

Vol 2 No 3 July 2013

# *INSIGHT* SOUTHEAST ASIA

## Looking Eastwards From New Delhi



Pilgrims from Southeast Asian countries at Kushinagar, Uttar Pradesh  
Photo Courtesy : P K Gautam

Southeast Asia & Oceania  
Centre  
Bimonthly Newsletter



INSTITUTE FOR DEFENCE STUDIES AND ANALYSES

Editor:

Dr. Udai Bhanu Singh

Editorial Team:

Arko Dasgupta

Southeast Asia and Oceania  
Centre

Institute for Defence  
Studies and Analyses

No. 1, Development Enclave, Rao  
Tula Ram Marg, Delhi Cantt, New  
Delhi – 110 010

Tel. (91-11)2671 7983,

Fax: (91-11)2615 4191

Email:

southeastasia.centre@gmail.com

Website: <http://www.idsa.in>

## Contents

### *Editor's Note*

### **Photo Essay**

The Shared Heritage of India and Southeast Asia

*P K Gautam*

### **News Track**

ASEAN

ASEAN-India

Cambodia

Indonesia

Laos

Malaysia

Myanmar

Philippines

Singapore

Thailand

Vietnam

Australia

New Zealand

Fiji

The current issue of *Insight Southeast Asia* is a celebration of India's growing engagement with Southeast Asia and the larger Asia-Pacific region. But the going has not been all smooth as at each step of the way there are new challenges to be encountered and new puzzles to be solved. At times, the jigsaw has to be solved by ASEAN countries themselves. There are bilateral issues to be resolved, such as between Cambodia and Thailand. There is the equally daunting challenge of relationship with China which confronted ASEAN at its last Phnom Penh Summit. Perhaps it would not be realistic to visualize a resolution of the South China Sea conflict anytime soon without a reassertion of international law. Cross border tension and maritime conflict in the South China Sea has amply demonstrated the need for cross border cooperation (Thailand and Laos upgrading two border checkposts, for instance). The uncertainty has led to a flurry of activity in the region. Thus there were reports not only of Vietnam-Russia

cooperation and Joint Communique but also Australia-New Zealand military cooperation. The meetings at the end of June (spilling over to early July held under ASEAN auspices (when ASEAN foreign ministers and dialogue partners gathered in Brunei) once again provided a unique opportunity to discuss Asia Pacific wide security and economic issues.

An important development in June was the inauguration of the ASEAN India Centre on June 21 in New Delhi as a follow up the Vision Statement issued at the ASEAN-India Commemorative Summit (New Delhi) of December 2012. India faces unique challenges and opportunities in shaping its security policy in the Asia Pacific region and the emerging security architecture, in defining its relationships with the Major Powers, and in implementing the FTA with ASEAN and the emerging economic architecture signified by the RCEP and the TPP. There are expectations from India as the External Affairs Minister Salman Khurshid goes to Brunei to attend the India-ASEAN Ministerial Meeting, the 3rd EAS Ministerial Meeting and the 20th ARF Meeting.

**Udai Bhanu Singh**

# The Shared Heritage of India and Southeast Asia

P K Gautam\*

The North Eastern Vision Document released by the Ministry of Development of North Eastern Region in May 2008 (pp.131-132) suggests that Sikkim can be developed as a hub linking it to other Buddhist destinations in Nepal, Bhutan, Tibet Autonomous Region (TAR), and Tawang to create a pan-regional Buddhist circuit. This now can be further expanded to Southeast Asia. It may be recalled that the Himalayan belt and regions such as Tibet, Mongolia, Korea, many parts of China and Japan follow the Mahayana tradition of Buddhism with variations which are based on the Madhyamika philosophy of South Indian philosopher Nagarjuna. However, the initial and oldest is the Theravada tradition which is dominant in Sri Lanka and most of South East Asia. Both Theravada and Mahayana traditions have almost everything in common and the only difference, for ease of understanding, is the concept of Bodhisattva (a person who is reborn to take care of others) which is prevalent in Mahayana Buddhism and of which the 14th Dalai Lama may be an example. The source of origin of Buddhism happens to lie mainly in India and Nepal. The Buddha was born in Lumbini in Nepal near the present international border with India. Later he

received enlightenment at Bodh Gaya in Bihar. He gave his first sermon at Sarnath (very near and now almost an outskirts of Varanasi or Benares in Uttar Pradesh) and left for his heavenly abode in Kushinagar (in eastern Uttar Pradesh).

Interestingly one Buddhist monk from Bengal (possibly in present Bangladesh) called Dipankara Atisha spread Buddhism both to Tibet and to Indonesia. Around 1,000 years ago Atisha who was a teacher at Vikramshila University (near Bhagalpur in Bihar) traveled to Indonesia. Relics of monasteries have survived to this day in Sumatra.

Indian civilization thus helped in spreading and sharing two of its main religions- Buddhism and Hinduism, to and with South East Asia. The Angkor Wat temple in Cambodia has, besides Hindu and Buddhist temples, even Jain structures.

Arthasastra (science of statecraft) and its variations also helped in the spread of Indian ideas. Concepts such as mandala and other related ideas, as explained in the Arthasastra traveled to South East Asia. Between 200BC and 500AD in Southeast Asia people first settled in large nucleated communities and organized themselves into small warring polities. Mandala to be sure means alliance-based spheres of influence. Early Indonesian societies which adopted either Buddhism or Hinduism shared

---

\* Col P K Gautam (Retd) is a Research Fellow in IDSA. The photographs were taken by the author himself.

certain fundamental assumptions about an ideal political structure. Inscriptions refer to kingdoms as mandalas- a Sanskrit word with a wide range of meanings. Its simplest connotation is a circle. One founding inscription engraved at Palembang by the ruler of Srivijaya in the 680s, refers to the outlying polities as mandala that he claims to have brought under his control. In Thailand, the concept of Cakravartin indicates that cakra or wheel (a symbol of sovereignty) of state chariot rolls everywhere without obstruction. It is believed that Mauryas developed the concept of Cakravartin, which was incorporated into Buddhist tradition. The late French Indologist Robert Lingat, who had also worked in Southeast Asia, in his book *The Classical Law of India* (1973) showed that the core of a society retained a historical tradition which was still alive, and explained much that was inexplicable. This tradition goes back directly to India. Traces of dharma-sutra were also found by him in the region.

Today the maximum number of pilgrims and tourists that visit Buddhist sites in India and Nepal are from Southeast Asia. Of course, Sri Lanka tops with about 200,000 visitors to India each year. Thus these ideas and knowledge of religion,

culture, and other secular literature have been an ancient civilisational link between India and Southeast Asia.

A lot of effort is ongoing to revive and improve upon these links - physical and conceptual. At the political level, the Look East policy of India is well known. Art historian and photographer Benoy K Behl from India and Eichi Matsumoto from Japan held a photo exhibition in Delhi in December 2012 titled "Buddhist Heritage of the World from India to Japan". Documentary film maker Suhas Borker has made a very good 52 minute film 'Highway to the Asian Century' - a 7,600 km long journey by road from India to all South east Asian countries. This road corridor will be further reinforced with a rail corridor in future. As photographers and film makers toil with road and rail builders, the academic and policy-making community has a greater role to play conceptually. The time is approaching where more people to people contact will be possible between India and Southeast Asia or -in regional terms- from SAARC to ASEAN. Of late, political scientists have coined a term "soft power" as if it is something new. Looking at the ancient history and continued flow of people, it is clear that civilizational links emanating from and to India are beyond soft power, and are propelled by a much higher and sublime phenomenon of civilization.





Photo 1 (March 2012) : Bodhi tree in Lumbini, Nepal where Buddha was born (See pilgrims from Sri Lanka dressed in characteristic traditional white attire)



Photo 2 (March 2012) : A closer look at Sri Lankan pilgrims near the Bodhi tree, Bihar





Photo 3 (March 2012): Two monks from Southeast Asian countries in conversation with a local lad at Kushinagar, Uttar Pradesh



Photo 4 (March 2012): Lone monk in meditation mode inside a tent at Kushinagar





Photo 5 (March 2012): Monks and lay pilgrims from Southeast Asia at Kushinagar



Photo 6: Ruins of Vikramshila University, Bihar



## ASEAN

### Asean media eye creation of press council

Representatives from seven media groups in Southeast Asia on May 24 discussed the possibility of establishing an Asean Press Council (APC). “It will be the most significant development at the heart of the integration of the Asean community,” said Kavi Chongkittavorn, honorary council member of the National Press Council of Thailand (NPCT).

“Once the APC is established, we can apply for stakeholder status in the Asean Secretariat,” he said during the international meeting organised by the NPCT at the Pathumwan Princess Hotel in Bangkok, Thailand. The 10-member Association of Southeast Nations (ASEAN) will become a single community by the end of 2015, and the Asean Charter stipulated that the media play a crucial role in promoting ASEAN awareness and a sense of community, said the concept note on the APC.

“There are only 953 days left before Asean integration takes place,” said Chongkittavorn, “and the media community is still very disconnected. Civil society has already moved ahead. We are the last group (to integrate).”

Regional integration is founded on the three pillars of politics/security, economy and culture.<sup>1</sup>

### ASEAN Economic Community 2015, South China Sea disputes expected to dominate Brunei meet

ASEAN’s vision of an economic community 2015 and a Code of Conduct to resolve disputes in the South China Sea are two key issues expected to dominate when ASEAN foreign ministers and their dialogue partners meet in Brunei. The regional haze problem is also expected to be on the cards. The ASEAN Ministerial Meeting (AMM) in Brunei begins on June 30 and will end with the ASEAN Regional Forum and the East Asia Summit involving the grouping’s dialogue partners on July 2.

ASEAN ministers will also have meetings with their Plus Three Partners—namely the foreign ministers of China, Japan and South Korea. This year, under Brunei’s chairmanship, discussions are expected to be more focused. The ministers will also take stock of ASEAN’s road towards the economic community vision of 2015 and the progress in realising the mega-free trade agreement under the Regional Comprehensive Economic Partnership Plan.<sup>2</sup>

## ASEAN-India

### ASEAN-India Centre – Resetting Indo ASEAN Relations

The ASEAN-India Centre (AIC) was inaugurated by the External Affairs Minister Shri Salman Khurshid on June 21, 2013 India Habitat Centre, New Delhi. The Centre has been established in fulfilment of the direction given by ASEAN Leaders and Prime Minister

<sup>1</sup> “Asean media eye creation of press council”, *Sun.star*, May 25, 2013 (<http://www.sunstar.com.ph/cebu/local-news/2013/05/25/asean-media-eye-creation-press-council-284087>)

<sup>2</sup> <http://www.channelnewsasia.com/news/singapore/asean-economic-community/726680.html>

of India in the ASEAN-India Vision Statement, adopted at the ASEAN-India Commemorative Summit on December 20, 2012. It is being set up under the guidance of Chairman, RIS & former Foreign Secretary Shri Shyam Saran. The AIC would work to strengthen India's cooperation with ASEAN in its realization of the ASEAN Community by 2015, comprising the three pillars: ASEAN Political Security Community; the ASEAN Economic Community; and the ASEAN Socio-Cultural Community. The AIC would serve as a resource centre for ASEAN Member States and India to fill the knowledge gaps that currently limit the opportunities for cooperation. The AIC would also undertake regular networking activities with relevant organizations and think tanks in India and ASEAN Member States, with the aim of providing up-to-date information, data resources and sustained interaction to promote the ASEAN-India Strategic Partnership. The AIC would assist in the implementation of the ASEAN-India connectivity agenda, apart from promoting ASEAN-India cooperation in the interlinked areas of water, energy, food security etc. The AIC would maintain a website in support of its efforts to further the ASEAN India strategic partnership.<sup>3</sup>

## Brunei Darussalam

### Brunei's Sultan meets Chinese defence minister to reinforce bilateral ties

Brunei's Sultan Hassanal Bolkiah met

with visiting Chinese Defence Minister Chang Wanquan at the Istana Nurul Iman Palace on May 8 to discuss bilateral ties and issues of common concern. During the meeting, Chang said China and Brunei have been friendly neighbours since ancient times. Since the establishment of their diplomatic relations 22 years ago, China-Brunei ties have maintained sound development momentum. He added that Chinese President Xi Jinping and his Majesty the Sultan had agreed to boost bilateral ties to the level of strategic partnership, injecting new vigour into the relationship.

The Chinese defence minister said China is willing to work with Brunei to carry out key consensus reached between leaders of the two countries and to deepen bilateral military relations. Sultan Hassanal said the exchange between the two peoples enjoys a long history and the two countries have close and friendly relations. Brunei is willing to work with China to deepen the strategic partnership between the two countries to promote cooperation in various fields, especially in defence and security.<sup>4</sup>

## Cambodia

### Cambodian, Thai defence ministers to talk on border cooperation

The 9th Cambodia-Thailand General Border Committee (9th GBC) meeting will be held in Thailand on May 16-17 in order to discuss measures to strengthen peace, stability and cooperation along the border, a Cambodian defence official said on May 1.

"The meeting will be co-chaired by the two countries' defence ministers (Gen. Tea Banh of

<sup>3</sup> <http://www.security-risks.com/security-trends-south-asia/indian-ocean/asean-india-centre-%E2%80%93-resetting-indo-asean-relations-1971.html>

<sup>4</sup> "Brunei's Sultan meets Chinese defense minister to reinforce bilateral ties", *Global Times*, May 08, 2013 (<http://www.globaltimes.cn/content/780212.shtml#.UhxDCNivPoM>)



Cambodia and Gen. Sukumpol Suwanatat of Thailand),” Neang Phat, secretary of state of the defence ministry, told reporters at Phnom Penh International Airport before he left for Bangkok to attend a preparatory meeting with Thai defence officials. He said the forthcoming 9th GBC meeting will focus discussion on cooperation to strengthen security along the border through jointly fighting against cross-border crimes, drug trafficking, and other illegal activities in order to build a border of peace, stability, cooperation and development. “The meeting will also discuss measures to avoid (military) confrontations that may affect the two countries’ development and people’s livelihoods,” he said. Besides, it will discuss ways to clear landmines in the World Court-defined Provisional Demilitarised Zone surrounding Cambodia’s Preah Vihear Temple, he said.

Cambodia and Thailand have had sporadic border conflicts over territorial disputes near Cambodia’s Preah Vihear Temple since the UNESCO listed the temple as a World Heritage Site on July 7, 2008, but Thailand claims the ownership of 4.6 square kilometres of scrub next to the temple. Deadly clashes between the two countries’ troops occurred in February and April 2011. In April, 2013, the two countries delivered their oral statements on the dispute to the

World Court in the Netherlands and the court is expected to issue a decision on who owns the disputed land around the temple later this year.<sup>5</sup>

### **Cambodian Election Body Asked to Meet Two Basic Conditions**

Cambodia’s election watchdog and human rights groups on May 2 demanded that the national election body post a list of voters for upcoming crucial elections in all villages and involve key political parties in the supervision of the polling process.

The National Election Committee (NEC) has to meet the two basic conditions for “free, fair and legitimate elections,” officials of the Committee for Free and Fair Elections in Cambodia (COMFREL), the Neutral and Impartial Committee for Free and Fair Elections in Cambodia (NICFEC), and human rights groups LICADHO and ADHOC told a joint news conference in Phnom Penh.

They expressed concern over the lack of transparency in preparations for the polls along with what they felt was weak management in the selection of ground election supervisors and the “poor quality” of the voters list.

“The two recommendations will help voters to have confidence in the election,” said ADHOC Director Thun Saray. “It will allow for a free and fair election,” he said. He warned that if their requests were not considered, they would rally the international community to back their demands.<sup>6</sup>

<sup>5</sup> “Cambodian, Thai defense ministers to talk on border cooperation”, *Xinhua.et*, May 01, 2013 ([http://news.xinhuanet.com/english/world/2013-05/01/c\\_132352418.htm](http://news.xinhuanet.com/english/world/2013-05/01/c_132352418.htm))

<sup>6</sup> “Cambodian Election Body Asked to Meet Two Basic Conditions”, *Radio Free Asia*, May 02, 2013 (<http://www.rfa.org/english/news/cambodia/polls-05022013212129.html>)

## Indonesia

### Indonesia Readies Mass Production of Drones

Indonesia has announced that it will begin to mass-produce surveillance drones this year. Analysts say Indonesia's local drone development and production is part of a broader trend of rapidly modernising militaries in the Asia Pacific. Funded by the Defence Ministry, Indonesia initiated its surveillance drone development programme in 2004. A collaborative effort between several government agencies, the Wulung, a type of unmanned aerial vehicle, or UAV, is ready to be mass-produced for the Indonesian Air Force this year. The Wulung prototype was locally designed and produced, and initially will be used for non-military purposes, such as monitoring active volcanoes, spotting illegal logging and patrolling the country's huge maritime area.

Samudro, a director at Indonesia's Research and Technology Application Agency that jointly developed the prototype, said the drones will help Indonesia keep tabs on its 17,000 islands and multiple borders. "To monitor our borders, to monitor our illegal fishing, to monitor the human trafficking, for example, and also for search and rescue," said Samudro. The aircraft will be placed in the country's vast border regions, with Papua New Guinea and East Timor to the

east, and Malaysia and Brunei to the northwest. While all current drones are unarmed, the Indonesia Defence Ministry says it has long-term plans for a weaponised model capable of shooting missiles or dropping bombs.<sup>7</sup>

### Indonesia Foils Terror Attack on Myanmar Embassy

Police in Indonesia's capital, Jakarta, have arrested two men for an alleged plot to bomb the embassy of Myanmar to protest how the country treats Muslims. A terrorism analyst says the incident shows Myanmar's sectarian unrest has spread outside the country and, if left unchecked, could further encourage extremists.

Truckloads of Indonesian police were deployed around Myanmar's embassy in Jakarta on May 3 after they stopped what could have been a deadly attack. An elite anti-terror squad later arrested two men armed with explosives and alleged ties to terrorist networks and recent attacks on police the day before. Police say the men confessed to a plot.<sup>8</sup>

### Vietnam-Indonesia ties lifted to strategic partnership

Vietnamese President Truong Tan Sang and Indonesian President Susilo Bambang Yudhoyono officially announced the upgrade of Vietnam-Indonesia relations to a strategic partnership during their talks in Jakarta, Indonesia on June 27.

The talks took place following a state welcome ceremony held the same day for the Vietnamese

<sup>7</sup> "Indonesia Readies Mass Production of Drones", *Voice of America*, April 30, 2013 (<http://www.voanews.com/content/indonesia-readies-mass-production-of-drones/1651633.html>)

<sup>8</sup> "Indonesia Foils Terror Attack on Burmese Embassy", *Voice of America*, May 03, 2013 (<http://www.voanews.com/content/indonesia-foils-terrorist-attack-on-burmese-embassy/1653753.html>)



President on his official State visit to Indonesia at the invitation of President Susilo Bambang Yudhoyono.

Regarding politics, both leaders agreed to further their traditional friendship and trust through regular exchanges of all-level delegations, continuing the effective implementation of existing cooperation mechanisms, pushing up the implementation of the “Action Plan for the 2012-2015 period.

Touching upon their economic, trade and investment bond, the two leaders shared the same view that two-way trade has been recording fine growth with greater balance in trade, agreeing to strive for bilateral trade surpassing 5 billion USD by 2015 and 10 billion USD by 2018.

Both sides showed their support for a temporary solution, if needed, when the two sides discuss the final agreement on demarcation of economic exclusive zones.

Moving to defence-security cooperation, the two leaders reached unanimity on starting negotiations to soon sign rules on joint patrols between the two countries’ naval forces in contiguous waters and immediately make the patrols a reality, helping maintain peace and security at sea.

They saw eye to eye in the possible establishment of appropriate dialogue mechanisms on policies on security and defence, underscoring the importance of strengthening cooperation in the defence industry, fighting terrorism and other non-traditional security threats.

On the East Sea issue, the two leaders reconfirmed the importance of peace,

stability, safety, maritime security and freedom at sea, solving disputes by peaceful means, refraining from using or threatening the use of military force, respecting international law including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), fully implementing the Declaration on the Conduct of Parties in the East Sea (DOC) and soon finalising a Code of Conduct in the East Sea (COC).

Both illustrated their mutual support for ASEAN’s Six-Point Principles on the East Sea and welcomed the Joint Statement of the 15<sup>th</sup> ASEAN-China Summit on the 10th anniversary of the Declaration on the Conduct of Parties in the East Sea (DOC) as well as the concrete steps following the issued statement.

After the talks, the two leaders witnessed the signing of a series of agreements in various realms, including extradition, legal assistance, energy, finance and agriculture. Economic cooperation between the two countries has also yielded positive results with two-way trade exceeding 4.6 billion USD in both 2011 and 2012 despite the gloomy global economic situation.<sup>9</sup>

### **Indonesia has dismissed Prime Minister Kevin Rudd’s suggestion that the Coalition’s asylum seeker policy could cause “conflict”**

Indonesian foreign affairs spokesman Teuku Faizasyah would not be drawn on Mr Rudd’s suggestion, saying it is a matter that the Prime Minister can discuss during diplomatic talks.

Mr Rudd has confirmed that he will visit Indonesia to take part in the annual Indonesia-Australia leaders’ meeting.

On June 28 the Prime Minister said the Coalition’s policy of turning back asylum seekers might spark a confrontation with

<sup>9</sup> <http://www.saigon-gpdaily.com.vn/National/Politics/2013/6/105450/>

Indonesia. The Coalition maintains that it plans to turn boats back to Indonesia when it is safe to do so.<sup>10</sup>

## Laos

### Boost for checkpoints on Laos border

Thailand and Laos will soon forge closer cooperation in promoting trade by upgrading two border checkpoints, adopting the single-stop inspection system and implementing a single visa.

The Foreign Ministry proposed to the Cabinet yesterday the draft agreement for the Second Joint Cabinet Retreat between Thailand and Laos on Sunday in Chiang Mai. The signing of the joint statement by the two foreign ministers will be witnessed by the prime minister.

Under the agreement, two temporary border passes will be upgraded to permanent status. The Phu-doo checkpoint between Uttaradit in Thailand and Xaignabouli in Laos will be opened permanently next year, while the Baan Sob-Rouk checkpoint connecting Chiang Rai and Bo Kaew was already opened in July, 2012.

To facilitate the movement of goods and people, Thailand will soon adopt the single-stop inspection system at the First Thai-Lao Friendship Bridge between Nong Khai and the Laotian side of the Mekong near Vientiane. The system will

reduce time for truck transportation.<sup>11</sup>

### Chinese VP meets Sri Lanka, Laos, Cambodia leaders

Chinese Vice President Li Yuanchao on May 30 met with leaders of Sri Lanka, Laos and Cambodia during a conference of Asian political parties in northwest China's Xi'an City.

When meeting with Laotian Vice President Bounngang Vorachit, Li said the new leadership of the Communist Party of China (CPC) is ready to join hands with Laos to develop the cause of socialism. Bounngang echoed Li, saying China's achievement and experience has inspired Laos to develop socialism with Laotian characteristics.<sup>12</sup>

## Malaysia

### Malaysia opposition set for protest rally over poll results

Malaysia's opposition appeared headed for a clash with the authorities with their leader Anwar Ibrahim deciding to go ahead with a planned rally on May 8 to protest against poll results, even as the police declared the gathering as illegal. Opposition leader Ibrahim called the protest after what he said were "stolen" polls, won by PM Najib Razak's ruling coalition. The opposition coalition appealed to Malaysians to wear black and attend the rally to express their objection to alleged electoral fraud in the general election on May 5. Najib's Barisan Nasional (BN) coalition won 133 of the 222 parliamentary seats in the election.

<sup>10</sup> <http://www.abc.net.au/news/2013-06-29/indonesia-wont-be-drawn-on-rudds-conflict-comment/4789162>

<sup>11</sup> "Boost for checkpoints on Laos border", *The Nation* (Thailand News), May 15, 2013 (<http://www.nationmultimedia.com/business/Boost-for-checkpoints-on-Laos-border-30206157.html>)

<sup>12</sup> "Chinese VP meets Sri Lanka, Laos, Cambodia leaders", *Xinhua.net*, May 31, 2013 ([http://news.xinhuanet.com/english/china/2013-05/31/c\\_132420547.htm](http://news.xinhuanet.com/english/china/2013-05/31/c_132420547.htm))



Anwar has accused the Election Commission of “being complicit in the worst electoral fraud in our nation’s history”. However, the ruling coalition has rejected the opposition’s claims of election fraud as “unsubstantiated”.<sup>13</sup>

### Malaysia deports man with BabbarKhalsa links

An Indian national, believed to be part of militant outfit BabbarKhalsa International (BKI), has been deported by the Malaysian authorities to India, which sought his extradition to face trial.

Satpal Singh (alias Raghvir Singh), 41, was arrested in the suburb of Cheras for immigration offences on January 4 and deported to India. “We believe he is part of Sikh militant group BabbarKhalsa International,” said special task force (operations and counter terrorism) director MohamadFuziHarun.

“He had been supplying the group with fake travel documents and using our country as a transit point for the group’s activities,” Harun said in a statement here. He said Satpal had forged documents for several BKI members who were involved in a series of bombings in India in 2006.

The police apparently tracked down the suspected militant, who has been in the country since 2006, following the arrest of four BKI members. Restaurant operator Amarjit Singh (alias Jasvir Singh), music teacher Daljit Singh

AjaibKhalsa and construction contractor Kawal Singh Soundh were arrested on August 4, 2011, while Daljeet Singh (alias Tarsem Singh) was detained on May 13. Satpal and the four, who have also been deported, are awaiting trial in India.

“We will continue to work closely with our counterparts in other countries to detect and eliminate such militant elements from within our borders,” Harun added.<sup>14</sup>

## Myanmar

### US hails Myanmar’s ‘positive reforms’

Praising the Myanmar government for having made numerous positive reforms in recent years, the US has defended its decision to invite President Thein Sein to America after coming under attack from human rights organisation. “They’ve made a number of positive reforms in recent years. They’ve recently released over 850 political prisoners. They’ve eased restrictions on the media and increasingly respect freedoms of expression, assembly and movement. But this is obviously an ongoing discussion,” State Department spokesperson Jen Psaki told reporters on May 16.

Thein Sein, the first head of the state of Myanmar to visit the White House in five decades is scheduled to meet Obama on May 20, a presidential spokesman said. The Obama administration has been criticised by human rights organisations for having invited Thein Sein, in view of the plight of the Rohingya Muslims in Myanmar for past several months now.

<sup>13</sup> “Malaysia opposition set for protest rally over poll results”, *Zee News*, May 8, 2013 ([http://zeenews.india.com/news/world/malaysia-opposition-set-for-protest-rally-over-poll-results\\_847314.html](http://zeenews.india.com/news/world/malaysia-opposition-set-for-protest-rally-over-poll-results_847314.html))

<sup>14</sup> <http://www.hindustantimes.com/world-news/RestOfAsia/Malaysia-deports-man-with-Babbar-Khalsa-links/Article1-1084023.aspx>

“The President is looking forward to discuss challenges to efforts to develop democracy, address communal and ethnic tensions and bring economic opportunity to the people and to explore how United States can help,” White House Press Secretary Jay Carney said.<sup>15</sup>

### **Put joint effort for Myanmar oil blocks: Indian Govt to Private Companies, PSUs**

The Indian government wants private and state companies to adopt a coordinated approach in bidding for oil and gas blocks in neighbouring Myanmar so that the country can secure energy resources in the strategically important region, which is also on the radar of Chinese firms. At least six Indian entities are participating in bidding process for 19 deepwater and 11 shallow blocks in Myanmar. Myanmar announced the bidding round in January for 30 blocks. Interested companies have to submit their expression of interests by the middle of next month.

In the second week of May, the ministry of petroleum and natural gas called executives of Cairn India, Jubilant Oil and Gas, Prize Petroleum Company of HPCL and Gujarat Natural Resources ‘to discuss issues relating to India’s participation in the bidding round in Myanmar offshore areas’. An oil company executive close to the developments said the ministry has conveyed potential Indian bidders to bid

in cohesive manner in view of international competition. “China is biggest investor in Myanmar’s energy sector and the government don’t want to miss securing energy resources in the neighbouring country for strategic reasons,” said the executive.

India and China have competed for oil and gas assets in many parts of the world as both countries have a huge energy demand, which is projected to grow rapidly in step with economic expansion in the two most populous nations in the world. Oil India and ONGC Videsh Limited too are eyeing blocks in the region. Almost 60 oil exploration and production companies from Australia, India, Canada, Indonesia, UK, China, Malaysia and Pakistan are participating in the bids.<sup>16</sup>

### **Myanmar: India Inc’s next big destination**

Indian investments in the country stand at \$273.50 mn, expected to soar to \$2.6 bn

Chalo Myanmar seems to be the new mantra of Indian industry, which is keen to tap the market there. From infrastructure to energy to aviation, Indian companies are trying to mark their presence in that country. Although a late entrant, India now seems to be determined to make up for the lost time, while countries such as the US, Japan and China have already started making deep inroads there.

At present, Indian investment in Myanmar stands at around \$273.50 million, which is expected to soar to \$2.60 billion over the next few years. Some of the Indian companies

<sup>15</sup> “US hails Myanmar’s ‘positive reforms’”, *Zee News*, May 17, 2013 ([http://zeenews.india.com/news/world/us-hails-myanmars-positive-reforms\\_849096.html](http://zeenews.india.com/news/world/us-hails-myanmars-positive-reforms_849096.html))

<sup>16</sup> “Put joint effort for Myanmar oil blocks: Govt to private cos, PSUs”, *The Economic Times*, May 16, 2011 ([http://articles.economictimes.indiatimes.com/2013-05-16/news/39310567\\_1\\_myanmar-ministry-oil-india-shallow-water-blocks](http://articles.economictimes.indiatimes.com/2013-05-16/news/39310567_1_myanmar-ministry-oil-india-shallow-water-blocks))



present there include ONGC Videsh Limited (OVL), Jubilant Oil and Gas, CenturyPly, among others. Other investors having operations in Myanmar are Tata Motors, Essar Energy, RITES, Escorts, Sonalika Tractors, Zydus Pharmaceuticals Ltd, Sun Pharmaceuticals Ltd, Ranbaxy, Cadila Healthcare Ltd, Shree Balaji Enterprises, Shree Cements, Dr. Reddy's Laboratories Ltd, Cipla, Gati Shipping Ltd, TCI Seaways, Apollo, and AMRI.

During the recent visit of Commerce and Industry Minister Anand Sharma to Myanmar, the government set up India-Myanmar Joint Trade Committee, to be co-chaired by Bharti Enterprises' Sunil Bharti Mittal. The first meeting of the committee took place on June 7. "Out of Myanmar's total trade volume of over \$18 billion, India accounted for around 7.5 per cent (in 2011-12) and India is behind China, Singapore, Thailand and Japan in exports to Myanmar," said D S Rawat, secretary-general of Assocham.

India-Myanmar bilateral trade expanded significantly from \$12.4 million in 1980-81 to \$1,070.88 million in 2010-11. With Myanmar's exports to India at more than three times its import value, trade balance has been in Myanmar's favour in the last several years, Rawat added.

In oil and gas, Myanmar government has shortlisted 59 companies for submission of final bids for 18 onshore gas blocks on offer. Seven Indian companies are part of those shortlisted. OVL and GAIL have announced \$1.33 billion

investment in China-Myanmar gas pipeline project.

The construction of two parallel pipelines for gas and oil has been awarded to Punj Lloyd, involving investment worth \$475 million to build the 200-km Kyaukphyu-Kunming oil and gas pipeline. Jubilant Energy India has also won the government's contract worth \$73 million for exploring an onshore block in central Myanmar.

India has also urged the Myanmar government to revive discussions on the gas pipeline connection between the two countries through Bangladesh. For this, New Delhi has recommended the name of Essar Ltd.

Recently, the Myanmar government opened tendering for exploration and production of onshore and offshore oil blocks. For the 18 onshore blocks, both public sector and private companies from India—ONGC-OVL, Jubilant, Cairn energy group, etc—have been qualified for second round of bidding process.

In order to create a better connectivity, India's Spice Jet has asked for operating rights for flying to Yangon from Delhi through Dhaka (Bangladesh). India is also involved in the infrastructure development of Myanmar (inland waterways and upgradation of the Sittwe Port). The Shipping Corporation of India Ltd (SCI) has conducted feasibility study to start a liner service between India and Myanmar.<sup>17</sup>

### **Some areas along Indo-Myanmar border turn undemarcated**

Some areas along Indo-Myanmar border have become undemarcated as nine pillars have either been missing or covered with thick grass

<sup>17</sup> [http://www.business-standard.com/article/economy-policy/myanmar-india-inc-s-next-big-destination-113062700424\\_1.html](http://www.business-standard.com/article/economy-policy/myanmar-india-inc-s-next-big-destination-113062700424_1.html)

near Moreh in Manipur, Chief Minister O Ibobi Singh has told the state assembly. Replying to a calling attention motion last evening, the chief minister said such situation had occurred due to non-clearance of jungles and it was not possible to guard every border pillar.

The border pillar numbers were 66,76,78,89,90,91,92,93 94, he said adding that efforts were on to demarcate the border areas by conducting surveys by representatives of the two countries.

Singh said there was a proposal to construct a 10-km long fencing where the nine pillars were found missing but it would be erected after the settlement of the border problem.

Only after settlement of the problem, the on going construction of an Integrated Check Post (ICP) at Moreh could be accelerated, he said.

Moving the motion, senior Congress MLA R K Anand said the proposal from Myanmar to stop construction of the ICP was a serious matter.<sup>18</sup>

### **Myanmar will sign a nationwide ceasefire agreement with all ethnic armed groups**

Aung Min, the committee vice chairman and a minister at the President's Office, disclosed the information during his clarification of the country's peace agenda at a parliamentary session held in Nay Pyi Taw.

After the ceasefire, the government has a plan to hand over to Parliament to organize political dialogue, he added.

According to the minister, 17 regional level ceasefire agreements and 18 union level agreements have so far been signed while it has been agreed to make ceasefire with the Kachin Independence Organization (KIO). The government is also working together with the parliamentarians of national races to sign peace agreement with the small armed groups of Palaung and Lahu ethnics.

The KIO and those two minor armed groups are the last remaining to make ceasefire with the government. "After the nationwide ceasefire, the armed groups will be removed from the list of unlawful organizations," Aung Min said.

He also said if the peace talks are successful, about 100,000 armed group members, 350,000 refugees, 460,000 IDPs (Internally Displaced Persons) and about 2 million people close to the armed groups will be able to join hands with the government. They will be first encouraged to clear up land mines and then provided with shelter, food and jobs.

Lower House Speaker ThuraShwe Mann said national reconciliation efforts call for genuine goodwill, transparency and honesty. "Today, we are discussing measures for no discrimination in administrative affairs, including equal rights essential for the peace process. We are also focusing on national unity," Shwe Mann said.<sup>19</sup>

<sup>18</sup> [http://articles.economictimes.indiatimes.com/2013-06-29/news/40271928\\_1\\_border-areas-integrated-check-post-icp](http://articles.economictimes.indiatimes.com/2013-06-29/news/40271928_1_border-areas-integrated-check-post-icp)

<sup>19</sup> <http://www.elevenmyanmar.com/politics/2628-myanmar-parliament-to-lead-political-dialogue-after-nationwide-ceasefire>

### Myanmar objects to border fence at Moreh

The setting up of the Integrated Check Post (ICP) and ongoing border fencing work has been put on hold at Moreh following objections raised by Myanmar Government.

Official sources said that the Myanmar authorities have asked Government of India to stop the construction of ICP at Moreh when Union Home Ministry officials visited the State recently, according to Manipur Chief Minister O Ibobi Singh.

“So, the State Government has been urging the Centre to resolve the dispute in consultation with the Myanmar Government at the earliest”, said Ibobi Singh. “The need of the hour is to conduct a joint survey along the border of the two countries to settle the unsettled border areas”.

Ibobi Singh was replying to a call attention motion by MLA RK Anand on the need for intervention by the State authority on the reported boundary dispute between Myanmar and India at Moreh in the Assembly session here on Friday.

Raising his motion MLA Anand claimed that the geographical boundary of Manipur has been reduced from 22,356 sq km to 22,327 sq km in the last ten years.

The Manipur Government is not remaining a silent spectator, we have been urging the Centre to settle the border

dispute at the earliest as the State will not compromise its territorial boundary at any cost, Ibobi asserted. A meet was also held in New Delhi on January 15-16 last to demarcate the unsettled border areas.

Meanwhile, the Tangkhul Naga Long (TNL), an apex body of Tangkhul community in Manipur has urged the Prime Minister to accommodate the sentiments of the people by abandoning the proposal to retain Moreh at the cost of bartering 1.40 sq km of ChoroKhunou.

The TNL said, “it is very unfortunate that the Government of India and Government of Manipur are attempting to retain Moreh at the cost of ChoroKhunou without the knowledge and consultation with the real owner of the land. There may be border dispute at Moreh but not at ChoroKhunou”.<sup>20</sup>

### Chinese Investment in Myanmar Falls Sharply

Chinese investment in Myanmar has fallen sharply over the past year amid strained relations, even as interest from other foreign investors in the Southeast Asian has surged.

The drop comes as China is wrapping up construction of its last large-scale investment project in Myanmar: the construction of two pipelines that this year will transport oil and natural gas from the Bay of Bengal through Myanmar into southern China.

China was Myanmar’s closest political and trading partner for several decades before 2011, when Myanmar—hit by sanctions from the West because of Myanmar’s authoritarian policies—began a series of political and economic overhauls.<sup>21</sup>

<sup>20</sup> <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun2913/oth05>

<sup>21</sup> [http://online.wsj.com/article/SB10001424127887324063304578525021254736996.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB10001424127887324063304578525021254736996.html?mod=googlenews_wsj)



# The Philippines

## Taiwan stages exercise amid Philippines row

Taiwan held a military exercise on May 16 in waters near the northern Philippines in response to the killing of a Taiwanese fisherman, after rejecting repeated apologies from Manila. President Ma Ying-jeou reiterated that the Philippines should take formal responsibility for the death of the 65-year-old, shot by Philippine coastguards who said his vessel intruded into Philippine waters.

Amid outrage in the island, Taipei has recalled its envoy and slapped sanctions on Manila, including a ban on the hiring of new Philippine workers, a travel alert urging Taiwanese not to visit the Philippines and the suspension of high-level exchanges. Manila said it had “gone the extra mile” to appease Taipei and expressed concern that its special envoy sent to the island had been rebuffed.

On May 16, Taiwan sent a destroyer, one frigate and four coastguard ships to waters near the Philippines’ Batan island to press its claims in the area, defence authorities said. The ships went as close as 21 nautical miles west of Batan but stayed within Taiwan’s exclusive economic zone, said Rear Admiral Lee Tung-pao.

“The move is aimed to highlight our determination to safeguard sovereignty. The coastguards have vowed to protect

our fishermen wherever they are, and we’ll support them,” Lee said. The fleet did not encounter any Philippine naval or coastguard vessels.<sup>22</sup>

## Philippines’ Asia United Bank climbs 9.5 percent on debut

Philippine lender Asia United Bank Corp (AUB) jumped as much as 9.5 percent on its market debut after an oversubscribed public offer, the first listing after the country won investment ratings upgrades from two agencies. The stock opened at 101.5 Philippine pesos (\$2.46), 6.8 percent higher than its offer price of 95 pesos a share, before rising to 104.4 pesos. The broader market was almost flat in early trade.

Asia United had earlier priced its \$204 million initial public offer at the midpoint of an indicative range to ensure after-market support although the issue was five times oversubscribed.<sup>23</sup>

## Philippines accuses China of military buildup at South China sea

The Philippines accused China of a “massive” military buildup in the disputed South China Sea, warning at a regional security forum on June 30 that the Asian giant’s tactics were a threat to peace.

The statement by Philippine Foreign Secretary Albert Del Rosario ensured that the growing row over rival claims to the strategically vital and potentially resource-rich sea would again be a key focus of the annual four-day Asia-Pacific talks.

He did not give details of the alleged buildup but said the Chinese actions violated a pact in

<sup>22</sup> “Taiwan stages exercise amid Philippines row”, *AFP*, May 16, 2013 ([http://www.google.com/hostednews/afp/article/ALeqM5juz\\_WVwolk17Un2yrUpaU8p98XoA?docId=CNG.ecocfad389b20263dd6018b6967f3128.541](http://www.google.com/hostednews/afp/article/ALeqM5juz_WVwolk17Un2yrUpaU8p98XoA?docId=CNG.ecocfad389b20263dd6018b6967f3128.541))

<sup>23</sup> “Philippines’ Asia United Bank climbs 9.5 percent on debut”, *Reuters*, May 16, 2013 (<http://www.reuters.com/article/2013/05/17/philippines-ipo-idUSP9NoCH00620130517>)

2002 in which rival claimants to the sea pledged not to take any actions that may increase tensions.<sup>24</sup>

### **Philippines palace stands by plan to provide US with access to former bases**

The presidential palace said it is firm on its plan to provide US forces with access to its former base in the Philippines as it expressed readiness to convince Senators about the plan.

In a radio interview, deputy presidential spokesperson Abigail Valte said the palace was open the discussing with lawmakers the plan to provide Americans with access to its former military installations, in particular, the Subic Bay in Zambales.

The discussions with Senators are aimed at allaying the apprehensions of lawmakers that the plan to provide “access” to US forces would be violating a constitutional provision safeguarding the country’s sovereignty.

Earlier, Defence Secretary Voltaire Gazmin said the Philippines was ready to provide the US and other strategic allies access to its bases to counter China’s aggressive activities in the region.

Valte said the Aquino administration was willing to discuss the issue with the senators while the defence department irons out the legal intricacies involved allowing US forces to temporarily station their forces in their previous military base.

“Of course we are open to their concerns. We also understand their concerns and which is why we are open to having these discussions,” Valte said.

There were reports that the US had plans to revive its base in Subic, but as Garzmin said, such a move was not longer necessary. “Let me clarify issues, we’re not going to construct bases, we will be accepting access. Right now the agreement has not been firmed up, we are in crafting the agreement based on our constitution and the Visiting Forces Agreement,” the defence chief said.

The Philippines Constitution prohibits a permanent base for foreign troops in the country, however, it is silent on the matter of a “rotational presence of American soldiers” under the 1998 Visiting Forces Agreement (VFA).

American forces are currently using Subic for resupplying and for its larger, deeper draft ships such as destroyers, cruisers and submarines. But according to Gazmin, an “access agreement” was discussed by the Philippines and the US during a ministerial consultation in Washington last year.

Gazmin said once the planned increased presence of US military was realised, it would give visiting US warships more security to launch operations in the West Philippines Sea.

Constructed during the early 1900s mainly as a ship repair facility, Subic once hosted one of the largest American naval bases outside of the US.

Its importance in Southeast Asia was most felt during the Cold War between the then Union of Soviet Socialist Republics (USSR) and the United States in the 1970s when the US used the facility as staging areas for its forces fighting in Vietnam.<sup>25</sup>

<sup>24</sup> <http://www.ndtv.com/article/world/philippines-accuses-china-of-military-buildup-at-south-china-sea-386029>

<sup>25</sup> <http://gulfnews.com/news/world/philippines/philippines-palace-stands-by-plan-to-provide-us-with-access-to-former-bases-1.1203351>

# Singapore

## Hagel tours LCS Freedom in Singapore

U.S. Defence Secretary Chuck Hagel toured the U.S. Navy's new small combat ship, the USS Freedom, the first of a new class of littoral warships recently deployed to Asia to partner with allies in the region.

His visit to the ship comes amid nagging questions about the cost and viability of the roughly \$34 billion program and whether the Pentagon's plan to buy as many as 52 of the vessels should be chopped by as much as half because of budget constraints.

Docked at Changi Naval Base, the Freedom has been participating in naval exercises with countries in the region, and going through regular maintenance and logistical checks as part of an effort to work through any problems in its maiden mission.

Hagel is the first Pentagon chief to step aboard a littoral combat ship that has deployed, and this was his first visit to any ship as secretary. Former Defense Secretary Robert Gates toured one of the vessels when it was in development at Naval Station Mayport in Florida.

On board the warship, Hagel met with crew members, starting on the deck, where a Black Hawk helicopter stood ready to go, and moving to the bridge and then the compact operations center, with its array of computer stations and displays. He also watched as sailors in a rigid hull inflatable boat demonstrated a

launch and landing, easily sliding up into the docking area then returning out in to the Singapore Strait.

The Freedom, with its crew of about 90 sailors, arrived in Singapore on April 18, for the first ever overseas deployment of an LCS.

Hagel is in Singapore to attend the Shangri-La Dialogue security conference as part of a weeklong trip that will also take him to Brussels for a meeting of NATO defence ministers.<sup>26</sup>

## Singapore team expresses interest in infrastructure projects

It signs that the state's government initiatives to attract industry may be yielding results, a government-cum-business delegation from Singapore has evinced interest in investing in infrastructure projects, the proposed IT City at Lucknow, Trans-Ganga project near Kanpur, solid waste management, solar power, road and the proposed Greater Noida Night Safari, among others. In this context, a team of key officials of 'International Enterprise Singapore' (IES), and Changi Airport Group met special secretary, industrial development, Kaushal Raj Sharma.

The Singapore delegation comprised of Wong Ken Mun, director, IES Mumbai and Amita Mehta, director, IES Delhi, along with PhauHuiHoon, senior manager of Changi airport group, Singapore. Following a detailed discussion with Sharma about investment avenues for Singaporean firms, Mun said the International Enterprise Singapore was a government agency driving Singapore's external economy as well as promoting overseas growth of Singapore-based companies and international trade. He said, "In our first

<sup>26</sup> <http://m.timesofindia.com/city/lucknow/Singapore-team-expresses-interest-in-infrastructure-projects/articleshow/20375898.cms>



visit to Lucknow, we are on a fact-finding mission to explore investment opportunities for Singapore companies in Uttar Pradesh.”

Sharma informed the delegation about various infrastructure development projects coming up on a Public Private Partnership (PPP) model that are also open for bidding at present. Promising to return with specific investment proposals, the visiting delegation also evinced interest in the proposed night safari at Greater Noida, the Agra-Lucknow Expressway, the IT City and international airport at Agra, among other projects.<sup>27</sup>

### **India, Singapore sign fresh pact on Army training**

India and Singapore have signed a fresh agreement to extend the use of training and exercise facilities in India by the Singapore Army for a further period of five years from August this year. The agreement was signed by the Defence Secretary Radha Krishna Mathur and the Singaporean Permanent Secretary of Defence Chiang Chie Foo in the presence of the two Defence Ministers of both the countries, AK Antony and Dr Ng Eng Hen, according to reports received from Singapore.

It may be recalled that a bilateral agreement for utilization of facilities in India by the Singapore Air Force and Army was signed in October 2007 and August 2008 respectively. The agreement for training and exercises of Singapore Air Force in India was extended up to October 2017 during the visit of Singapore’s

Permanent Secretary of Defence to India in July last year. Singapore is the only country to which India is offering such facilities.

Mr. Antony, who is on a three-nation visit, arrived in Singapore on June 4. The two sides held wide ranging talks on defence co-operation. They also exchanged views on global and regional security issues including Asia-Pacific Security. As part of his foreign tour, Mr. Antony will also visit Australia, and Thailand till June 6. In Singapore, Mr. Antony also held discussions with his counterpart on various bilateral co-operation issues as well as issues concerning the regional global security situations.

Mr. Antony’s visit to Australia will be the first ever by an Indian Defence Minister. He will be halting at Perth enroute to Canberra, where he will be received by Australian Defence Minister Stephen Smith. Both Ministers will attend a few ceremonial events before proceeding to Canberra. In Canberra, Mr. Antony will be holding detailed bilateral discussions with Mr. Smith and is also expected to call on Prime Minister, Ms. Julia Gillard. Both sides would be discussing measures to enhance exchanges between the defence establishments and armed forces of the two nations.

Mr. Antony’s visit to Thailand is in response to an invitation from the Thai Defence Minister who had visited India in December 2012. During his visit, Mr. Antony will be meeting his counterpart, Air Chief Marshal SukumpolSuwanatat and is also expected to call on Prime Minister, Ms. YingluckShinawatra. Both sides are expected to review on-going exchanges between the armed forces including possible enhancement of on-going Army and Navy exercises and joint patrols along the

---

<sup>27</sup> [http://articles.timesofindia.indiatimes.com/2013-06-01/lucknow/39674561\\_1\\_infrastructure-projects-agra-lucknow-expressway-delegation](http://articles.timesofindia.indiatimes.com/2013-06-01/lucknow/39674561_1_infrastructure-projects-agra-lucknow-expressway-delegation)

common maritime boundary between both countries.<sup>28</sup>

## Thailand

### Thailand rejects rebel demands

Thailand's national security chief has said that talks between rebel leaders and his government aimed at ending a bloody insurgency in the South had not broken down, despite the rejection of rebel demands for self-government. Violence has persisted in the three Muslim-dominated provinces of Pattani, Yala, and Narathiwat.

"We did not fail. We listened to them but did not strike any deals," said Paradorn Pattanathabutr, secretary-general of the Thai National Security Council, referring to the talks in Malaysia on Monday. Thailand agreed in February to hold formal peace talks with the Barisan Revolusi Nasional (BRN), one of the oldest insurgent groups operating in the area. "Their initial demands were high and could mean self-determination, autonomy, power-sharing or decentralisation. But further along the line the BRN could be willing to adapt their terms," said Srisomphob Kitphiomsri, a political scientist with Deep South Watch, a think-tank that tracks the violence. Thai officials have always rejected any notion of independence or regional autonomy.

The talks in Kuala Lumpur, which lasted

more than 10 hours, were brokered by the Malaysian government. The rebels wanted Malaysia to be a mediator, but Thailand rejected that.<sup>29</sup>

### Thailand gets real with India

Despite thousands of years of common history and culture, Thailand and India have not bonded in the modern world. Thailand has repeatedly glossed over the civilisation that inspired Southeast Asian countries and helped form their identities. The Thai adores the Western civilisation. Fortunately, though, India remains a land of pilgrimage for several hundreds of thousands of Thai Buddhists each year, tracing the legend of Buddhism. In the last week of May, visiting Indian Prime Minister Manmohan Singh gave a great gift to Thailand—a sapling of the Maha Bodhi Tree—the tree under which Lord Buddha attained enlightenment.<sup>30</sup>

### Thailand, Sri Lanka boost cooperation in various fields

Thailand and Sri Lanka have agreed to expand bilateral and multilateral cooperation on religion, trade and investment, and education, according to a government spokesman.

Prime Minister Yingluck Shinawatra who is currently visiting the South Asian island country, held talks with Sri Lanka President Mahinda Rajapaksa on a variety of issues and closer cooperation between the two countries.

The Thai leader hailed the Sri Lankan government for its success in peace dialogues with separatist militants Tamil Eelam in the

---

<sup>28</sup> <http://www.thehindu.com/news/national/india-singapore-sign-fresh-pact-on-army-training/article4781728.ece>

<sup>29</sup> "Thailand rejects rebel demands", *The Peninsula*, May 01, 2013 (<http://thepeninsulaqatar.com/asia/235169-thailand-rejects-rebel-demands.html>)

<sup>30</sup> <http://www.nationmultimedia.com/opinion/Thailand-gets-real-with-India-30207419.html>

last few years.

Ms Yingluck said the religious relationship between Thailand and Sri Lanka has been healthy, with educational exchange programmes for Thai and Sri Lanka Buddhist monks and Buddhism-related tourism for pilgrimage.

On trade and investment, the two countries agreed to enhance bilateral investment and exchange business information for mutual benefits. Mr Rajapaksa invited Thai businessmen to invest in Sri Lanka, especially on infrastructure development projects, power generating, small and medium industries and production for export.

Regarding technical cooperation, the two leaders emphasised human resource development with exchange programmes for educators, and development of school management and information technology for education.

Ms Yingluck proposed measures to eliminate obstacles on aviation in order to connect Thailand with Asian countries and facilitate travels.

The two countries agreed to multilateral cooperation on a regional and international basis under the frameworks of the World Trade Organisation, United National Conference on Trade and Development, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, and Asia Cooperation Dialogue.

Ms Yingluck and Mr Rajapaksa witnessed the signing of four memorandums of understanding (MoUs) on visa exemption

for diplomats and government officials, tourism cooperation, science and technology cooperation and the establishment of Ayutthaya and Kandy as sister cities.<sup>31</sup>

### **Before China, Antony to visit Singapore, Australia, Thailand**

Before a much anticipated visit to China where discussions on fragile bilateral military relations, accentuated by the recent border stand-off in Ladakh, will top the agenda, Defence Minister A K Antony will head for a whirlwind tour of the region in the second week of June, besides undertaking the first ever visit by an Indian Defence Minister to Australia.

Antony, whose visit to Beijing was scheduled for May 19, but has been deferred due to a clash of dates, is set to visit Singapore, Thailand and Australia during a three-day tour starting Monday. The timing of the visit has generated interest, coming as it does just days after Prime Minister Manmohan Singh's tour of Japan and Thailand where strategic relations and expanding of military ties were high on the agenda.

Incidentally, the last major multilateral naval exercise that India had taken part in, included Singapore and Australia. The 2007 edition of the Malabar series of naval exercises, which were close to the Andaman and Nicobar islands, also included Japan and the US. Thailand has come into focus after Singh's visit and interest from the growing Asian nation for military cooperation and procurement of defence equipment.

While the Defence Ministry has consistently ruled out taking part in multilateral naval exercises after the 2007 Malabar exercises that had prompted a sharp Chinese reaction, Antony

---

<sup>31</sup> <http://www.pattayamail.com/news/thailand-sri-lanka-boost-cooperation-in-various-fields-26658>



is expected to receive requests for renewing such interactions during his tour, given the increasing military aggressiveness that Beijing has adopted in recent months.

The minister will kick off the tour with a visit to Singapore on Monday where he is scheduled to meet his counterpart Ng Eng Hen. The two nations have an agreement under which Singapore armed forces train their fighter pilots as well as infantry and armoured troops on Indian soil and the visit is expected to further enhance ties.

Despite setbacks in bilateral ties with the banning of defence giant Singapore Technologies on corruption charges, military relations between the two nations are strong with not just joint training of troops but also sharing of information and intelligence on matters of mutual interest.

Incidentally, Antony will visit Singapore a day after the high profile Shangrila dialogue on regional security concludes. While the minister had gone for the dialogue last year that had been electrified after the US announcement of a shift of military forces to the Asia region, this time around Navy Chief Admiral D K Joshi is expected to represent India. The strategic community is keeping a close watch on the dialogue, given recent maritime and land border incidents in the region that involved China.

Antony will also become the first Indian Defence Minister to visit Australia when he travels to Perth and Canberra after the Singapore leg. He will be received by his counterpart Stephen Smith. He will also

call on Prime Minister Julia Gillard.

While the two nations have not had a strong history of bilateral military ties, there have been recent efforts to scale up cooperation, specially in the maritime domain where common interests exist. Besides scaling up joint training exercises, measures will be discussed to increase exchanges of officers and military personnel between the two nations.

In Thailand, Antony will meet his counterpart Air Chief Marshal Sukumpol Suwanatat and is also expected to call on Prime Minister Yingluck Shinawatra. The visit gains significance coming days after the tour of Singh and the Thai government expressing interest in collaborating with the Indian defence industry.

While they have done it in the past, the two sides will also discuss the possibility of enhancing joint patrolling of the common maritime boundary between the two nations. India is now in a stronger position to carry out patrols in the region with new assets being based in Nicobar, including a new naval air station that will significantly increase surveillance and intervention capabilities.

Even though revised dates have not been finalised yet, Antony is expected to visit Beijing in the coming weeks. The two sides are expected to discuss the tricky boundary issue as well as a contentious agreement proposed by Beijing to “reduce tension” on the Line of Actual Control .

The agreement has come into focus after the recent incident in Ladakh’s Depsang plains. Besides others, a point of contention is that the agreement calls for a freezing of troop levels on the border, a situation that would put Beijing at advantage.<sup>32</sup>

---

<sup>32</sup> <http://www.indianexpress.com/news/before-china-antony-to-visit-singapore-australia-thailand/1124128/0>

# Vietnam

## Vietnam-Russia Joint Communiqué

In the joint communiqué, the Prime Ministers of Vietnam and Russia underscored that the lifting of bilateral ties to a comprehensive strategic partnership level has created a strong driving force for the development of bilateral cooperation in the new historical period. The two Governments will work closely together and instruct ministries, departments and localities in their respective countries to comprehensively deepen cooperation in various areas. The two sides agreed to increase political dialogues, further bolster the relations through party, State, Government and legislature channels as well as between ministries, departments and peoples of the two nations.

Leaders of the Vietnamese and Russian Governments agreed to continue to implement measures to boost two-way trade to 7 billion USD by 2015 and 10 billion USD by 2020.

They welcomed the start of negotiations on a Free Trade Agreement between Vietnam and the Customs Union of Russia, Belarus and Kazakhstan, as well as the positive outcome of the first round of talks.

The two sides agreed to negotiate a comprehensive free trade agreement covering trade, investment, services and issues of mutual concern, based on flexible principles, development goals, the balance

between demand and interest in line with common international practices and the World Trade Organisation's regulations. The two sides assessed bilateral cooperation in nuclear energy as positive and emphasised the importance of the construction of the first nuclear power plant in Vietnam. They also spoke highly of the performance of oil and gas joint ventures between the two countries and agreed to continue facilitating their operation.

Vietnam and Russia were unanimous in furthering collaboration in national defence and security in the spirit of agreements reached by the two countries' leaders. The two sides took note of the great potential for bilateral cooperation in areas such as mining, civil aviation and telecommunications.

During PM Dung's visit, the two sides signed a tourism cooperation plan between the Vietnamese Ministry of Culture, Sports and Tourism and the Agency for Tourism of Russia and a cooperation programme between the two Ministries of Justice for the 2013-2014 period.<sup>33</sup>

## Vietnam Stock Inflows at 5-Year High on Growth: Southeast Asia

International investors are buying the most Vietnamese stocks in five years, lured by Southeast Asia's cheapest valuations and government efforts to bolster economic growth. The benchmark index rose the most in Asia to a 27-month high on May 30.

Overseas funds bought a net \$253 million of Vietnamese stocks this year to May 29, the biggest year-to-date purchases since 2008, speculating corporate profits will grow for the first time since 2010 as inflation eases and borrowing costs decline, data compiled by

---

<sup>33</sup> "Vietnam-Russia Joint Communiqué", *Vietnam.net*, May 17, 2013 (<http://english.vietnamnet.vn/fms/government/74324/vietnam-russia-joint-communicue.html>)

Bloomberg show. More foreigners opened Vietnamese equity trading accounts in the first four months of this year than the whole of 2012, data from the Vietnam Securities Depository show.

Vietnam's economy is showing signs of improving health. Inflation slowed to 6.36 percent in May, the least since August 2012, and exports climbed 15 percent in the first five months from last year. Vietnam's VN Index (VNINDEX) has gained 26 percent this year, making it Southeast Asia's best performing benchmark gauge, as the central bank cut interest rates this month for an eighth time since the start of 2012 and the government approved the formation of a debt asset management company to soak up banks' bad loans that were hampering growth. Even after the rally, the MSCI Vietnam Index trades for 13.5 times projected 12-month earnings, 17 percent lower than the average ratio for the region's five biggest markets.

"We like Vietnam as it has some core secular drivers supporting both the economy and the equity market in the long run," Samir Shah, an investment manager at Advance Emerging Capital Ltd. in London, wrote in an e-mail on May 28. "Setting up a 'bad bank' will loosen the credit cycle and stimulate growth. Vietnam has already seen a cut in rates and we should expect more."<sup>34</sup>

### **Vietnam, Thailand promote strategic cooperation**

Hoang BinhQuan, a member of the CPV's Central Committee and the Head

of the CPVCC's Commission for External Relations, said on meeting the media to announce the visit's results.

He said the visit has positively contributed to consolidating the peaceful, sustainable and cooperative environment in Southeast Asia and the building of the Association of Southeast Asian Nations (ASEAN) Community by 2015.

The General Secretary's visit reaffirmed that Vietnam has always attached much importance to developing friendly and cooperative relations with ASEAN member countries. With other members, the country is determined to build a united, strong and coherent ASEAN Community for a peaceful, cooperative and developing Southeast Asian region.

The General Secretary and the Vietnamese high-ranking delegation had talks and meetings with the leaders of the Government, Parliament and the two largest parties of Thailand, helping the two countries' leaders deepen their mutual trust and understanding. The two sides were highly unanimous on the important directions and measures to enhance their mutual relations in the time to come, discussing international and regional issues that concern both sides.

The two countries issued a joint statement on the decision to establish the Vietnam-Thailand Strategic Partnership, starting a new page in bilateral cooperation. Thailand is the first ASEAN country to set up a strategic partnership with Vietnam.

During his visit, General Secretary Trong also had result-oriented meetings with leaders of the ruling Pheu Thai Party and the Democratic Party. They discussed measures to strengthen the relationship between the Communist Party

---

<sup>34</sup> "Vietnam Stock Inflows at 5-Year High on Growth: Southeast Asia", *Bloomberg*, May 30, 2013 (<http://www.bloomberg.com/news/2013-05-29/vietnam-stock-inflows-at-5-year-high-on-growth-southeast-asia.html>)



of Vietnam and Thailand's political parties in the coming time, which will become a favourable political basis for the two states' relations, Quan recounted. At the talks and meetings, the two sides exchanged their views on regional and international issues of mutual concern in an open and straightforward manner. They emphasised the necessity to intensify the solidarity and cooperation within ASEAN and maintain the association's central role in the region.<sup>35</sup>

## Australia

### **Australia seeks further military cooperation with NZ**

Australia wants to further ramp up military cooperation with New Zealand in the South Pacific as problems compound across the island states. New Zealand observers will also be embedded for the first time in the American-led Talisman Sabre exercises in Queensland and the Coral Sea this year, easing the problems Australia has had in dealing separately with the two defence forces since the 1985 ANZUS split.

New Zealand was ejected by the US from the three-way alliance because of its policy banning nuclear ships. The moves form part of a tightening of military and security cooperation within the South Pacific.

The white paper, released on May 3, made clear Australia's fears for future stability

in the South Pacific. A key concern of Australian defence planners is the potential for problems in the region and the need for the nation to be able to handle major crises such as East Timor and the Solomon Islands. Its remaining forces are now pulling out after a decade in the two trouble spots.

The white paper says the South Pacific faces major challenges from fast-growing populations, high unemployment and poor governance, which created conditions for escalating crime and violence. And it says Australia will rely heavily on New Zealand, which would remain a "significant contributor" to security in the region, and which shared Australia's interest in its stability.

The white paper notes New Zealand's increasing military capabilities, and its focus on cooperation with Australia in the region through initiatives such as the Anzac ready response force.<sup>36</sup>

### **India, Australia raise the pitch on maritime cooperation**

India and Australia have agreed to hold a joint naval exercise in 2015 to raise their defence cooperation initiatives to a higher level and strengthen their strategic partnership.

Defence Minister A.K. Antony, who is on a two-day visit to Australia, met his Australian counterpart Stephen Smith in Perth. They travelled together to Canberra to discuss shared strategic and security interests, including maritime security and bilateral defence cooperation. A joint statement issued at the conclusion of Mr. Antony's visit, the first by an Indian Defence Minister, stressed that both

---

<sup>35</sup> <http://english.vietnamnet.vn/fms/government/77844/vietnam-thailand-promote-strategic-cooperation.html>  
<http://english.vietnamnet.vn/fms/government/77844/vietnam-thailand-promote-strategic-cooperation.html>

<sup>36</sup> "Australia seeks further military cooperation with NZ", *The New Zealand Herald*, May 04, 2013 ([http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=10881471](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10881471))

countries had agreed to continue Naval exchanges to build confidence and familiarity between the two Navies and work towards a bilateral maritime exercise in 2015. India and Australia had participated together in multilateral maritime exercises in Malabar in 2007 and in Milan in 2012.

Both sides acknowledged that maritime security and freedom of navigation in accordance with principles of international law were critical for the growth and prosperity of the Asia-Pacific and Indian Ocean regions.

Taking note of the growing cooperation between the two Navies, Mr. Antony accepted Mr. Smith's invitation for Indian naval ships' participation in the prestigious International Fleet Review (IFR) to be held in Sydney this October. The Indian Navy will get an opportunity to showcase its growing military capability at the IFR, where when mighty navies are expected to line up about 40 top-end warships. The Indian Navy's participation is being seen as part of a big strategy unfolding in the Indian Ocean region to contain the ever-growing presence of China's People's Liberation Army Navy.

The Ministers took note of the progress made in defence cooperation in accordance with the Memorandum of Understanding on Defence Cooperation concluded in 2006, the Joint Declaration on Security Cooperation issued during the former Australian Prime Minister Kevin Rudd's visit to India in 2009 and the Joint Statement issued during the visit of Prime

Minister Julia Gillard in 2012.

"They [the Defence Ministers] agreed that interactions held between the defence establishments of both sides in a variety of fields and at various levels have been mutually beneficial. Both sides were pleased with the bilateral architecture established for pursuing defence cooperation and agreed that consultations had helped deepen mutual trust and understanding between the defence establishments," the joint statement said.

They agreed to continue consultations and cooperation on issues concerning the Asia-Pacific and Indian Ocean regions bilaterally as well as multilaterally, including through the East Asia Summit, the Asean Regional Forum, the Asean Defence Ministers' Meeting-Plus, Indian Ocean Naval Symposium (IONS) and the Indian Ocean Rim — Association for Regional Cooperation (IOR-ARC).

The Ministers noted that both countries were already cooperating through the IONS — which Australia will chair next year before hosting the IONS Conclave of Chiefs in Perth in March 2014 — and the IOR-ARC, of which India is the current chair and Australia the next chair.

The Ministers also agreed to maintain regular ministerial meetings; promote exchanges between the defence establishments and both the Armed Forces, including regularly holding the Defence Policy Dialogue, Armed Forces Staff Talks and professional military exchanges; and to promote the sharing and exchange of professional knowledge and experiences through participation in training courses in each other's military training institutions. Mr. Antony invited Mr. Smith to visit India.<sup>37</sup>

---

<sup>37</sup> <http://www.thehindu.com/news/national/india-australia-raise-the-pitch-on-maritime-cooperation/article4783997.ece>

## Australia dumps Julia Gillard for former Prime Minister Kevin Rudd

Australia's ruling Labour Party elected former leader Kevin Rudd as prime minister and dumped Julia Gillard today, in a dramatic move to try and head off a catastrophic defeat at elections due within three months.

The return of Rudd could now see Australia go to an election in August rather than the set date of September 14, to cash in on his greater popularity with voters and an expected honeymoon period with the electorate.

Rudd, a former diplomat who speaks Mandarin, won a Labour Party ballot with 57 votes to Gillard's 45. Gillard promised to quit politics if she lost the ballot. The leadership change followed a series of opinion polls showing Gillard's minority government could lose up to 35 seats at the looming elections, giving the conservative opposition a massive majority in the 150-member parliament.

But polls also show Rudd is more popular with voters and his return to the prime ministership, which he lost to Gillard in June 2010, could stem the size of Labour's election loss.

The shift from Gillard to Rudd is unlikely to have any major policy implications, as both are strong supporters of Australia's military alliance with the United States and strong supporters of growing ties with top trading partner China.

Gillard has struggled to win public support despite ongoing economic growth and

low unemployment and low interest rates at a time when other developed countries are struggling to keep out of recession.

Gillard has also pushed social reforms that pour money into schools, and which help disabled people gain access to much-needed free care, but the changes have done little to shift her dwindling support in opinion polls.

Voters have also remained angry that her government, which holds a one-seat majority with support from the Greens and a clutch of independents, introduced a controversial carbon tax in a backflip from her 2010 election promise not to do so.

Several key ministers, including Treasurer Wayne Swan and Communications Minister Stephen Conroy, have said they would not serve under Rudd.

Rudd said he would hold no grudges against internal critics who have openly slammed his previous stint as prime minister, and said he would not punish ministers who have remained stubbornly loyal to Gillard.

"If I win this ballot, every effort I have in my being will be dedicated to uniting the Australian Labour Party. No retributions, no paybacks, none of that stuff. It's pointless, it's old politics," Rudd said ahead of the vote.<sup>38</sup>

## New Zealand

### NZ dollar falls ahead of Reserve Bank report

The New Zealand dollar fell ahead of a report by the central bank today which may flag concern about the country's buoyant housing market and the impact of a high currency on

---

<sup>38</sup> <http://www.ndtv.com/article/world/australia-dumps-julia-gillard-for-former-prime-minister-kevin-rudd-384487>



exporters. The kiwi fell to 84.59 US cents from 84.94 cents at 5pm in Wellington on May 7, while the trade-weighted index dropped to 78.26 from 78.58.

Traders will be paying attention to New Zealand's six-monthly financial stability report which may give some insight into the Reserve Bank's thinking on how it will use macro-prudential tools to head off an asset bubble. New Zealand's central bank has to contend with a high exchange rate eating into export receipts, while at the same time containing a resurgent housing market in the nation's biggest city, Auckland.<sup>39</sup>

## Fiji

### **Fiji regime lets three opposition parties register**

Fiji's military regime has given three political parties permission to contest elections scheduled for next year, the first vote since a 2006 coup in the South Pacific nation. Fiji's Registrar of Political Parties Mohammad Saneem said the trio were the only ones to meet strict criteria

for political organisations set down in a decree issued by the government earlier this year. "As of today these parties... will be able to operate, function, represent and hold themselves out to be political parties," he said.

Saneem declined to say how many of the 17 parties that were operating before the decree came into force had unsuccessfully applied to contest the elections, which are due to be held in September 2014. The parties granted registration are the National Federation Party, the Fiji Labour Party and the Social Democratic Liberal Party.

Military leader Voreqe Bainimarama, who rules by decree but plans to create his own party to contest the elections, said allowing the three main opposition parties to run showed the 2014 vote would be legitimate. "We've said all along that it's going to be a free and fair election and this is the proof," he told New Zealand's Radio Tarana.

International observers, including regional powers Australia and New Zealand, have said they will be closely watching developments in Fiji to see if the elections are conducted in a free and fair manner.<sup>40</sup>

---

<sup>39</sup> "NZ dollar falls ahead of Reserve Bank report", *The New Zealand Herald*, May 8, 2013 ([http://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=10882253](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10882253))

<sup>40</sup> "Fiji regime lets three opposition parties register", *AFP*, May 02, 2013 (<http://www.google.com/hostednews/afp/article/ALeqM5ism-AH3dRpJMUDn-jDtqGLSxjXtg?docId=CNG.34082f3cafb9d3a7abcf6e9988f54f8a.5f1>)

## 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)

Please E-mail: [southeastasia.centre@gmail.com](mailto:southeastasia.centre@gmail.com)

We look forward to your feedback about the Southeast Asia Newsletter.  
Please do not hesitate to let us know your comments or suggestions.  
Contact us at: [southeastasia.centre@gmail.com](mailto:southeastasia.centre@gmail.com)