the field of Education and a Cultural Exchange Programme. In October 2013, India's then Prime Minister Dr. Manmohan Singh visited Indonesia and 6 MoUs were signed which included an MoU on Combating Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and its precursor, an MoU on Cooperation in the

field of Disaster Management, an MoU on Health Cooperation, an MoU for International Cooperation on Combating Corruption, an MoU on Technical Cooperation in the area of Capacity Building of Public Officials between Lal Bahadur Shastri National Academy of Admin & National Institute of Public Administration of Indonesia and an MoU on Cooperation between ICWA of Indonesia and ICWA of India. Indonesia is India's second largest trading partner from the ASEAN region. The bilateral trade between India and Indonesia stood at USD 20.1 billion in 2012-13.<sup>18</sup>

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<sup>18</sup> Indian Embassy in Jakarta, <http://www.indianembassyjakarta.com/index.php/2013-05-20-10-02-04>, accessed on 24 May 2014.

# China-Vietnam Spat in the South China Sea/East Sea

Udai Bhanu Singh<sup>19</sup>

On May 2<sup>nd</sup> 2014 the Vietnamese authorities detected the positioning of the \$1billion HD-981 oil-drilling platform belonging to China National Offshore Oil Corporation (CNOOC), together with some supporting ships, some 220kms (120 nautical miles) from the coast of central Vietnam in the South China Sea (which Vietnam calls the East Sea). China announced its intention to station the oil rig till mid-August in the area which falls inside Chinese claims in the South China Sea demarcated by its U-shaped nine-dash line. The Chinese action raises a number of questions. Vietnam-China relations appeared to be on the mend when this incident took place. Trade and business was progressing steadily and the two countries were discussing plans for jointly prospecting for oil in the South China Sea. What has added to the concern is that China did not stop at this. It sent four more oil rigs to the South China Sea less than two months later after placing the HD-981 rig. While it leaves no doubt in neighbours' minds about Chinese intentions to intensify oil and gas exploration what is not clear is whether the additional support is for the four new projects that China wants to start this year in the eastern and western part of South China Sea.

## Vietnam's Position:

Vietnam has reacted strongly to Chinese incursion into what it regards as its own Exclusive Economic Zone. Vietnam said that it has full legal and historical basis for sovereignty over the Paracel Islands (known as Xisha Islands in Chinese and Hoang Sa Archipelago in Vietnamese) located in the South China Sea. This is in conformity with the 1982 UNCLOS and China should respect its sovereign and jurisdictional rights over its EEZ and Continental Shelf. Any dispute over the Hoang Sa Archipelago should be settled peacefully through negotiations.

## According to Hanoi:

- (a) China's continued presence of its oil rig and ships in the 143 Block off the Vietnamese waters regardless of Vietnam's communications constitutes an international and serious violation of Vietnam's sovereignty and jurisdiction over the Hoang Sa Archipelago and its EEZ and Continental Shelf
- (b) It violates bilateral agreement between the leadership of the two countries
- (c) It runs counter to the spirit and language of the DOC and relevant provisions of the international law, particularly the 1982 UNCLOS.

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<sup>19</sup> Dr Udai Bhanu Singh is the Coordinator of the Centre of Southeast Asia and Oceania, IDSA.

(d) It impacts negatively on the maritime security and safety in the East Sea (South China Sea), thus affecting peace and stability in the region and the world.

There was a spontaneous nationalist upsurge in Vietnam against Chinese deployment of the rig in the South China Sea. The sentiment manifested itself as anti-Chinese riots in several Vietnamese cities like Ho Chi Minh City, forcing China to evacuate a large number of its nationals (some 3000) as some of them suffered injuries or were even killed.<sup>20</sup> Vietnam security rushed to quell further protests which persuaded foreign businesses to resume later.<sup>21</sup>

While Vietnam harbours a historical animosity towards China, it has in recent years begun to rely heavily on trade with China. This is the trend which is seen across most of China's neighbours is evident in the case of Vietnam, Japan and the Philippines—countries with China has maritime disputes. seen in the following table:

Country	Exports (\$bn)	Imports (\$bn)	Exports* (%)	Imports* (%)
Vietnam	13.3	37.0	10.0	28.0
Japan	123.6	172.7	18.1	21.7
Philippines	6.6	8.0	12.2	13.0

**Source:** Respective national governments. Cited in The Wall Street Journal, May 15, 2014.

## Reactions:

**USA:** US Secretary of State John Kerry termed Chinese move as “provocative”. But it is unlikely that the US would come to Vietnam’s aid.

**ASEAN:** In the May ASEAN meeting, the ASEAN Foreign Ministers issued a separate statement relating to the South China Sea. Meanwhile, Indonesia and the Philippines signed an agreement on how to handle their overlapping maritime claims in their respective EEZ’s (which extend to 200nm)<sup>22</sup>

**Russia:** Putin’s Russia signed a contract with Beijing to supply China natural gas. China becomes Russia’s second largest gas market (after Germany).

## India’s Position:

India considers the South China Sea waters as part of the global commons where freedom of navigation should prevail and maritime security advanced. In addition India does have economic interest in the form of energy. India’s position on the matters maritime had been stated earlier by the External Affairs Minister at the ARF

meeting in July 2013 which essentially highlighted the following points<sup>23</sup>:

- India desires a stable maritime environment as it depends heavily on maritime trade and commerce and energy flows. It seeks to ensure safety and security of sea lanes of communication (SLOCs).

<sup>20</sup> The riot affected factories belonging to nationals of other countries as well- Taiwan, Japan, Malaysia and Singapore. 15 factories were set ablaze by a mob of several thousand people.

\* As a percentage of total exports/imports.

<sup>21</sup> ‘Foreign Firms Reopen in Vietnam after Riots’, The Wall Street Journal, May 19, 2014.

<sup>22</sup> ‘Indonesia, Philippines Reach Pact on Sea Border’, The Wall Street Journal, May 20, 2014.

<sup>23</sup> Excerpted from, “External Affairs Minister’s Intervention on “Exchange of views on regional and international issues” at 20th ASEAN Regional Forum (ARF) meeting in Brunei Darussalam” <http://mea.gov.in/in-focus->

- Non-state threats to maritime security should be tackled through dialogue, transparency and close cooperation.
- Unimpeded right of passage and other maritime rights in accordance with international law
- Maintenance of peace and security in the region in accordance with international law
- Oppose the use or threat of use of force.: “We hope that all parties to disputes in the South China Sea region will abide by the 2002 Declaration on Conduct in the South China Sea and work together to ensure peaceful resolution of disputes, in accordance with international law, including 1982 UNCLOS. We urge all parties concerned to take forward these discussions towards adoption of a Code of Conduct in the South China Sea on the basis of consensus.”

### **Way Forward:**

What are the diplomatic, legal and military options available to Vietnam? The

diplomatic option available to Vietnam includes the links Vietnam Communist Party has with the Chinese Communist Party which could be utilized for back channel diplomacy. Second, Mr Le Luong Minh from Vietnam who occupies the important position of ASEAN Secretary General is ably placed to influence if not directly mould events. Third, it could seek international arbitration and take the matter to the International Tribunal on Law of the Sea (which would be a slow process with no guarantee whether China would stand by its ruling). The Vietnamese Premier Nguyen Tan Dung did say on May 21 that his country could challenge Chinese claims in an international court like the Philippines had done. Militarily, Vietnamese army has a manpower of 412,000 (according to IISS’ Military Balance). It is modernizing its military- acquiring Russian submarines, naval vessels and missiles. But in the current confrontation, Vietnam has deployed only coast Guard ships, not its Naval vessels, According to Thayer, “Vietnam has no military options. The Vietnamese military are very concerned not to get involved.” Vietnam is exploring the viability of the third option- the legal one.

# Malaysia-India Relations under Narendra Modi's Leadership

Suseela Devi Chandran <sup>24</sup>

The recent election result in India was something that many people in India may have expected, but not those from Southeast Asia. The National Democratic Alliance led by Narendra Modi's Bharatiya Janata Party (BJP) won 336 seats in India's 543 seat in lower house of parliament, the Lok Sabha. The BJP itself gained an outright majority with 282 seats – the first time this has happened since 1984 and definitely a remarkable achievement for Modi. His election campaign mantra of 'development, growth and employment' not only attracted 1.27 billion people in India but also received praise from leaders of other countries.

Although India's new Prime Minister Narendra Modi has shared little about his foreign policy platform and this generates increasing interest, one may foresee that in general, Narendra Modi may pursue and continue, if not change Manmohan Singh's foreign policy.

The question that is raised is: will a Muslim majority populated country like Malaysia continue its strong bond with India which is run by a Hindu-nationalist leader? The answer however is an emphatic "yes." During his election campaign, Modi was able to run a campaign largely free of the Hindu-nationalists rhetoric. His message was focused on creating jobs, fighting

corruption and improving infrastructure. All this goes well with Malaysia's agenda of development.

The new PM also secured confidence in his leadership during the oath taking ceremony. The swearing in ceremony that took place saw Narendra Modi's multilateralism and diplomatic skills. The presence of leaders from neighbouring countries sent out a clear and loud message of what Modi was going to pursue in the future. The presence of so many neighbouring leaders was indeed a refreshing marker of proactive engagement. Given that Malaysia is also a proponent to multilateral and constructive engagement, this sets the right track for further cooperation between these two countries.

There are also other things that Malaysia and India can look forward to.

First is the leadership between both prime ministers. Under the present administration of Prime Minister Najib Tun Razak, one can see the Malaysia-India relationship growing and becoming more significant. Prime Minister Najib believes that it is imperative that Malaysia leverage the historical linkages and develop strategic partnership that is forward looking, comprehensive and mutually beneficial. Many analysts believe that the strong bonding between the former PM, Manmohan Singh and Najib Tun Razak are the turning points for enhanced

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<sup>24</sup> Suseela Devi Chandran is a Phd Candidate from University Kebangsaan Malaysia.

economic relations that are being witnessed in Malaysia –India relations. The same feeling was echoed by the private sector as well. They recognised the Najib-Manmohan Singh factor was very significant and has been the driving force for the enhanced Malaysia-India economic relationship. And they too believe this special relationship will continue under Modi. Malaysia has been consistently in dialogue with India to move things faster in terms of business and trade. In fact, analysts perceive that the growth in Malaysia-India economic relations is essentially a tribute to the political leadership of both countries. And both countries should optimize these opportunities to ensure economic growth remains high. Besides that, the role from government to government and the stronger interaction between private sectors is intensifying the economic relations because of strong leadership between these two countries. Hence, a new combination of Modi-Najib is likely to continue.

Second is the economic factor. In terms of economic aspect, given that Modi's relations with other countries will be driven by business needs and a sense of realism whose goal is to grow India Inc. and do business with anyone – at home or abroad – this will only add advantage for Malaysia. It is clear that people of India want Modi to develop India as what he has done for the north western state of Gujarat for the last 12 years.

The economic integration between Malaysia and India is a classic case of mutual comparative advantages in trade coming to place. The two governments have recognized the wide mutuality of interest and have set up an elaborate,

comprehensive architecture of cooperation. Based upon the articulation and exploration of strategic partnership and the implementation of Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) along with newer interactions such as various forums through ASEAN, the bilateral trade between Malaysia and India will only increase in time to come. Although both nations understand the challenges and limitations in doing trade and investments, opportunities still remain very high. Both nations have implemented various policies and incentives that encourage trading and investment in each other's countries. Malaysia is actively promoting the diversification of Malaysia's industrial base towards high value-added industries, high technology and knowledge-based industries, manufacture of intermediate and capital goods, and supplementary and supporting industries. Emphasis is also placed on the promotion and development of services such as education, tourism and manufacturing related services such as research and development; design and prototyping; integrated logistics and marketing; and regional establishment such as operational headquarters; international procurement centres; and regional distribution centres. Moreover, Malaysia is emerging as a major potential investor in India, with investments in the pipeline in power, oil refineries, telecommunication and electrical equipment industries, besides highway and other infrastructure development projects. Given that Malaysian Foreign Direct Investment in India is primarily focused on roads and highways, telecommunications, oil & gas, power plants, tourism and human resources, it is likely that India will welcome Malaysia's investment. Malaysia is currently 19th largest investor in India with FDI inflows from April 2000 to September 2013 standing at US \$ 618.37 million, as per the statistics of the DIPP. Even if investments made through the third

country route are also included, cumulative Malaysian investments in India till date stand in excess of US\$ 6 billion. According to the Construction Industry Development Board (CIDB) of Malaysia, Malaysian companies have so far completed 72 construction projects worth US\$ 3.27 billion in India, while 17 projects valued at US\$ 2.376 billion are currently under various stages of implementation.

Therefore, under the name of development, Malaysia-India ties are heading towards better footprint.

In conclusion, given that in the past India's Look East Policy was concentrated towards ASEAN, one can foresee India to play a bigger role in regional frameworks. This would be India's first step towards realizing Narendra Modi's strong and resurgent India.

## ASEAN

### 24<sup>th</sup> ASEAN Summit Conducted in Nay Pyi Taw

The 24<sup>th</sup> ASEAN Summit was held in Nay Pyi Taw on 11 May 2014, themed as 'Moving Forward in Unity to a Peaceful and Prosperous Community'. This ASEAN Summit marks Myanmar's entry as a Chair into the grouping. At the end of the Summit the Nay Pyi Taw Declaration was issued. Besides, this time, ASEAN foreign Ministers issued two separate statements on current situations in South China Sea and Thailand. This ASEAN Summit was believed to have been overshadowed by Chinese aggressive moves in South China Sea which created lot of dissatisfaction within Vietnam and Philippines. The foreign ministers' statement on Thailand was another significant step which was taken as Thailand is passing through a troublesome time as its prime minister has been ousted by a constitutional court and days after, the Thai military declared a nation-wide coup. On the sidelines of the 24<sup>th</sup> ASEAN Summit, ADMM and some other annual ASEAN events took place too.<sup>25</sup>

### 27<sup>th</sup> ASEAN- US Dialogue in Yangon

The 27<sup>th</sup> ASEAN-US Dialogue was held in Yangon on 9-10 June, 2014. In the

dialogue, both sides discussed issues ranging from maritime security, combating transnational crime, combating wildlife trafficking, renewable and clean energy, infrastructure, connectivity, disaster management, education, youth and people-to-people exchanges and environment. The dialogue also stressed on ASEAN Community Building by 2015 and US cooperation towards it. The meeting was co-chaired by H.E. Aung Lynn, Senior Officials Meeting Leader of Myanmar and H.E. Daniel R. Russel, Assistant Secretary of State, Bureau of East Asian and Pacific Affairs, the U.S. Department of State.<sup>26</sup>

### 8<sup>th</sup> IMT-GT Summit

The eighth Indonesia-Malaysia-Thailand Growth Triangle Summit was concluded in Myanmar in May 2014. This year, the IMT-GT marked its 20<sup>th</sup> anniversary and the representatives expressed their satisfaction over the expansion of the programme to 14 southern Thailand provinces, 10 Sumatran provinces in Indonesia and 8 states of Malaysia. IMT-GT aims to reduce developmental gaps within ASEAN.<sup>27</sup>

### 10<sup>th</sup> BIMP-EAGA Summit

The 10<sup>th</sup> BIMP-EAGA consisting of Brunei, Indonesia, Malaysia and Philippines was conducted on May 11 in Myanmar. Maritime and land connectivity, food security, trade, environment are some of the issue areas on which BIMP-EAGA focuses on.<sup>28</sup>

<sup>25</sup> ASEAN Secretariat, <http://www.asean.org/>, accessed on 17 May 2014.

<sup>26</sup> "ASEAN and US Commit to Deepen Bilateral Cooperation", 11 June 2014, ASEAN Secretariat, [http://www.asean.org/news/asean-secretariat-news/item/asean-and-us-commit-to-deepen-bilateral-cooperation?category\\_id=27](http://www.asean.org/news/asean-secretariat-news/item/asean-and-us-commit-to-deepen-bilateral-cooperation?category_id=27), accessed on 17 June 2014.

<sup>27</sup> "8<sup>th</sup> IMT-GT Summit Draft Joint Statement", 13 May 2014, ASEAN Secretariat, <http://www.asean.org/images/documents/24thASEANSummit/The%208th%20IMT-GT%20Summit.pdf>, accessed on 17 June 2014.

<sup>28</sup> "Joint Statement- Tenth Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area Summit", 11 May 2014, ASEAN Secretariat, <http://www.asean.org/images/documents/24thASEANSummit/Joint%20Statement%20of%20the%2010th%20BIMP-EAGA%20Summit.pdf>.

### **Ambassador of Bangladesh to Indonesia will be his Country's First Ambassador to ASEAN**

Ambassador Md. Nazmul Quaunine will assume duty as Ambassador of Bangladesh to ASEAN, as reported by the ASEAN Secretariat. Secretary General Le Luong Minh said Ambassador Quaunine could play an important role in enhancing ties between Bangladesh and ASEAN as well as between ASEAN and SAARC.<sup>29</sup>

## **ASEAN-India**

### **India Signed Security Pact with Myanmar**

A Memorandum of Understanding on Border Cooperation has been signed between India and Myanmar in the beginning of May 2014. The MoU has provisions for intelligence exchange between the security agencies of India and Myanmar and conduct of coordinated patrols on the borders. For India and Myanmar, this MoU is important as they will be able to enhance cooperation to combat issues like trafficking and cross-border insurgency in a tangible manner.<sup>30</sup>

### **India Pavilion in Jakarta Fair:**

Ambassador Gurjit Singh inaugurated India Pavilion in the prestigious Jakarta Fair on 11 June 2014. For the first time, India participated in the Jakarta Fair and India was the only country to have an exclusive pavilion. ASSOCHAM and the Indian Embassy in Jakarta organized the India Pavilion and near about fifty Indian companies exhibited local handicrafts, home textile, imitation jewellery, leather goods, carpets etc.<sup>31</sup>

### **Panchsheel celebration between India, China and Myanmar:**

On 28 June, India's Vice President Hamid Ansari and Myanmar's President Thein Sein have visited China to celebrate the 60th anniversary of the Panchsheel (five principles of peaceful co-existence) as developed and nurtured by India's first Prime Minister Jawaharlal Nehru and China's Premier Zhou Enlai. Chinese President Xi Jinping has already outlined his vision of an "Asian Security Concept" which is, according to many, nothing but a reframed Panchsheel. Xi said, China would "develop friendly relations and cooperation with other countries on the basis of the Five Principles of Peaceful Co-existence."<sup>32</sup> In order

<sup>29</sup> "First Ambassador to ASEAN Presents Credentials" , 6 May 2014, ASEAN Secretariat, [http://www.asean.org/news/asean-secretariat-news/item/first-ambassador-of-bangladesh-to-asean-presents-credentials?category\\_id=27](http://www.asean.org/news/asean-secretariat-news/item/first-ambassador-of-bangladesh-to-asean-presents-credentials?category_id=27), accessed on 17 June 2014.

<sup>30</sup> "India and Myanmar Sign memorandum of Cooperation on Border Cooperation", 10 May 2014, Ministry of External Affairs, <http://www.mea.gov.in/press-releases.htm?dtl/23315/India+and+Myanmar+sign+Memorandum+of+Understanding+on+Border+Cooperation>, accessed on 20 June 2014.

<sup>31</sup> "India Pavilion at Jakarta Fair 2014", Press Release, Embassy of India in Jakarta, <http://www.indianembassyjakarta.com/index.php/25-news-and-events/305-india-pavilion-at-jakarta-fair-2014>, accessed on 17 June 2014.

<sup>32</sup> Krishnan, Ananth, "In China's New Diplomacy A Revival of 'Panchsheel'", 25 June 2014, The Hindu, <http://www.thehindu.com/news/in-chinas-new-diplomacy-a-revival-of-panchsheel/article6145656.ece>, accessed on 27 June 2014.

to commemorate the 60th anniversary of Panchsheel, India and China have decided to mark 2014 as the India-China Friendship and Exchange Year. President Thein Sein said that Panchsheel is relevant for all ASEAN and other developing countries across the world.<sup>33</sup>

## Northeast India-Look East Policy

### Imphal-Mandalay Flight and Bus Services

The Golden Myanmar Airlines, a private airlines is expected to start chartered flight services between Imphal and Mandalay from 27 June. This initiative, taken some months back, has faced some problems. However, it is expected that all problems will be sorted out soon to start the flight service. Efforts have also been taken to introduce helicopter service between Imphal-Tamenglong, Imphal-Jiribam and Imphal-Moreh. At the same time, the proposal for a bus service between Imphal and Mandalay, which was sent almost one year back, now has gained some momentum as a delegation from India met their counter-parts from Myanmar to resume the talk regarding the same. According to sources, both sides are now finalizing the protocol for the MoU.<sup>34</sup>

### NE States Should have Separate Offices in ASEAN Countries:

Northeastern states of India should have separate offices in the Indian missions located in ASEAN, China and Bangladesh, recommended in a seminar, 'By Northeast: The Way Ahead for India's Security and Prosperity', in Guwahati in early May 2014. Besides, other suggestions include removal of AFSPA from the Northeast, resolve all internal conflicts at the soonest, stop corruption, re-mapping the textbooks to include the history-geography and politics of Northeast India and stop appointing retired police and army personnel as governors in the region.<sup>35</sup>

### World Bank Pledges to Help Road Construction in Mizoram to Enhance Connectivity with Bangladesh and Myanmar

Under the ambit of Regional Transport Connectivity Project, the World Bank has approved a credit of US\$ 107 million to enhance transport system in the landlocked state of Mizoram with the aim to enhance its connectivity with Bangladesh and Myanmar. The statement released by the World Bank said, trading barriers need to be removed in order to increase intra-regional trade from \$16 billion to \$38 billion. Mr. Ruhl, World Bank's India Country Director mentioned, Northeast India, Bangladesh and Myanmar can import and export products more easily and at a cheaper

<sup>33</sup> "Presidents of India, China and Myanmar Greet Each Other", 28 June 2014, Business Standard, [http://www.business-standard.com/article/pti-stories/presidents-of-india-china-and-myanmar-greet-each-other-114062800612\\_1.html](http://www.business-standard.com/article/pti-stories/presidents-of-india-china-and-myanmar-greet-each-other-114062800612_1.html), accessed on 30 June 2014.

<sup>34</sup> Verma, Ragini and Roche, Elizabeth, "India and Myanmar a step closer to road connectivity", 11 June 2014, Live Mint, <http://www.livemint.com/Politics/vAjhANoxV2OvuteFdFpHoM/India-and-Myanmar-a-step-closer-to-road-connectivity.html>, accessed on 12 June 2014.

<sup>35</sup> "Plea for offices of NE States in consulates", Assam Tribune, 1 May 2014, <http://www.assamtribune.com/scripts/detailsnew.asp?id=may0214/city07>, accessed on 2 May 2014.

rate once connectivity improves. The 27.5km Champhai-Zokhawthar road and the 41.7km Chhumkhum-Chawngte will be straightened and widened.<sup>36</sup>

## Brunei

### Sharia Law Implemented in Brunei amid International Condemnation

Brunei has already implemented the first phase of its overtly criticized Sharia Law on its citizens which covers general offenses such as eating in public during the fasting month of Ramadan, failure to perform Friday prayers, and pregnancy without marriage. In the second phase, cutting of limbs for theft and flogging for abortion, alcohol consumption and homosexuality will be applied. In the third phase, death sentence for adultery, rape and sodomy will be applicable. Brunei is one of the few states in the world where Sharia Law is applicable beyond family and personal issues. As many countries have raised objections to the implementation of Sharia Law the Sultan of Brunei, His Majesty Sultan Haji Hassanal Bolkhiah Mu'izzaddin Waddaulah told that the people of Brunei should be united against all criticism by the outside powers. The government authorities of Brunei advocate that people would restrain themselves from committing any heinous crime if a tough law is in place.

On the other hand, the international community is saying, the Sharia Law penalizes in a way which is merciless and therefore should be revoked.<sup>37</sup>

## Cambodia

### Negotiations to be Re-started between CPP and CNRP

CNRP Leader Sam Rainsy has expressed his willingness to resume negotiation with the government in Cambodia after a pause in the month of April caused by disagreements over electoral reforms. He mentioned that a joint statement needs to be issued on specific issues after the negotiation. However, Sam Rainsy reinstated that his party would stick to their points of conducting a fresh poll in the country as well as reform of the National Election Council which oversees the election process.

The political stalemate in Cambodia has started after the last election held in July 2013 which was won by the Cambodian people's Party, led by PM Hun Sen. However, the opposition, CNRP, claimed that the election was not fair and a fresh election needs to be conducted.<sup>38</sup>

### Agricultural Park Funded by China Inaugurated

Malai district in Banteay Meanchey province in northwestern Cambodia welcomed the inauguration of the Friendship Park of Agricultural Science and Techniques in May

<sup>36</sup> "\$107m World Bank project for Indian state to improve road links with Bangladesh, Myanmar", 15 June 2014, Mizzima News, <http://www.security-risks.com/security-trends-south-asia/myanmar/107m-world-bank-project-for-indian-state-to-improve-road-links-with-bangladesh-myanmar-2909.html>, accessed 18 June 2014.

<sup>37</sup> Palatino, Mong, "Brunei Implements Sharia Law Despite Worries of Human Rights Violations", 4 May 2014, Global Voices Online, <http://globalvoicesonline.org/2014/05/04/brunei-implements-sharia-law-despite-worries-of-human-rights-violations/>, accessed on 5 May 2014.

<sup>38</sup> Yun, Samean, "Cambodia Opposition, Ruling Party to Resume Talks", Radio Free Asia, 20 May 2014, <http://www.rfa.org/english/news/cambodia/talks-05202014170548.html>, accessed on 22 May 2014.

2014. The park has facilities for agricultural training, nursery and laboratory. The Department of Agriculture of Yunnan Province has sent Chinese officials to train the Cambodian officials on the usage of agricultural mechanisms and they have also provided agricultural machinery to the park. Since December 2011, Yunnan province has been sharing friendly relations with Banteay Meanchey province and in 2013, Yunnan has granted 200 agricultural engines to the later.<sup>39</sup>

### **Demands for Removal of Fencing from the Disputed Temple Land by Cambodia**

Cambodian official mentioned that Thailand has violated the MoU signed between both the countries by erecting fencing on the disputed land border between Thailand and Cambodia near Preah Vihear temple. The Cambodian foreign office spokesperson Koy Kuong mentioned that the MoU signed in 2000 between Thailand and Cambodia speaks of maintaining the status quo over the border dispute and by erecting fencing Thailand is violating the MoU.<sup>40</sup>

### **Japanese Investments in Cambodian Power**

Marubeni Corp of Japan will acquire a

20% stake in a power plant in Cambodia owned by a Malaysian giant company, Leader Infrastructure Ltd. This will be Japan's first investment in Cambodia's power sector. Marubeni will spread its ventures in other Mekong basin countries in the years to come, as said by sources.<sup>41</sup>

### **Three Hindu Statues Looted During Civil War Returned to Cambodia**

One auction house has returned three Hindu statues to Cambodia in early June 2014 which were looted during the civil war in the country. These three statues are of the Hindu mythological characters Duryodhana, Balaram and Bheema. The statues were looted from the Koh Ker temple complex in Siem Reap province, which is also home to Angkor Wat temple. Two more statues which were looted from the same temple were returned to Cambodia last year itself. During the return of statues, Deputy Prime Minister Sok An and U.S. diplomat Jeff Daigle were present at the ceremony.<sup>42</sup>

### **Border Crossing between Thailand and Cambodia first Halted and Then Likely to be Re-opened within Few Weeks**

Very soon Thailand's Buri Ram district may re-open border crossing facility with the adjacent Cambodian village, Chup Koki. Buri Ram's governor discussed the matter internally at a meeting in the provincial hall and they are

<sup>39</sup> "Chinese-funded agricultural park inaugurated in Cambodia", Global Post and Xinhua, 21 May 2014, <http://www.globalpost.com/dispatch/news/xinhua-news-agency/140521/chinese-funded-agricultural-park-inaugurated-cambodia>, accessed on 22 May 2014.

<sup>40</sup> "Cambodia demands Thais remove fence near disputed temple site", Nation Multimedia.com, 2 June 2014, <http://www.nationmultimedia.com/breakingnews/Cambodia-demands-Thais-remove-fence-near-disputed-30235235.html>, accessed 23 June 2014.

<sup>41</sup> "Japan to invest in Cambodia power", Bangkok Post, 2 June 2014, <http://www.bangkokpost.com/most-recent/413162/marubeni-to-invest-in-cambodia-power-business-1st-for-japanese-firm>, accessed on 3 June 2014.

<sup>42</sup> Cheang, Sopheng, "Cambodia welcomes return of 3 Hindu statues looted from 1,000-year-old temple during civil war", 3 June 2014, Associated Press, <http://www.startribune.com/world/261644471.html>, accessed on 5 June 2014.

hoping to push forward the matter with the Cambodian authority very soon. The Thai army led National Council for Peace and Order (NCPO) prohibited border crossing after staging the coup on 22 May 2014. However, the Governor of Buri Ram and his team have said that Cambodian authority needs to obey some of the conditions set by the Thai authority in order to have a check on illegal migration and smuggling of arms and weapons.<sup>43</sup>

### Cambodia-Bangladesh Ties

Cambodia's Prime Minister Hun Sen visited Bangladesh and assured PM Sheikh Hasina that his country will support Bangladesh's bid for an ASEAN dialogue partner status. Besides, trade, agriculture and culture were the thrust areas on which both leaders put emphasis. Joint commissions will be established to explore new areas of cooperation between Bangladesh and Cambodia. A Joint Trade Council will also be formed and Bangladesh agreed to organize a single country trade fair in Cambodia in 2015.<sup>44</sup>

### Cambodian PM Met President Xi Jinping

Cambodian Prime Minister Hun Sen met the Chinese President Xi Jinping on 18 May 2014 at Shanghai. Xi promised to continue China's help for the economic

and social development of Cambodia, to promote cooperation in areas like agriculture and tourism, to implement programmes like special economic zone in Cambodia and to enhance cooperation in connectivity and infrastructure including the Silk Road Economic Belt and Silk Road on the Sea of the 21<sup>st</sup> Century, as reported by the Ministry of Foreign Affairs of PRC.<sup>45</sup>

## Indonesia

### Visa Exemption Treaty Signed between Indonesia and Myanmar

On the sidelines of the ASEAN Foreign Ministers Meeting at Nay Pyi Taw, Myanmar's foreign minister, U Wunna Maung Lwin and his Indonesian counterpart Marty Natelegawa signed a visa exemption agreement for ordinary passport holders of the both countries. This agreement makes the implementation for the ASEAN framework agreement on visa exemption by 2015 as a part of the ASEAN community building by the same year a step easier. This agreement will enhance tourism between Myanmar and Indonesia as well as trade and investment, as expressed by the Indonesian foreign minister.<sup>46</sup>

### Presidential and Vice-Presidential Candidates Named

Joko Widodo (aka Jakowi), one of the Indonesian Presidential candidate has chosen

<sup>43</sup> "Thailand, Cambodia To Discuss Reopening Of Border Crossing", 4 June 2014, BERNAMA, <http://www.bernama.com.my/bernama/v7/wn/newsworld.php?id=1043653>, accessed on 5 June 2014.

<sup>44</sup> "Bangladesh, Cambodia agree to boost trade, economic cooperation", The Financial Express, 17 June 2014, <http://www.thefinancialexpress-bd.com/2014/06/17/39997>, accessed on 18 June 2014.

<sup>45</sup> Xi Jinping Meets with Prime Minister Hun Sen of Cambodia, 19 May 2014, Ministry of Foreign Affairs of the People's Republic of China, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1157683.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1157683.shtml), accessed on 7 July 2014.

<sup>46</sup> "Myanmar, Indonesia Sign Visa Exemption Agreement", 12 May 2014, BERNAMA, <http://www.bernama.com.my/bernama/v7/wn/newsworld.php?id=1037580>, accessed on 14 May 2014.

Jusuf Kalla as his vice presidential candidate. Kalla was vice president during President Yudhoyuno's first tenure between 2004 and 2009. Critics say that this pair would be able to form an effective government and would push economic reforms. On the other hand, Jakowi's opponent, Gen. Prabowo Subianto has declared the current economics minister Hatta Rajasa as his vice presidential candidate. Apart from his own party, Subianto has got support from the Golkar party as well which has not nominated its own candidate for presidential election to be held on 9 July 2014. Subianto is considered to be strong candidate and foreign investors are worried about his proposed nationalistic goals. He was alleged for abduction of student leaders and human rights abuse cases in the past. On the other hand, Jakowi is regarded as a fresh candidate who is admired for his job in his province. Widodo is expected to tackle issues like corruption, infrastructural gaps and economic downturn.<sup>47</sup>

### Philippines and Indonesia Signed Maritime Agreement

The Philippines and Indonesia have signed three agreements on 23 May 2014 and one of them was on delimitation of their overlapping EEZs. They took 20 years of time to demarcate the overlapping boundaries of EEZ on the Mindanao, Celebes and the Philippine Seas. As

Philippines, for the first time, entered into maritime agreement, its President Aquino expressed it as a milestone agreement in the history of the country. Other MoUs were on higher education and combating international terrorism. This visit was President Yudhoyuno's first state visit to the Philippines since 2004 when he became the president of Indonesia. This year Indonesia and Philippines are celebrating the 65th anniversary of their diplomatic relations. The agreements were signed after the East Asia Economic Forum held in Manila.<sup>48</sup>

### Diplomatic Relation Resumed with Australia

After six months of diplomatic stagnation followed by a spy scandal, Indonesian ambassador to Australia Kesoema has returned to Canberra. In November last year, Australian spies were alleged to spy on the Indonesian president and some of his close persons. As this is President Yudhoyuno's last tenure as the President of Indonesia, he tried to resolve the issue before he goes.<sup>49</sup>

## Laos

### Defence Minister of Laos Died in Air Crash

The defence minister of Laos, Douangchay Phichit, died in a plane crash in Xiangkhong province of the country where he was heading for an official ceremony along with his wife and some other high level government dignitaries.

<sup>47</sup> Karmini, N, "Indonesian Presidential Candidates Name VP Picks", 19 May 2014, Associated Press and ABC News, <http://abcnews.go.com/International/wireStory/indonesias-presidential-favorite-picks-deputy-23773098>, accessed on 20 May 2014.

<sup>48</sup> "PH, Indonesia sign 'milestone' maritime agreement", 26 May 2014, Solar News, <http://www.solarnews.ph/news/2014/05/26/ph-indonesia-sign-milestone-maritime-agreement#.U4Lb3HZ5TGg>, accessed on 27 May 2014.

<sup>49</sup> Blakkarly, J, "Indonesia's Ambassador Returns to Canberra", The Diplomat, 28 May 2014, <http://thediplomat.com/2014/05/indonesias-ambassador-returns-to-canberra/>, accessed on 24 June 2014.

Amongst others, the mayor of Vientiane also died in the crash.<sup>50</sup>

### **Don Sahong Dam Continues to Evoke Chaos**

Construction of Don Sahong Dam will start from the end of 2014 despite severe criticisms by the environmental groups and neighbouring countries fearing tremendous damage to the environment once the dam is complete. International Rivers's (IR's) Thailand Coordinator said, "The risks go well beyond the borders of Laos. The Don Sahong Dam will irreversibly impact livelihoods and food security throughout the Mekong. Yet Laos remains unwilling to respect the requests of neighboring countries for construction to halt while trans-boundary impact studies and further consultation can be carried out."<sup>51</sup> Vietnam, Cambodia and Thailand have previously claimed that the project needs to undergo prior consultation under the 1995 Mekong Agreement. All these countries along with Laos are members in the Mekong River Commission (MRC) and three of them have raised objections to the dam construction work in Laos. The MRC Council is expected to meet on June 26 to discuss these issues.<sup>52</sup>

## **Malaysia**

### **Satellite Data on MH 370 Released**

Malaysia released the satellite data on missing flight MH 370 in the last week of May, first to the relatives of the flight passengers and then to the media. The data indicates that flight ended its journey in the southern Indian Ocean, far away from Australia. The data was released after more than two months of the incident. BBC's Science Correspondent, Jonathan Amos said, "The data is now open for scrutiny, but it would be a surprise if something new turns up. Independent teams have already assessed it and come to the same conclusion: MH370 lies somewhere far off the coast of Western Australia".<sup>53</sup>

### **Economic Ties Boosted with China, 40 Years of Diplomatic Ties Completed**

In the last week of May, Malaysian PM Datuk Seri Najib Tun Razak visited China as the diplomatic relations between both countries completed forty years. Malaysia was the first ASEAN country that established diplomatic ties with China. Malaysian prime minister was hopeful that Malaysia would be able to get more investments from China in the years to come. Besides the celebration of the 40th anniversary of diplomatic relations, Malaysian trade and

<sup>50</sup> Williams, Martin, "Laos plane crash kills defence minister and senior officials", 17 May 2014, <http://www.theguardian.com/world/2014/may/17/laos-plane-crash-kills-defence-minister-wife-officials>, accessed on 19 May 2014.

<sup>51</sup> Baxter, will, "Laos goes ahead with dam despite widespread concerns", 18 June 2014, UCANEWS.com, <http://www.ucanews.com/news/laos-goes-ahead-with-dam-despite-widespread-concerns/71196>, accessed 19 June 2014.

<sup>52</sup> Baxter, will, "Laos goes ahead with dam despite widespread concerns", 18 June 2014, UCANEWS.com, <http://www.ucanews.com/news/laos-goes-ahead-with-dam-despite-widespread-concerns/71196>, accessed 19 June 2014.

<sup>53</sup> "Flight MH370: Malaysia releases raw satellite data", 27 May 2014, BBC, <http://www.bbc.com/news/world-asia-27576409>, accessed on 28 May 2014.

commerce minister met China's Ministry of Commerce and the Malaysia-China Business Council on May 31 in an economic summit. Malaysian side believed that after the mishap of the MH370, this visit was important in order to gain China's confidence in a more concrete way as well as to boost economic ties and get more Chinese investments in Malaysia. In 2013, the bilateral trade between Malaysia and China was estimated at US\$ 106 billion. In last October, when Xi Jinping and Najib Razak had met, they decided to upgrade the bilateral relation into a comprehensive strategic partnership one and they also decided to increase the bilateral trade to US\$ 160 billion by 2017. China is helping Malaysia to build a Malaysia-China industrial park as part of 'Two Country Twin Park' project.<sup>54</sup>

### Maritime Security Cooperation with Japan

In the mid of May, Japan's PM Shinzo Abe met with his Malaysian counterpart Najib Razak and both the parties agreed to cooperate on issues related to maritime security and China's assertions in South China Sea. This meeting gained significance as this happened in the midst of China-Vietnam raising tension due to China's deployment of an oil rig in an area claimed by Hanoi too. As Japan too shares

disputes with China on East China Sea, Japan's increasing security discussions with ASEAN countries demand more attention.<sup>55</sup>

## Myanmar

### Corruption is a Challenge for Myanmar's Business, Reveals a Survey

A joint survey done by the United Nations, the Organisation for Economic Co-operation and Development and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) has revealed that corruption is still an obstacle for doing business in Myanmar. Other difficulties include lack of access to skilled labour and technology. Around 60% of the firms surveyed accepted that they had to pay bribes for doing business in the country.<sup>56</sup>

### Dialogue with EU

European Union will now hold regular dialogues with Myanmar on issues related to human rights, as issued by a statement by the EU in May 2014 issue. The agreement has listed twenty one benchmarks which Myanmar needs to meet including adoption of international human rights treaties, abolishing the death penalty, the release of political prisoners, improvements to the rule of law and efforts to tackle discrimination. However, the document has no specific mention about the Rohingyas

<sup>54</sup> "Malaysia to boost economic ties with China", 9 June 2014, The Star Online, <http://www.thestar.com.my/Business/Business-News/2014/06/09/Malaysia-to-boost-economic-ties-with-China/>, accessed on 25 June 2014; Basri, N.B., "Malaysia Seeks Another Height In Economic Ties With China", 21 May 2014, <http://www.bernama.com.my/bernama/v7/bu/newsbusiness.php?id=1040056>, accessed on 22 May 2014.

<sup>55</sup> "Japan, Malaysia leaders to agree on maritime security cooperation", 21 May 2014, Kyodo News International, <http://www.globalpost.com/dispatch/news/kyodo-news-international/140521/japan-malaysia-leaders-agree-maritime-security-cooperation>, accessed on 22 May 2014.

<sup>56</sup> Ferrie, Jared, "Corruption the biggest concern for Myanmar businesses – survey", 6 May 2014, Reuters, [http://www.swissinfo.ch/eng/news/international/Corruption\\_the\\_biggest\\_concern\\_for\\_Myanmar\\_businesses\\_-\\_survey.html?cid=38522978](http://www.swissinfo.ch/eng/news/international/Corruption_the_biggest_concern_for_Myanmar_businesses_-_survey.html?cid=38522978), accessed on 7 May 2014.

who are still not considered as citizens of Myanmar and were not allowed to register as Rohingya in the last nation-wide census conducted in April 2014 after several decades.<sup>57</sup>

### Highest Defence Spending amongst ASEAN Nations: Says economist

One American economist, Bard Robertson mentioned that Myanmar's defence budget is highest in ASEAN. After his discussion at the Union of Myanmar Federation of Chamber of Commerce on May 10 on 2014-2015 Post-Budget Consultation he concluded that Myanmar's defence budget for financial year 2014-15 has reached 23.2 per cent of the overall expenses. The military budget is quite higher than developmental budget, claimed Robertson. In ASEAN, Cambodia has used 14% of its budget for military, Malaysia, Thailand and the Philippines 13% each, Indonesia 4% and Lao PDR less than 2%.<sup>58</sup>

### Japan's Army Chief Visited Myanmar

Chief of Staff of Japan Ground Self-Defense Force Gen. Shigeru Iwasaki visited Myanmar in the last week of May. This visit was a landmark one as it symbolized Japan's Army Chief's first visit to Myanmar since the World War II. He

met the commander-in-chief of defense services Senior Gen. Min Aung Hlaing to discuss bilateral military ties and mutual cooperation in security and disaster relief.<sup>59</sup>

### Investment Commission Reformed in Myanmar

Myanmar has recently reformed its Investment Commission in order to attract more foreign investment. Now the Investment Commission has Minister of Energy U Zeyar Aung as chairman who has replaced U Win Shein, minister of finance. The minister of hotels and tourism became the vice chairman. In all, the commission has thirteen members. Myanmar Investment Commission works under the Ministry of National Planning and Economic Development, but enjoys independence. Myanmar received 2.21 USD billion as foreign investment in the first four months of 2014 and large portion of that money goes to the transport and communication sector. Other major receivers are manufacturing, real estate, hotel and tourism and mining. China and Thailand are two top most foreign investors in Myanmar.<sup>60</sup>

### US Delegation to Myanmar to Explore Ways to Promote Community Business

A delegation led by Drew O'Brien, Special Representative for Global Partnerships at the US Department of State and consists of investors

<sup>57</sup> "EU launches dialogue with Myanmar", 12 May 2014, Bangkok Post, <http://www.bangkokpost.com/news/asia/409423/eu-launches-human-rights-dialogue-with-myanmar>, accessed on 25 June 2014.

<sup>58</sup> "Myanmar has highest defence spending in Asean: economist", 12 May 2014, Eleven Myanmar, [http://www.elevenmyanmar.com/index.php?option=com\\_content&view=article&id=6066:myanmar-has-highest-defence-spending-in-asean-economist&catid=44:national&Itemid=384](http://www.elevenmyanmar.com/index.php?option=com_content&view=article&id=6066:myanmar-has-highest-defence-spending-in-asean-economist&catid=44:national&Itemid=384), accessed on 14 May 2014.

<sup>59</sup> "In 1st since WWII, Japan army chief visits Myanmar", 26 May 2014, Star Tribune, <http://www.startribune.com/world/260713961.html?src=news-stmp>, accessed on 27 May 2014.

<sup>60</sup> Yingqiu, Feng, "Roundup: Myanmar reforms investment commission to boost foreign investment", 2 June 2014, Global Post, <http://www.globalpost.com/dispatch/news/xinhua-news-agency/140602/roundup-myanmar-reforms-investment-commission-boost-foreign>, accessed on 3 June 2014.

and social entrepreneurs from the US Department of State along with the Richardson Center and Aspen Institute visited Myanmar from 28 April to 3 May to explore opportunities for community based business in the country.<sup>61</sup>

### **Violent Gunfire Exchange between the Myanmar and Bangladesh Border Guards**

The Border Guards Bangladesh (BGB) and the Border Guard Police (BGP) of Myanmar exchanged gunfire on 31 May for nereabout 2 hours on the borders. Major General Aziz Ahmad from BGB informed the media that even days before one soldier from BGB was shot dead by the BGP while he was on a routine patrol across the border. His statements as released by the media said, when the BGB went to take the body of the killed soldier, the Myanmar side started to fire on them afresh and the BGB had to open fire in self-defence.<sup>62</sup>

### **Talk to Develop Joint Initiative on Border between Bangladesh and Myanmar**

In the first week of June 2014, in Maungdaw (in Rakhine State of Myanmar) Bangladesh and Myanmar conducted a border cooperation talk followed by the border clashes few days ago. From the Bangladeshi side, a 23-member delegation led by the BGB's Cox Bazar Sector

Commander Col Khandakar Farid Hasan participated in the discussion. On the other hand, from Myanmar side, Brigadier-General Tin Ko Ko of BGP participated in the talk. However, the talk did not produce any concrete result as both sides accused each other on various grounds. The BGP of Myanmar accused Bangladesh to provide shelter to some armed groups who had attacked their camps causing four deaths. The BGP of Myanmar also justified their action of opening gunfire on BGB's soldiers by saying that they had to open fire on insurgents assuming them to be members of Rohingya Solidarity Organisation (RSO) on 17 May. So, the deceased BGB soldier was killed accidentally on 28 May while he was doing a routine check on the border. However, both sides agreed to enhance cooperation in joint initiatives to reduce tensions on the border. Bangladesh and Myanmar have signed a border agreement in 1980 and this recent incident of opening gunfire at each other is a violation of that agreement.<sup>63</sup>

## **Philippines**

### **Bilateral Military Exercise with US**

The bilateral annual exercise, Balikatan (Shoulder-to-shoulder) was started in the first week of May and foreign secretary Albert Del Rosario mentioned that this 10-day drills are necessary to challenge the 'aggressive' neighbours who want to change the status quo in the region. After the US-Philippines defence agreement which was concluded in the last week

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<sup>61</sup> Lone, Wa, "U.S. Delegation Visits Myanmar to Invest in Community-Based Businesses", 23 June 2014, Huffington Post, [http://www.huffingtonpost.com/wa-lone/us-delegation-visits-myan\\_b\\_5523111.html](http://www.huffingtonpost.com/wa-lone/us-delegation-visits-myan_b_5523111.html), accessed on 27 June 2014.

<sup>62</sup> Bangladesh, Myanmar exchange fire in fresh border tension, 31 May 2014, Times of India, <http://timesofindia.indiatimes.com/world/south-asia/Bangladesh-Myanmar-exchange-fire-in-fresh-border-tension/articleshow/35840423.cms>, accessed on 7 July 2014.

<sup>63</sup> Border guards talks, BD-Myanmar for jt initiative to reduce border tension BGP returns arms, ammo of slain BGB Nayek, 6 June 2014, Daily Observer, <http://observerbd.com/details.php?id=24129>, accessed on 7 July 2014.

of April 2014, which gives US forces certain accesses to several Filipino bases over the next years, this drill gave the Philippines an extra advantage in terms of becoming one of the significant US allies in the US pivot policy towards Asia. However, this drill is an annual affair which includes live-fire drills, search-and-rescue operations and humanitarian response scenarios in several locations, demonstrations of maritime surveillance systems and ship-to-shore landing exercises in Zambales province, facing the South China Sea.<sup>64</sup>

### **Tension in South China Sea Increased**

In the recent months, tension accelerated in South China Sea as China faces strong opposition from Vietnam and the Philippines. In May, China deployed an oil rig into disputed South China Sea water off the coast of Vietnam. Next week, Vietnam released a video showing China ramming a Vietnamese fishing boat. More or less at the same time, Manila has taken China to The Hague seeking a ruling over the nine-dash line. The Permanent Court of Arbitration has ordered that China has to respond within 15 December 2014 to which China, however, has not responded till date. As Hanoi and Manila are joining hands together through informal celebration on the disputed water in the last week of June, China may feel

disgruntled. However, the Southeast Asian neighbours feel it necessary to be united at this crucial time.<sup>65</sup>

### **Japan-Philippines Together to Balance China?**

Philippine President Benigno Aquino III visited Japan on 24 June 2014 in order to enhance the existing bilateral tied between Philippines and Japan. During the World War II, both of these countries belonged to rival camps. However, in the recent years, Japan and Philippines have developed their bilateral relations. Both of them have competing claims with China over East China and South China Sea respectively. Hence, in order to create a check and balance on China's actions, this visit was significant.<sup>66</sup>

## **Singapore**

### **TPP Ministerial Meeting Conducted**

Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, US and Vietnam's ministers and heads of delegations met for two days to discuss and review the bilateral engagements within Trans-Pacific Partnership in Singapore in the mid of May 2014. According to the ministerial statement issued after the meeting, the chief negotiators will meet in July this year and at the same time, the leaders will continue to engage with each other at the bilateral level to resolve the issues which are impending the conclusion and finalization of the TPP agreement.<sup>67</sup>

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<sup>64</sup> "Balikatan launched after Obama pledge", 5 May 2014, Inquirer, <http://globalnation.inquirer.net/103509/balikatan-launched-after-obama-pledge>, accessed on 26 June 2014.

<sup>65</sup> Kravitz, "High Tension on the High Seas", 25 June 2014, <http://opencanada.org/features/the-think-tank/essays/high-tension-on-the-high-seas/>, accessed on 26 June 2014.

<sup>66</sup> "Philippines' Aquino to visit Japan as China tensions mount", 18 June 2014, Channel News Asia, <http://www.channelnewsasia.com/news/asiapacific/philippines-aquino-to/1174006.html>, accessed on 18 June 2014.

<sup>67</sup> "Joint Statement from Trans-Pacific Partnership Ministers Meeting", 20 May 2014, IIP Digital, <http://iipdigital.usembassy.gov/st/english/texttrans/2014/05/20140521299521.html#axzz35XOFhOZv>, accessed on 21 May 2014.

## Bilateral Naval Exercise with Brunei

Bilateral naval exercise, codenamed Exercise Pelican between the navies of Singapore (Republic of Singapore Navy) and Brunei Darussalam (Royal Brunei Navy) was conducted between June 4 and June 10. Exercise Pelican was established in 1979 and since then it has enhanced professionalism and bilateral cooperation between the two navies in Southeast Asia.<sup>68</sup>

## Shangri-La Dialogue Conducted

This year, the Shangri-La Dialogue, sponsored by the International Institute for Strategic Studies (IISS), completed 12 years of existence. The aim of the Shangri-La Dialogue is to promote dialogue to enhance confidence building and foster practical security cooperation. This year, Japan's PM Shinzo Abe gave the key note address in the Shangri-La Dialogue. Besides, Wang Guanzhong, the deputy chief of the PLA general staff, and Fu Ying, the chairwoman of the National People's Congress' Foreign Affairs Committee of China, U.S., Defense Secretary Chuck Hagel and commander of Pacific Command Samuel Locklear, Vietnam's Defense Minister Phung Quang Thanh and Deputy Defense Minister Nguyen Chi Vinh attended the Shangri-La Dialogue, conducted in Singapore in the last week of May 2014. However, instead of promoting confidence building and cooperation, the Shangri-La Dialogue saw

two contradictory visions of China and Japan. China's vision of the new security framework for Asia does not include Japan as a major stakeholder. On the other hand, Japan emphasized on its principle of maintaining international law, an area where some feel China is lagging behind Japan. The Shangri-La Dialogue has not really reached to any decision as both China and Japan have their separate views on Asian security architecture.<sup>69</sup>

## Thailand

### Coup in Thailand

After six months of street protests led by Suthep Thaugsuban and a disruption of election in February 2014, Thai Constitutional Court has ousted Yingluck Shinawatra from her office and after some days, army chief General Prayuth Chan-ocha imposed Martial Law over Thailand which was followed by a coup on 22 May which is still continuing in Thailand. General Prayuth has announced that before the fresh and new election, the Constitution needs to be rewritten and order restored in the country. The common people of Thailand seem to be divided on the question of supporting the coup and army rule imposed on the nation. While a section of the people do not support any army rule and fear that a Myanmar like situation may emerge in Thailand where the army used to control the entire government and administration for decades, there are a certain section of the people, especially from the rural Thailand and Northern Thailand who still supports the Thaksin family despite allegations of corruption, bribery and

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<sup>68</sup> Singapore and Brunei wrap up week-long bilateral naval exercise established in 1979, Asia One, <http://news.asiaone.com/print/news/singapore/singapore-and-brunei-wrap-week-long-bilateral-naval-exercise-established-1979>, accessed on

<sup>69</sup> Tiezzi, S, "Shangri-La Dialogue Highlights Regional Tensions", 31 May 2014, <http://thediplomat.com/2014/05/shangri-la-dialogue-highlights-regional-tensions/>, accessed on 27 June 2014.

misuse of power against them.<sup>70</sup> General Prayuth, head of the National Council for Peace and Order (NCPO) announced that in the next month, a provisional charter would be promulgated, and then, a national legislative assembly would be set up and after that a new interim government would start functioning. A new constitution is most likely to be announced in August 2015. However, speculations suggest that the NCPO will continue to enjoy superior status even after the interim government would be formed.<sup>71</sup>

### **65000 Cambodian Workers Left Thailand**

Followed by an announcement by the military Junta in Thailand, thousands of Cambodian workers left Thailand primarily via Sa Kaeo, an eastern Thai province bordering Cambodia. The National Council for Peace and Order's spokesperson, Col. Winthai Suvaree said that workers who have valid work authorization documents will be able to stay. Others who want to stay need to get those documents. According to some observations, lack of proper communication lead to panic among the foreign workers and they feel to leave

Thailand. As workers from Myanmar and Cambodia contribute significantly to the construction sites in Thailand, large-scale outflow of Cambodian workers are causing serious damage to the construction activities. Thai authorities are claiming most of the Cambodian workers are fleeing Thailand voluntarily, some are returning home to work in the fields and some are returning as their work agreements get expired. However, this mass exodus of Cambodian workers is adding to the existing problems of Thailand.<sup>72</sup>

## **Vietnam**

### **Anti China Protest in Vietnam**

Anti China protest escalated in several places of Vietnam including Ho Chi Minh city as China deployed an oil rig in a disputed area of South China Sea. Soon the protest became violent and several Chinese factories were burnt down. Even a joint protest was launched by the Vietnamese and Filipinos. Overseas Vietnamese joined the protests in cities like London, Sydney, Paris, Houston etc. One woman immolated herself on fire in Ho Chi Minh City. The Chinese government, fearing the lives of its nationals living in Vietnam, evacuated them. According to Chinese foreign ministry, around four people were killed in the violent riot in Vietnam.<sup>73</sup>

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<sup>70</sup> "Thai general denies military coup was planned", 26 June 2014, BBC, <http://www.bbc.com/news/world-asia-28029977>, accessed on 27 June 2014. "Thailand's Dead-End Coup", 24 June 2014, The Wall Street Journal, <http://online.wsj.com/articles/thailands-dead-end-coup-1403628881>, accessed on 27 June 2014.

<sup>71</sup> "Thailand election: Important statement by the National Council for Peace and Order (NCPO)", 28 June 2014, <http://www.eturbonews.com/47419/thailand-election-important-statement-national-council-peace-and>, accessed 30 June 2014.

<sup>72</sup> "Cambodian Workers Flee Thailand After Army Crackdown", The Wall Street Journal, 17 June 2014, <http://blogs.wsj.com/economics/2014/06/17/cambodia-workers-flee-thailand-after-army-crackdown/>, accessed on 19 June 2014.

<sup>73</sup> "2014 Vietnam Anti-China Protest", [http://en.wikipedia.org/wiki/2014\\_Vietnam\\_anti-China\\_protests](http://en.wikipedia.org/wiki/2014_Vietnam_anti-China_protests), accessed on 27 June 2014.

## China-Vietnam Talk to Resolve Issues Produced No result

Chinese State Councilor, Yang Jiechi and Vietnamese Deputy Prime Minister, Pham Binh Minh initiated a discussion to bring a solution to the recent problem between them emanating out of the giant oil rig deployed by China on South China Sea off the Vietnamese coast in May 2014. However, the media sources claimed the meeting was a futile one as both parties stuck to their own points. Chinese side claimed that Vietnam should not interfere in Chinese activities as the water belongs to China. On the other hand, Vietnam said, such activities are threatening the sovereignty of Vietnam and endanger regional security.<sup>74</sup>

## Australia

### Japan, Australia collaborating in countering China:

Renmin Ribao Overseas, the overseas version of the daily newspaper of the CPC Central Committee, on 17 June carried an article by Ding Dong regarding Japan-Australian collaboration in countering China. The article says that in view of Japanese Prime Minister Abe's bid to revive militarism through the so-called proactive pacifism approach and his keenness to promote weapons exports, which it says undoubtedly, posed a tremendous challenge to the peace

constitution; one cannot but associate Abe's active effort to "rope in" Australia with his aim of containing China's naval forces. The article also claims there is a "faintly discernible" "China Threat Theory" in Australia's mentality. As far as Australia is concerned, there are three major security perils in the West Pacific: the Korean Peninsula, Taiwan Straits and South China Sea. The strategic competition with China, Russia, Japan, India, and other major countries in the Asia Pacific region made Australia contemplate its "best way to survive." The article says an Australian Strategic Policy Institute report even bluntly stated that the biggest threat to Australia is China, and that Australia must be careful in striking a balance between its close economic ties with China and traditional alliance with the United States. Seeking this balance is exactly what Australia is doing now but it must be careful not to be led to a "ditch" by those "reckless" people, the article concludes.<sup>75</sup>

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<sup>74</sup> "Vietnam, China Make No progress in Oil Rig Talks", Quad City Times, 18 June 2014, [http://qctimes.com/news/world/asia/no-breakthrough-in-vietnam-china-talks/article\\_170ae1c9-7d9b-5d05-a49e-171644f939d1.html](http://qctimes.com/news/world/asia/no-breakthrough-in-vietnam-china-talks/article_170ae1c9-7d9b-5d05-a49e-171644f939d1.html), accessed 19 June, 2014.

<sup>75</sup> *Renmin Ribao (overseas edition) website, Beijing, in Chinese 17 Jun 14 in BBC Asia Pacific, June 18, 2014.*

## Centre Activities for May-June 2014

- Dr. Udai Bhanu Singh visited Vietnam as a part of a USI-IDSA delegation. The delegation held round table discussions with various think tanks in Hanoi and met senior Vietnamese military officials.
- The organizing committee of Delhi Dialogue initiated the process towards Delhi Dialogue (DD) VII to be held in March 2015 by arranging the first Preliminary Meeting for DD VII on June 16, 2014 at IDSA
- Prof. Swapna Bhattacharya Chakraborti, former Head of Department of South and Southeast Asian Studies Department, University of Calcutta interacted with the IDSA scholars on recent developments in Myanmar on June 25, 2014.

## ABOUT US

The Southeast Asia and Oceania Centre focuses on policy-relevant research in respect of the ten ASEAN states, East Timor and Oceania, including Australia and New Zealand. The Centre studies India's bilateral and multilateral relations with states of the region with a view to providing contemporary relevance to India's Look East policy. It has a futuristic approach and examines the emerging trends in the regional security architecture. The Centre studies the potential for India's enhanced defence cooperation (including maritime issues) and cooperation in non-traditional security issues with the region. It examines internal developments of countries in this region, especially political transition and the role of the military, and their implications for India. The Centre seeks to promote Track-II institutional linkages with the region.

### Contributions are invited for:

Book Review (800 words)

Commentary (900 - 1300 words)

Photo Essay (10-12 photographs, each with a caption,  
accompanied by a 1000 words essay)

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