

SOUTHEAST ASIA BULLETIN



CSIS SOUTHEAST ASIA INITIATIVE

The CSIS Southeast Asia Initiative is a project of the International Security Program, Asia Group. CSIS launched the initiative in January 2008 to provide a venue for greater focus, examination, and analysis of Southeast Asian affairs within Washington's policy community. The initiative will include regular roundtables, conferences, studies, and forums to spotlight developments in the region. CSIS will also seek to partner with other interested organizations and individuals within and outside Washington to maximize the flow of information, analysis, and outreach on Southeast Asian affairs in the United States.

An important component of the initiative will be the monthly Southeast Asia Bulletin, which will provide a timely overview of key developments, events, and facts about the region, and offer a forum for short essays by official and unofficial commentators on regional affairs.

Derek Mitchell, director, Southeast Asia Initiative, and Brian Harding, research associate, welcome your feedback on the Southeast Asia Bulletin at dmitchell@csis.org and bharding@csis.org respectively.

Feature Article

MALAYSIA'S DIRTY POLITICS

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Mud is flying in Malaysia as three leaders—Prime Minister Abdullah Badawi, his deputy Najib Tun Razak, and the defacto leader of the opposition, Anwar Ibrahim—vie for political power. Sordid stories of murder, sodomy, corruption, and conspiracies have filled the blogs and newspapers, as shell-shocked Malaysians have moved from embracing the promise of better governance and greater racial harmony touted after the March polls toward a state of uncertainty amidst political instability.

The move from hope to anxiety has its roots in the results of the March polls. Malaysian voters thrashed the incumbent Barisan Nasional (BN) coalition, leaving it with a slim 30-seat majority, the loss of five state governments, and less than half of the popular vote. This opened the opportunity for the opposition to woo unsatisfied BN representatives (especially those in the largely ignored East Malaysian states) to the newly formed opposition coalition Pakatan Rakyat. The electoral defeat within the BN left all leaders vulnerable. Within the dominant incumbent party, the United Malays National Organisation (UMNO), many expected Prime Minister Abdullah Badawi to step down, as it was under his leadership that the incumbent coalition suffered its unprecedented defeat. Five months later, Abdullah continues to hold office and will likely stay in the months ahead unless Anwar Ibrahim is able to generate the momentum to bring the opposition to power. Abdullah has the upper hand. He has stayed in office by deflecting attention away from his administration's failures, pledging a power transition in 2010, and effectively pitting his rivals against each other. He has repeated a pattern of promising reforms—none of which were delivered in his first term—using the threat of corruption charges against defectors and, most recently, a highly suspect threat of sodomy charges against Anwar Ibrahim. These charges now cloud Anwar's attempt to win his wife's seat in Parliament. Abdullah is on the precipice of following the path of his predecessor by using the concentrated powers of his office to hold onto power and in the process moving Malaysia in an authoritarian direction.

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Abdullah's choice has been shaped by the legacy he inherited from Dr. Mahathir bin Mohamad. Post-election results have also brought to the surface underlying constraints in bringing about political reform. Despite the record voting across racial lines in the March polls, race remains a dominant feature in contemporary politics. The general election brought a record number of non-Malays into Parliament, especially Indians. This came in the wake of mass disenchantment of Malaysian Indian voters with the government over issues of inclusiveness, religious rights, and growing poverty within the community in November 2007. Key for many non-Malays were growing perceptions of narrowing religious freedoms and an unwillingness of the Abdullah administration to increase national competitiveness by reforming the race-based patronage policy known as the New Economic Policy. Malay leaders within UMNO have responded to the calls for racial inclusiveness by arguing that non-Malays have gained power at their own expense. They are dangerously using race for political gain. UMNO leaders have even gone as far as to use racial unity as a means to divide the opposition by courting Islamic party leaders to join the BN, as they did in the 1970s. This has divided the Islamic Party of Malaysia (PAS) and weakened the already highly fragmented opposition. The deep-seated racial pattern of party identities has limited the ability of parties to move out of the old racial mold and bring about the policy discussions necessary to address the increasingly more challenging international economic climate and sophisticated electorate.

Another key obstacle is the entrenched economic interest of Malaysian political leaders. Winning state contracts through political favor is a honed practice in Malaysia and is largely based on race. The opposition's move to create transparency and the underlying threat of exposing cronyism has rocked the establishment that has rallied to protect its interests. They have circled the Abdullah wagon because it has become clear that the prime minister is unwilling to stem the waste of Malaysian taxpayer money on padded contracts.

To date, the loser in this period of turmoil has been the Malaysian public. The call for genuine reform has been ignored as personal interests, elite infighting, and political insecurity have overshadowed calls for national political rejuvenation. A weak leader who has proven to be ineffective in governing remains in office without the promise of vision for the country's future.

Policymaking has been the political hostage, resulting in ad hoc decisions and a growing credibility gap between the government and the public. As the stakes in the power struggle increase among contenders, Malaysians have buckled down for continued mudslinging, sadly recognizing that until the leadership issue is resolved, dirty politics will reign.

JULY TIMELINE OF EVENTS

July 1, 2008: The tripartite joint exploration agreement among the Philippines, China, and Vietnam to pursue oil and gas in the disputed South China Sea expires. Philippine energy secretary Angelo Reyes says the government has decided to let the three-year-old Joint Marine Seismic Undertaking (JMSU) lapse amid a domestic political firestorm over its constitutionality.

July 3, 2008: Indonesian police arrest 10 suspected militants linked to the Jemaah Islamiyah (JI) terrorist network and seize 22 bombs, thwarting an alleged terrorist attack targeting Westerners in Jakarta.

July 6, 2008: Thai prime minister Samak Sundaravej concludes a four-day official visit to China, where he meets with Premier Wen Jiabao in Beijing and travels to Guangzhou, where he signs a contract to import \$400 million of rubber and fruit. Prime Minister Samak also visits Brunei.

July 8, 2008: Leaders from the "D-8" group of Muslim-majority developing nations meet in Kuala Lumpur for their sixth summit since 1997 and agree on a decade-long roadmap to boost trade among members. The "D-8" group includes Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey.

July 11, 2008: Indonesia begins its nine-month legislative election campaign, with the country's election committee warning the more than 30 eligible parties to avoid disruptive street protests and corrupt practices.

July 15, 2008: A Cambodian official announces that 40 Thai soldiers have crossed the Thai-Cambodia border amid renewed tensions over disputed territory surrounding the ancient temple of Preah Vihear. **See Major Regional Developments.**

JULY TIMELINE OF EVENTS Continued

July 15, 2008: Thailand's embattled Prime Minister Samak Sundaravej unveils a new economic stimulus plan amid unflagging street protests and a flurry of legal cases against his administration. The \$1.4 billion package includes tax cuts and handouts to alleviate the economic burden on the poor.

July 15, 2008: Indonesian president Susilo Bambang Yudhoyono expresses "deep regret" for gross human rights violations in East Timor in 1999 after a bilateral truth commission released a 300-page report stating that Jakarta bore "institutional responsibility" for the crimes. Yudhoyono stopped short of a full apology and added that no prosecutions would result.

July 16, 2008: Former Malaysian deputy prime minister and current opposition leader Anwar Ibrahim is arrested outside his home in Kuala Lumpur on charges of sodomy, which is a crime in Malaysia. Anwar dismisses the charges as "baseless" and claims that they are aimed at thwarting his political challenge to the Badawi government. Anwar was convicted of sodomy in 1998 and imprisoned in what most saw as a response to his challenge to then-Prime Minister Mahathir Mohammad. The Federal Court released him in September 2004 after his sodomy convictions were dismissed, but corruption charges prevented him from holding political office until this year.

July 21, 2008: : The 41st ASEAN Ministerial Meeting (AMM) kicks off a week of major regional meetings held in Singapore. The AMM was followed by the Post-Ministerial Conference (PMC) and the ASEAN Regional Forum (ARF), which Secretary of State Condoleezza Rice attended on July 24. **See Major Regional Developments.**

July 21, 2008: The leader of the Patani United Liberation Organization (PULO), an insurgent group in Thailand's restive south, dismissed a recent unilateral "ceasefire" declared by the previously unknown United Southern Underground as a hoax after a bomb wounded seven people in Yala province. It remains unclear who set off the bomb.

July 22, 2008: Vietnam announces a 36 percent domestic petroleum price hike, fueling concerns about further exacerbating its double-digit inflation and lagging economic growth. The government had earlier dismissed fuel price rises for the remainder of 2008.

July 23, 2008: At the ASEAN-China Ministerial Meeting, ASEAN and China vow to boost cooperation in dealing with East Asian community building, Mekong Basin development programs, and the ASEAN-China Free-Trade Area. China also announces its decision to appoint an ambassador for ASEAN affairs (the second major country to do so, after the United States). See March 2008 *Southeast Asia Bulletin*.

July 24, 2008: North Korea signs the Treaty of Amity and Cooperation (TAC) with ASEAN on the sidelines of the ASEAN Regional Forum (ARF) in Singapore. The treaty is a regional code of conduct originally signed by ASEAN founding members (**Indonesia, Malaysia, Singapore, Thailand, and the Philippines**) in 1976. North Korea became the 13th non-ASEAN state to sign the TAC.

July 24, 2008: Singapore officially hands over the ASEAN chairmanship to Thailand on the last day of the ASEAN Ministerial Meeting.

July 26, 2008: Thailand appoints Tej Bunnag as its new foreign minister following the resignation of Noppadon Pattama over his handling of the Preah Vihear dispute. Bunnag is a career diplomat who previously served as ambassador to the United States, China, and France.

July 28, 2008: Thailand's Supreme Court says that it will consider another graft case involving former prime minister Thaksin Shinawatra and 46 others. Those under consideration include several members of Prime Minister Samak Sundaravej's government, which already saw several top officials forced out by court decisions earlier this year.

July 28, 2008: Indonesia and Australia discuss cooperation in maritime security and counterterrorism at the sixth Indonesia-Australia Strategic Defense Dialogue in Jakarta. The two sides agree to boost officer exchanges, joint military exercises and patrols, and information and intelligence sharing.

July 28, 2008: Cambodian prime minister Hun Sen's Cambodian People's Party (CPP) wins the country's fourth general elections since 1993. **See Major Regional Developments.**

U.S. ENGAGEMENT IN THE REGION

July 3-5, 2008: USAID administrator Henrietta H. Fore visited Hanoi and Ho Chi Minh City. She participated in a ceremony to commemorate the upgrading of the USAID office in Hanoi to full mission status and said that USAID would increase aid to Vietnam in various areas. The official press release is available [here](#).

July 23, 2008: The Senate unanimously approved the “Block Burmese Jade Act,” a bill to block U.S. companies from importing Burmese gemstones and tighten financial sanctions against the ruling junta. The full text of the bill is available [here](#).

July 23-28, 2008: Secretary of State Condoleezza Rice visited Singapore to attend the ASEAN Post -Ministerial Conference and the ASEAN Regional Forum. Secretary Rice continued on to Australia, New Zealand, Apia, Samoa, and Hawaii. Remarks and details of her trip to Asia and the Pacific are available [here](#).

MISCELLANEOUS FACTS ABOUT MALAYSIA

The Philippines continues to claim the Malaysian state of Sabah on the island of Borneo as its own.

Kuala Lumpur, the capital of Malaysia, literally means “muddy confluence.”

Kuala Lumpur’s Petronas Tower is the fourth-tallest building in the world and the tallest in Southeast Asia.

The Federation of Malaysia proposed by Malaysian prime minister Tunku Abdul Rahman in 1961 was initially supposed to merge Malaya, Singapore, Sabah, Sarawak, and Brunei. Brunei lost interest in the proposal due to concerns about its oil reserves and the sultan’s status, while Singapore withdrew in August 1965 due to disagreements over the rights of indigenous Malays.

“Tun” is the most senior federal title in Malaysia. No more than 25 living recipients can hold it at any one time.

MAJOR REGIONAL DEVELOPMENTS

Thailand, Cambodia Temple Row Simmers Unabated

Historic tensions reemerged between Thailand and Cambodia in July over Preah Vihear, a 900-year-old temple on the Thai-Cambodia border.

The controversy began after Thai foreign minister Noppadon Pattama signed a deal to back Cambodia’s bid to designate the temple a UN Educational, Scientific and Cultural Organization (UNESCO) world heritage site, unleashing a nationalist outcry in Bangkok. A 1962 ruling by the International Court of Justice ruled the temple to be Cambodia’s but didn’t award a 1.8 square mile surrounding area to either country. While Cambodians held lavish celebrations to commemorate UNESCO’s July 8 approval, Thailand’s opposition Democrat Party mounted a legal challenge against the ruling People’s Power Party, arguing that Noppadon was required to consult Parliament on any international agreement. Because Thailand still claims the temple’s surrounding area, the Democrat Party argued that Noppadon’s support for Cambodia’s bid infringed on Thailand’s national sovereignty, even though Thailand does not claim the temple itself. Thailand’s Constitutional Court subsequently declared the communiqué illegal, leading Noppadon to resign. Cross-border tensions then flared on July 15 after Cambodian authorities apprehended three Thais trying to plant a Thai flag on temple grounds, causing an incremental military buildup on both sides. The stalemate persisted as both sides vaguely agreed to withdraw troops but did not specify who would do so first.

As the situation drew on, ASEAN offered to mediate the dispute on July 22, but Thailand insisted that it was a bilateral issue that the two would handle themselves. After talks failed, Cambodia referred the case to the UN Security Council. Although Cambodia later postponed its request to the United Nations, the issue remains on the UN agenda.

Much of the uproar over the temple was rooted in domestic politics in the two capitals. In Thailand, the opposition used the incident to undermine embattled Prime Minister Samak by claiming that he was selling out Thailand’s sovereignty through a corrupt, backroom deal involving deposed Prime Minister Thaksin Shinawatra. In Cambodia, the country’s July 27 general election made this a hot-button political issue, with all sides seeking to bolster nationalist credentials with bluster over the temple.

By month’s end, tensions appear to have cooled, although the standoff continued.

One-Party Domination Persists in Cambodia

Cambodia's fourth general election since returning to a constitutional multiparty parliamentary system in 1993 followed a predictable course, as the ruling Cambodia People's Party (CPP) won comfortably, garnering 73 percent of all votes and extending Prime Minister Hun Sen's 23-year reign over the country by another five years. Violence was virtually nonexistent—a stark improvement from previous polls in 1998 and 2003. The U.S. government called the election Cambodia's freest to date, noting that relatively minor irregularities occurred but that they did not affect the outcome of the election.

Cambodia's stellar economic performance during the CPP's last term contributed significantly to its victory. The economy has grown 10 percent annually, with the garment, construction, and tourism sectors booming as foreign investment poured in. The conflict with Thailand over the 900-year-old temple of Preah Vihear during the week leading up the election also energized nationalist support for the government among the electorate (see above).

The election was not without intrigue, however. On July 11, a journalist working for an opposition-affiliated newspaper and his son were gunned down in what some saw as a classic CPP intimidation tactic. The opposition alleged, and the U.S. embassy, European Union, and others agreed, that the ruling party dominated the media to the point of unfairness. The National Election Committee was hardly independent given its deep CPP connections, and tens of thousands of registered voters were reported to have been disenfranchised. But the same observers agreed that the CPP's wide margin of victory meant that the result reflected the will of a majority of Cambodians, regardless of "irregularities."

Regional Meetings Converge on Singapore

The 41st ASEAN Ministerial Meeting (AMM), ASEAN Post-Ministerial Conferences (PMC), and the ASEAN Regional Forum (ARF) all took place in Singapore, July 17 to 24.

Prime Minister Lee Hsien Loong of Singapore, the ASEAN chair until July 24 (when Thailand took over), kicked off the AMM with a pledge to press on with ASEAN Charter implementation without waiting for all members to ratify it. Burma formalized its ratification of the charter on July 21, leaving only Indonesia, the Philippines, and Thailand yet to ratify the charter. The AMM discussed the Post-Nargis Joint Assessment Report, a report compiled by the United Nations, ASEAN, and Burma to provide an objective, comprehensive assessment of Burma's recovery needs following Cyclone Nargis in May. The report projected that Burma would need \$1 billion over the next three years. At the same time, the foreign ministers also issued an unprecedented rebuke of the Burmese junta, expressing "deep disappointment" at the extension of pro-democracy leader Aung San Suu Kyi's detention. The final ministerial statement can be found [here](#).

ASEAN's foreign ministers continued to meet separately among themselves and with ASEAN dialogue partners, including the United States, in the following days as part of the PMC. They also held meetings collectively with the foreign ministers of the ASEAN Plus Three (China, Japan, South Korea) as well as with East Asia Summit member countries. Food and energy security dominated the latter meeting, the first of its kind. The 16 countries stressed increased cooperation with and participation from the private sector. Foreign ministers of the six countries involved in talks on the North Korea nuclear situation used the occasion to hold informal talks on the sidelines of the meetings as well.

The ASEAN Regional Forum, which brings together ASEAN countries with 17 other partner countries from Asia and Europe, followed the PMC and paid particular focus to disaster relief and preparedness cooperation. Participants agreed to a U.S.-Philippine joint proposal to hold the organization's first region-wide disaster relief exercise, tentatively scheduled for 2009 in the Philippines. The joint statement also welcomed diplomatic efforts in Iran and North Korea, reaffirmed commitment to a future code of conduct on the South China Sea, and urged Burma to move toward political reconciliation. Its full contents can be found [here](#).

OTHER PROJECTS/REPORTS FROM THE INTERNATIONAL SECURITY PROGRAM'S ASIA GROUP

Assessing Contemporary China: The China Balance Sheet

<http://www.csis.org/isp/chinabalancesheet/>

U.S.-China Dialogue on Internal Developments in North Korea

<http://www.csis.org/isp/dialoguenorthkorea/>

U.S.-China Strategic Nuclear Dynamics

<http://www.csis.org/isp/>

Cross-Strait Security Initiative: A Resource for Understanding Cross-Strait Affairs

<http://www.csis.org/isp/taiwan/>

The K-Factor: Korean-American Attitudes toward and Impact on U.S.-Korea Policy

http://www.csis.org/component/option,com_csis_progj/task,view/id,1015/

Congressional Attitudes and the Future of the U.S.-ROK Alliance

<http://www.csis.org/isp/rok/>

Bridging Strategic Asia: The Rise of India in East Asia and the Implications for the U.S.-Japan Alliance

http://www.csis.org/component/option,com_csis_progj/task,view/id,1004/

For in-depth analysis of U.S.-Southeast Asia relations and other relationships in the Asia-Pacific, see the CSIS Pacific Forum's quarterly Comparative Connections:

<http://www.csis.org/pacfor/ccejjournal.html>

SOUTHEAST ASIA AT CSIS

The Southeast Asia Initiative at CSIS received a generous grant in June to undertake a major study of U.S. policy in Southeast Asia. The project will focus on the United States' bilateral partnerships in the region and offer concrete policy recommendations for the next U.S. administration.

EVENTS TO WATCH FOR IN AUGUST

August: Malaysia's massive operation to deport 150,000 mostly Filipino and Indonesian illegal migrants from Borneo is scheduled to begin.

August 4–8: Thailand will host the 26th ASEAN Ministers on Energy Meeting (AMEM) in Bangkok to discuss cooperation amid a global energy crisis and high oil prices.

August 5: The Philippine government and the Moro Islamic Liberation Front (MILF) will sign the final draft of the memorandum of agreement (MOA) on ancestral domain, a key step toward resolving the decades-long problem.

August 6–7: President George W. Bush and First Lady Laura Bush will make a two-day official visit to Thailand in honor of the 175th anniversary of the bilateral relationship, the United States' longest-standing relationship in Asia.

August 10: The UN World Food Program (WFP) will stop relief flights to Burma after its three-month rapid response program expires, forcing other aid organizations to find their own way to ship supplies into the country.

Mid-August: United Nations special envoy Ibrahim Gambari is scheduled to visit Burma.

August 19: The high court in the Malaysian state of Kedah will hear a case asking it to invalidate a seat won by former deputy prime minister Anwar Ibrahim's Keadilan party. If the electoral result is voided, Anwar has said he will contest a by-election, which could spark his return to parliamentary politics.

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