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# Southeast Asia Quarterly Update

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# Chapter 1 | ASEAN

*Han Phakdeypanhaboth, Khan Menghok, Loeung Chetha, Moeung Cheery, Nou Seihak, and Him Raksmeay*

## **Introduction**

The Association of Southeast Asian Nations (ASEAN) is built on three pillars, which are the ASEAN Political-Security Community, the ASEAN Economic Community, and the ASEAN Socio-Cultural Community. Based on these three pillars, ASEAN leaders in the past and in the present envision dynamic cooperation between nations in the association and aim to maintain peace, stability, resilience, and enhancement of the community of Southeast Asian nations. With Indonesia's Chairmanship this year and the 42nd ASEAN Summit, new ideas are circulating. In this report, there will be updates on various issues, challenges, and achievements of ASEAN within the months of April, May, and June of 2023 based on the aforementioned ASEAN Community's three pillars.

## **ASEAN Political-Security Community**

On 10th of May, Timor-Leste Prime Minister, Taur Matan Ruak, made his debut appearance at the highest policy-making body of ASEAN, the 42nd ASEAN Summit, and promised that his impoverished country would take necessary steps according to the road map towards full ASEAN membership. The road map was adopted at the ASEAN plenary on Wednesday. Mr. Sidharto Suryodipuro, director for ASEAN Cooperation at Indonesia's Foreign Affairs Ministry, stated that the road map contained essential elements such as legal instruments, financial contribution schemes, and strengthening the capacity of the Timor-Leste's state and civil apparatus to prepare the country to be a full-fledged ASEAN member. Yet, Timor-Leste appears to be struggling with these elements despite being rich in natural oil and gas resources.<sup>1</sup> After the 42nd ASEAN summit in Labuan Bajo from 10th to 11th May, President Jokowi called for "unity" among the ASEAN's ten countries while acknowledging the group's lack of progress. Another explanation for the statement is that Indonesia prefers "quiet diplomacy" rather than public posturing and criticism; Foreign Minister Retno added, "We will try again and again... We

are still united and strong in seeing the urgency of the Five-Point Consensus.”<sup>2</sup> Yet, whether these efforts result in fruitful outcomes remains to be seen. To bring the main conflicting parties to the negotiating table, including the military junta, ethnic armed groups, and the opposition National Unity Government, diplomats working under Foreign Minister Retno Marsudi have now held more than 60 “engagements” with the military junta. “Quiet diplomacy does not mean we did not do anything,” Retno told reporters after the summit.<sup>3</sup>

On 14th of March, Japan joined the ASEAN Security Hotline, making it the first non-member nation to join. Japan’s Defense Ministry says the measure will facilitate communication between Japan and ASEAN member countries. The ministry hopes to use the hotline to strengthen ties with ASEAN countries as China’s military activities in the South China Sea have become increasingly more active. The hotline was set up in 2015 to make it easier for ASEAN countries to communicate on defense issues. Japan’s annual defense White Paper in 2022 described bolstering defense cooperation with ASEAN as a significant move as it will lead to the “creation of a favorable, (secure) environment for Japan.”<sup>4</sup>

The Partner With ASEAN Act was adopted by the US Congress on March 23rd in Washington. The policy would enable ASEAN to be declared an International Organization with diplomatic privileges and immunities and place it alongside the European Union and the African Union. The role of ASEAN in maintaining stability and prosperity throughout the Indo Pacific region has long been acknowledged by the U.S. Congress. An important step to reinforce recognition of ASEAN’s centrality and explore new areas of cooperation is the provision of regular diplomatic privileges and immunities for ASEAN. Congressman Joaquin Castro of Texas thanked Chair Kim C.C. for the partnership in this bill and said he would work with the Senate on moving the legislation to President Biden’s desk.”<sup>5</sup>

On May 8th, during the press conference in Labuan Bajo, Foreign Affairs Ministry’s ASEAN Cooperation Director, Sidhart Suryodipuro, said three countries were interested in becoming partners of ASEAN and signing the TAC agreement. Those three new applicants include the Kingdom of Saudi Arabia, the Kingdom of Spain, and the Republic of Panama. There are 50 signatories from all four corners of the globe, representing a quarter of United Nations members. After France, the United Kingdom, Germany, the Netherlands, Denmark, and Greece, Spain will be the 7th Member State of the European Union to join the TAC.<sup>6</sup>

## **ASEAN Economic Community**

On March 28th, the meeting of ASEAN Finance Ministers and Central Bank Governors occurred in Indonesia. Discussions included reducing dependency on major currencies, such as the US Dollar, Euro, Yen, and British Pound, and favoring financial transactions in local currencies through the Local

Currency Transaction (LCT) scheme.<sup>7</sup>

On May 6th and 7th, the ASEAN Economic Community Council's 22nd meeting was held in Jakarta to discuss ASEAN's role in geopolitical and geoeconomics dynamics, ASEAN Initiatives for Sustainable Development, the development of the electric vehicle (EV) ecosystem, as well as the blue economy cooperation.<sup>8</sup> On May 9th, according to Coordinating Economic Minister of Indonesia, Airlangga Hartarto, after attending the 22nd ASEAN Economic Community Council (AECC) meeting, ASEAN nations have agreed for the acceleration of the ASEAN Digital Economy Framework Agreement (DEFA) negotiations in September 2023 instead of the original plan in 2025. The first round is to be completed by the end of 2023. The negotiations would mark progress after the ASEAN Agreement on Electronic Commerce in 2018.<sup>9</sup>

On May 11th, the 42nd Association of Southeast Asian Nations (ASEAN) Summit in Labuan Bajo, Indonesia, also emphasized economic integration. According to Indonesian President Joko Widodo, "ASEAN must strengthen its economic integration, strengthen inclusive cooperation, such as the implementation of the Regional Comprehensive Economic Partnership, strengthen health, food, and energy architecture, and maintain the financial stability".<sup>10</sup>

On May 19th, Monita You, Deputy Director at the General Department of Policy within the Finance Ministry, has hailed the ASEAN Trade Repository (ATR) for strengthening regional economic integration and boosting trade within the region. She stated that the ATR "offers a single window of access to all the trade-related information and details of ASEAN member states" by being an "ASEAN-level IT interface linked by means of hyperlinks to a series of interoperable National Trade Repositories (NTRs) that provide and maintain the national-level trade-related information and the actual contents". She also claimed that "apart from sharing trade-related information digitally on the website, it [ATR] will also reduce the transaction cost of business." Between 2010 and 2020, inter-ASEAN trade increased from USD 500 billion to USD 630 billion, or 24% of ASEAN's total trade in the region.<sup>11</sup>

## **ASEAN Socio-Cultural Community**

On March 14th, Indonesian Coordinating Minister for Human Development and Culture Muhadjir Effendy called for creating an Association of Southeast Asian Nations (ASEAN) Declaration about family development to bolster the ASEAN Socio-Cultural Community (ASCC). He remarked, "Currently, the (mainstream) concepts for family development are still influenced by ideas from Western countries that are not too suitable with family development strategies in the ASEAN region, including in Indonesia and Singapore." On May 8th, during the 29th ASEAN Socio-Cultural Community (ASCC) Council Meeting, held in Bali, Indonesia, the Ministry of Education, Youth and Sport (MoEYS) called for mutual



cooperation and assistance among ASEAN countries to further advance students' abilities in science, technology, engineering and mathematics (STEM) and information technology (IT). The Ministry said that developing students' capacities in these fields is important in boosting ASEAN's market competitiveness, improving research capacity, and building resilience across the region.

On May 10th, ASEAN leaders agreed to establish the ASEAN Village Network (AVN) that will focus on three cooperation areas: tourist village, digital village and One Village One Product (OVOP). The goals of the AVN are, according to the Leaders' Joint Statement, to make people's voices heard, facilitate collaboration and cooperation among villages, exchange strategies to improve digital infrastructure and promote digital innovation in rural areas, facilitate better and wider rural products' access to markets, explore collaboration with External Partners and private sectors to support the sustainability of the Network, and strengthen ASEAN identity among villages community. In the Chair Statement, ASEAN leaders also acknowledged the importance of migrant workers and the necessity to protect migrant workers and their families. Therefore, ASEAN leaders agreed to adopt the ASEAN Leaders' Declaration on the Protection of Migrant Workers and Family Members in Crisis Situations and the ASEAN Declaration on the Placement and Protection of Migrant Fishers.

On May 11th, President Jokowi called all Southeast Asian leaders to combat human trafficking in response to the prevalence of online job scams in Indonesia, which forced citizens in numerous ASEAN countries to work as cyber scammers. "Matters that relate to people's interests become a great concern for the [ASEAN] leaders, including the protection of migrant workers and human trafficking victims," Jokowi told reporters at the end of the 42nd ASEAN Summit in Labuan Bajo. "I call on ASEAN countries to take firm action against the main perpetrators," Jokowi added. To respond to the issue, ASEAN concluded its 42nd Summit with a declaration on combating trafficking of persons through the abuse of technology. According to the leaders' declaration, ASEAN should provide immediate response and assistance to human trafficking victims, among others, by improving coordination on information exchange. Indonesia, as the ASEAN Chair, also showed its willingness to not turn ASEAN into a haven for criminals.

## **Conclusion**

Within the three months of the second quarter of 2023, ASEAN has displayed signs of commitment to the development of the ASEAN Community based on the three pillars. During the 42nd ASEAN Summit in Indonesia, there were discussions on the increasing roles of ASEAN, its visions, and its capacity as a community although it remains to be seen how these commitments will transpire.

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# Chapter 2 | Cambodia

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## Introduction

In the second quarter of 2023, the Kingdom of Cambodia's domestic politics is focusing on the preparation for the upcoming General Election in July to elect 125 seats. In terms of socioeconomic development, Cambodia is making progress on sustainable development, social protection, and mechanisms to improve the agricultural sector. Additionally, Cambodia is strengthening its bilateral trade agreements to improve its economic status. Through cooperation and engagement, Cambodia continues to pursue and maintain friendly diplomatic relations with neighboring and non-neighboring countries.

## Domestic Politics

In the upcoming July election, eighteen political parties are registered to participate thus far. Beside these eighteen parties that were accepted to the election, the National Election Committee (NEC) rejected two political parties, the Candle Light Party and the Khmer United Great Nation Party.<sup>1</sup>

On May 15, the NEC announced that it refused to approve the Candle Light Party's application for the national election based on the party's failure to provide notarized documents. In last year's commune election, the NEC did not require notarized documents. Moreover, the required documents are believed to have been destroyed during the dissolution of the CNRP.<sup>2</sup> Early after the rejection from the NEC, the Candle Light Party made an appeal to the Constitutional Council of Cambodia (CCC). Thus, the CCC on May 25 held a plenary session to assess the complaint and ultimately rejected the Candle Light Party's appeal. On May 17, three land activists from the Coalition of Cambodian Farmers Community (CCFC), were arrested after hosting a workshop in Ratanakiri province. The activists were accused of discussing political issues, such as the income inequality, and instigating hate towards the wealthy, which public officials stated went beyond the organization's core objectives. Of the 39 participants, 17 were detained by the police. and all but 3 were later released. The three suspects and their attorneys could not be reached for comment. On May 31, The Ratanakiri Provincial Court granted

bail to Theng Savoeun, director of the CCFC, and his two colleagues.<sup>3</sup> However, the charges have not been dropped by the court yet.<sup>4</sup>

## **Socioeconomic affairs**

The 32nd SEA Games and 12th Para Games hosted by Cambodia between April-June are expected to provide a positive outcome. The game is expected to promote Cambodian tourism and increase the number of international visitors after the game, according to Thong Khon, Minister of Tourism. After getting over 1.2 million visitors in the first quarter of 2023, he anticipates that Cambodia will receive over four million foreign visitors this year.<sup>5</sup> In addition, hosting the SEA Games is anticipated to boost Cambodia's economy. Official government statements predict up to \$400 million in economic activity, creating employment opportunities and strengthening local businesses. Moreover, these sporting events will project the history, culture, nature, and the welcoming of Cambodia's citizens toward the world. Additionally, by investing in sports facilities, transportation systems, and guest accommodations, Cambodia will gain long-term advantages that will further infrastructure development. Above all, the games are an opportunity for Cambodia to enhance cooperation with other countries, which contributes to promoting a positive image of the the SEA region as a whole.<sup>6</sup>

On May 30, 2023, the Cambodian National Assembly passed the long-awaited draft code for the protection of the environment and natural resources. The code's 12 chapters and 865 articles make suggestions to improve the management, conservation, and restoration of the environment. The proposed law will also act as a crucial legal tool to encourage ministries, institutions, and social milieus to actively participate in environmental protection, natural resource management, and the preservation of biodiversity.<sup>7</sup> Currently, Cambodia is collaborating with Singapore to establish itself as a significant exporter of sustainable energy in the SEA area. Under the agreement, which is currently in the commercial negotiating stage, Singapore would buy 1 GW of renewable energy from Cambodia each year. The potential exports to Singapore would boost Cambodia's trade potential, create a competitive economic edge, open up new business opportunities, and improve the lives of its people.<sup>8</sup>

On the other hand, Social Protection has improved thanks to increased collaborations with Cambodia's partners. The summit between the labor ministers of Vietnam and Cambodia which was held on April 5, 2023, emphasized increasing cooperation in vocational training for the workforce. The two ministers agreed that the implementation of the Memorandum of Understanding will strengthen the partnership between the two ministries of labor and vocational education. Both parties stressed the importance of putting the 2022–2027 MoU on labor into effect in the current global environment, which calls for creative development strategies to support socio- economic stability.<sup>9</sup>

On May 24, there was an inter-ministerial consultation workshop on “National Strategic Plan for Tourism Development (NSPDT) for 2023-2025”. The National Plan set out three strategic goals, including the enhancement of tourism competitiveness, maintaining sustainable tourism, and improving the environment by strengthening the informal tourism economy.<sup>10</sup>

The Minister of Agriculture, Forestry, and Fisheries has requested French cooperation in exchanging agricultural exports and imports. To encourage cooperation, Cambodia seeks to promote an agricultural products market according to the requirements and standards of France.<sup>11</sup> Importantly, the World Food Program (WFP) and Cambodian Agriculture Cooperative Corporation (CACC) are launching a new project, budgeted to around \$3 million, that aims to enhance the resilience and livelihoods of smallholder farmers through organic agriculture and access to markets. The goal is to increase the participating farmers’ income up to 20% through CACC’s facilitation of market linkages.<sup>12</sup>

## **Economic Affairs**

The United Arab Emirates and Cambodia have reached a bilateral trade agreement, as the Gulf state seeks to boost and enhance trade and commerce ties, particularly in Asia, in strategic economic sectors.<sup>13</sup> The two countries also completed negotiations for a Comprehensive Economic Partnership Agreement (CEPA); therefore, when fully enacted, the CEPA will remove tariffs on Cambodian agricultural products, leather-based products, garments, and apparel, while also creating a new market for the UAE’s manufacturing industries.

China also remained as the top source of new FDI (foreign direct investment) to Cambodia in the first four months of the year. Cambodia’s Council for Development (CDC) endorsed 65 investment initiatives, totaling \$588 million in paid-up capital between January and April. China contributed roughly 60% of this capital, which is equivalent to 73.5 percent of total FDI stock.<sup>14</sup>

In terms of trading, according to data from the General Department of Customs and Excise of Cambodia, South Korea was Cambodia’s 11th largest trading partner during the period, accounting for 1.58 percent of international trade (\$15.161 billion), 1.252 percent of exports (\$7.234 billion), and 1.874 percent of imports (\$7.927 billion).<sup>15</sup> Cambodian goods exports to South Korea reached \$90.599 million in the first four months (January - April) of 2023, up 19.33 percent year-on-year and 14.4 percent half-on-half (compared to July-October 2022), according to provisional Customs (GDCE) data. The volume of merchandise traded between the two countries in January-April 2023 was \$239.165 million, down 19.73 percent year-on-year but up 0.67 percent half-on-half. The Kingdom also imported \$148.565 million worth of goods from South Korea, down 33.09 percent year-on-year and down 6.2 percent half-on-half.

According to the World Bank's Cambodia Economic Update, Cambodia's economic recovery strengthened in 2022 with a 5.2% growth rate. A strong and active performance in services, particularly trade, travel, and hospitality stimulated by the SEA Games and ASEAN Para Games, has helped Cambodia return to pre-COVID-19 levels of growth.<sup>16</sup> The stabilizing food and energy costs has also helped this rebound by lowering local costs. The economy's expansion is projected to rise to 5.5% in 2023, especially through a growing agriculture sector that has greater access to local marketplaces through newly adopted trade pacts. However, a prolonged slowdown in demand from abroad could harm export-oriented production, and continuing global financial tightening could expose vulnerabilities in Cambodia's highly dependent financial system.

## **Foreign Affairs**

Prime Minister Hun Sen signed a sub-decree on April 24 to create a Cambodian embassy in Brazil.<sup>17</sup> The embassy will have a residency in Brasilia and will be led by a chief of mission with the status of ambassador extraordinary and plenipotentiary, according to the sub-decree. Hun Sen also instructed the ministers in charge of the Council of Ministers, the Minister of Foreign Affairs and International Cooperation, the Minister of Economy and Finance, the Minister of Public Works and Transport, and the rest of the government to put the sub-decree into effect as soon as possible.

On February 24, 2023, President Xi Jinping met with King Norodom Sihamoni and Prime Minister Samdech Techo Hun Sen. Both nations have agreed to work together to build a "diamond hexagon" collaboration arrangement to bring in a new era of high-quality, high-level, and high-standard China-Cambodia community with a common destiny.<sup>18</sup> China strongly encourages Cambodia to pursue a development path that is appropriate for its national circumstances and to hold a successful general election. China is prepared to work with Cambodia to implement the "industrial growth corridor" and the "fish-rice corridor," as well as to strengthen security ties in order to jointly build the Belt and Road Initiative. China endorses ASEAN's unity and growth and stands ready to further develop the China-ASEAN comprehensive strategic partnership on an ongoing basis. The two sides plan to deepen the "diamond hexagon" collaboration framework, advance the construction of the "industrial development corridor" and the "fish-rice corridor," guarantee the security of China's significant investments and personnel in Cambodia, ensure the accomplishment of the 65th anniversary of Cambodia-China diplomatic relations, and keep close communication and collaboration within multilateral structures such as ASEAN-China cooperation and Lancang-Mekong cooperation.

By the end of May from 29 to 31, the King of Cambodia, Norodom Sihamoni, paid an official visit to India, as the two countries celebrated their 70th celebration of diplomatic relations.<sup>19</sup> His Majesty the King's visit is critical given that it will provide an opportunity for further development of India-Cambo-

bodia relations in terms of trade, economics, security, culture, and interpersonal relationships. Laos and Cambodia have agreed to jointly enhance security on their shared borderline by installing 387 border markers. The meeting appointed technical delegations from both sides to conduct a further survey and discussion in accordance with the guiding principles agreed upon by both sides. The solution proposal will be submitted to the chairmen of the two joint boundary authorities to settle the unresolved border areas. Both parties agreed to work collectively to carry out the Boundary Treaty, which took effect on February 13, 2023. According to the Lao ministry, the conclusions of the conference played a role in further strengthening the relationship of friendship and collaboration between Laos and Cambodia, fulfilling the intent of the two states.

## Conclusion

In the second quarter of 2023, Cambodia concentrated strongly on the upcoming national election and preparing for the SEA Games and Para Game, which contributed to the development of the national economy, local business, infrastructure, and Cambodia's image within the international community. Likewise, Cambodia also focused on sustainable development and improved social protection, which aimed to help promote the well-being of the citizens. Cambodia in the second quarter is making noticeable progress in development in many sectors, yet domestic politics are still fragile in some areas. Further updates on Cambodia's domestic politics are to be observed in the upcoming national election.

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# Chapter 3 | Indonesia

Sum Pichkanika and Cheng Ousa

## Introduction

Indonesia is a large and diverse country with a population of over 270 million people. It is the largest economy in Southeast Asia and the 16th largest economy in the world. Indonesia also has a long history of democracy and has been a relatively stable country in recent years. It has made impressive democratic gains since the fall of an authoritarian regime in 1998, enjoying political and media pluralism, and peaceful transfers of power. However, in 2023, Indonesia seems to face a number of challenges, including an economic slowdown due to the global economic slowdown, and the rising cost of living. Furthermore, inflation in Indonesia has also been rising in recent months due to the rising cost of food and fuel. Besides that, Indonesia is currently facing political instability as well due to the upcoming presidential election in 2024. Despite these challenges, Indonesia has a number of strengths, including a growing youth population and a large and diverse economy. Indonesia's economy is driven by commodities, such as oil and gas, as well as a robust manufacturing and services industry. If Indonesia can address its challenges, it has the potential to become a major economic and political power in the region.

## Domestic Politics

There is a lot of interesting news that is related to Indonesia's politics. First, as the general election draws near, Indonesia is trying to get women to engage more in politics. Executive Director of the Association for Elections and Democracy (Perludem) Khoirunnisa Nur Agustyati stated that the effort to encourage women's representation in politics has been made for a long time. Moreover, this effort still needs to be fought for to this day as the urgency of women's representation in the country's politics is a crucial aspect that the public cannot ignore. Such statements show that the issue of women's representation in politics remains a topic of discussion for gender equality activists and general election observers in Indonesia. Moreover, the country implemented a zipper system stipulated within

a candidate list, for every three candidates, there should at least be one woman. According to Agustya-ti, the presence of women in politics can bring about transformative political ideas. Through women, pro-gender policies can be realized, playing a central role in generating positive outcomes. According to a researcher from the Banten Institute for Governance Studies, Imron Wasi explained that the presence of women in the decision-making process is important and useful to handle gaps in terms of rights and roles for women. Women's representation in Indonesian politics, therefore, becomes important to furthering a full democracy.<sup>1</sup>

Secondly, the Indonesian government announced that it will raise the minimum wage for all workers. The government pledged to give an additional 10% of wages for workers' financial stability. This initiative is part of the government's plans to combat growing inequality in Indonesia and promote sustainable economic growth, reduce poverty, and improve living standards. The government will also consider regional disparities and differences in the cost of living to ensure that all workers are compensated fairly. Through the initiative, the government clearly illustrates its intention to take care of the population first. However, there are also some concerns from some experts regarding this plan. The initiative was met with mixed reactions, with some workers welcoming the increase and others expressing concern that it would lead to job losses.<sup>2</sup>

Thirdly, the Indonesian parliament passed a new criminal code that has been criticized for severely violating international human rights. The new criminal code violates the rights of women, religious minorities, same-sex marriage, freedom of speech, and association. It would also enable the police to extort bribes. Andreas Harsono, an Indonesian human rights watch researcher, said that Indonesia's human rights situation is not like before, and it has become worse.<sup>3</sup> For example, same-sex couples will not be able to receive a marriage certificate, rendering their marriage illegal before the law. This law will especially affect indigenous people or Muslims who live in rural areas.<sup>4</sup>

Lastly, on April 15, 2023, the Indonesian government passed a new law that permits the government to detain people for up to 20 years without charge if they are suspected of terrorism. The law was passed in response to a series of terrorist attacks in Indonesia in recent years, including the bombing of a church in Surabaya in May 2022, which killed 13 people. This law has been criticized by human rights groups who said it could affect innocent people and ultimately undermine Indonesia's commitment to human rights. The government has responded to criticisms by citing the necessity to protect the country from terrorist groups.<sup>5</sup>

## **Socioeconomic affairs**

First, Nusantara, Indonesia's future capital city, has been in the news this month for its troubles.

According to reports, the government is still having trouble luring in investors and is thus providing significant financial incentives to boost interest. Concerned about the lack of a clear vision for the new metropolis, wealthy donors who were considering investing in the project, like Japan's SoftBank, are said to have changed their minds. President Joko "Jokowi" Widodo is nevertheless moving forward. He is using his political clout to advance the project, and preliminary work has already begun as his second term comes to an end. A new training facility will reportedly be located in Nusantara to provide glimpses of the smart, green city that it aims to become. However, millions of people desire to live in Jakarta despite the fact that it is sinking, filthy, and congested. Jakarta has a long history and has played a significant role in the archipelago's politics and economy.<sup>6</sup>

Second, Indonesia's economy is expected to experience a mild slowdown in 2023 compared to 2022. Indonesia's head of economics and research said that following the expected growth of Indonesia's economy, inflation is expected to be 4.0%. Looking back to 2022, the government was also shielding consumption from global inflation through subsidies on fuel, electricity, and more. To avoid further inflation, Indonesian experts have advised the government to maintain a budget that will sustain pro-growth and pro-job programs while keeping inflation under control.<sup>7</sup>

Lastly, in terms of climate change issues, not only did the government of Indonesia start to take action to slow down the greenhouse gas emission, but Indonesia also has outlined a new tactic for maintaining and accelerating its economic transition from a middle-income to a high-income country through a strategy call Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR) 2050. However, the transition involves trade-offs between climate actions and poverty reduction. Indonesia's strong record of poverty reduction is attributed to its natural endowments-including coals, oil, forest, and more. Therefore, Indonesia is continuing to look for ways to maintain economic and social growth through development activities with low GHG emissions while minimizing the exploitation of natural resources.<sup>8</sup>

## **Foreign relations**

In terms of foreign relations, Indonesia plans to focus on ASEAN chairmanship and four other priorities in 2023. Retno, Indonesia's foreign minister, stated that Indonesia would continue its contribution and leadership role in global diplomacy to tackle increasingly difficult global challenges. Retno also said that while Indonesia will be the chair of ASEAN, it would like to strengthen the regional organization, which serves as a barometer of cooperation that contributes to regional peace, stability, and global welfare. She believed that respect for international law and cooperation constitutes the key to the emergence of ASEAN as an epicenter of growth, peace, and stability in the Asia-Pacific region. Moreover, there are four Indonesian foreign policy priorities introduced by foreign minister Retno.

These include strengthening the diplomacy of sovereignty, toughening the diplomacy of protection, promoting economic cooperation, and undertaking the diplomacy of peace and humanity.<sup>9</sup>

Indonesia also maintains its principles of independent and active foreign policy. Indonesia's foreign policy is thought to be active because Indonesia does not maintain a passive or reactive stand on international issues. In other words, Indonesia's independent and active policy is not a neutral policy but is one that does not align Indonesia with the superpowers. This policy is designed to serve the national interest while simultaneously allowing Indonesia to cooperate with other nations for the sake of world peace and social justice. Indonesia primarily follows three objectives. The first is to support national development with a priority on economic development. The second is to preserve internal and regional stability conducive to national development, and the third is to protect the territorial integrity of Indonesia. In order to achieve those objectives, the People's Consultative Assembly stated that Indonesia's foreign policy shall be conducted on the basis of an independent and active foreign policy dedicated to the national interest. The Assembly also noted that international relations should aim to strengthen international and regional relations through various multilateral and regional channels and deal with global issues cooperatively, particularly those threatening peace and human rights.<sup>10</sup>

Lastly, Indonesia will host two regional Commission Meetings: the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) training workshops on September 18-22, 2023 in Bali, and the Comprehensive Nuclear Test Ban Treaty (CTBT), which is an international treaty prohibiting nuclear weapons testing. The training workshops will be organized by the Indonesian Agency for Meteorology, Climatology, and Geophysics (BMKG) in cooperation with the CTBTO and aims to promote the universalization of the CTBT to end nuclear testing and eliminate nuclear weapons.<sup>11</sup>

## **Conclusion**

In conclusion, Indonesia is a country that has numerous strengths, including a young and growing population, a large and diverse economy, and a strong commitment to democracy. However, Indonesia also faces a number of challenges, including an economic slowdown, inflation, and political instability. To ensure that Indonesia will continue to grow and prosper, the government will need to address these challenges.

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# Chapter 4 | Laos

*Lim Cheamara, Raksmei Lytangoun, and Meung Chansomanita*

## **Introduction**

The following report provides an update on Laos PDR's domestic politics, socioeconomic affairs, economic affairs, and foreign affairs for the second quarter of 2023. The domestic political section is attentive to the Cambodian-Lao Border Demarcation Treaty and the official visit of Laos president to other Asian nations in May. In the socio-economic sector, Laos is working on natural disasters and building the largest wind power project in Southeast Asia. Laos is also keeping a close watch on Thailand's national election, for possible political change could assist Laos' stagnant economic sector. As for discussion on the economic sector, Laos PDR has been going through economic instability caused by many factors, such as inflation. This country is also committed to graduating from the Least Developed Countries (LDC) program by 2026 through the expansion of its tourism sector. In terms of Foreign Relations, Laos is in preparation for its ASEAN Chairmanship in 2024 after it successfully hosted the MRC Summit earlier this April.

## **Domestic Politics**

Following an agreement between the two nations on the outcomes of a joint examination of 86% of the boundary line, the National Assembly (NA) ratified the Cambodian-Lao boundary Demarcation Treaty on March 30. At the ninth session of the sixth legislature, presided over by NA President Heng Samrin and attended by 105 members, the draft law, which had three Articles, was unanimously approved.<sup>1</sup> The Draft Law on Cambodia-Lao Border Demarcation Treaty was approved with all 105 votes, according to a statement from the National Assembly, and will be submitted to the Senate. The Cambodian-Lao Border Demarcation Treaty, which the leaders of both countries signed in February in Laos, is also a significant formal document that will serve as the foundation for the future negotiations on the remaining 14% of the border between the two nations.



On the last weekend of April, a well-known young Laotian government critic, who was shot by an anonymous gunman and was believed to have died, was found alive. However, as of May 4, he was still hospitalized, and his assailant remains unknown. Anousa “Jack” Luangsuphom is a twenty-five-year-old administrator who voiced disapproval of the Laotian government through his Facebook page named the Kub Kluey Duay Keyboard (Driven by Keyboard), which has over 45,000 followers. On April 29 at 10:39 p.m., Anousa was shot by an anonymous shooter wearing a mask while he was sitting in a café in Vientiane, the capital of Laos. Anousa was reported to have died from his wounds while being transported to the hospital by local and international media, but Human Rights Watch staff members’ social media posts from May 4 showed that he was being treated for his wounds.<sup>2</sup>

Furthermore, on May 4, Laos and Cambodia agreed to strengthen their collaboration and bilateral ties for their mutual benefit. King Norodom Sihamoni of Cambodia invited the president of Laos, Thongloun Sisoulith, to pay a three-day state visit to Phnom Penh.<sup>3</sup> President Thongloun also met with Say Chhum, the Senate President, and the Prime Minister Hun Sen, during the visit. President Thongloun was quoted by Prime Minister Hun Sen as saying, “connections between Laos and Cambodia are at the top, but we are unified in our desire to elevate them to (an) even higher level. The two nations shared a commitment to further strengthen already-existing bilateral connections by improving their relationship in politics, security, military, economics, commerce, and investments in education, connectivity and energy.<sup>4</sup> The President also attended the 32nd Southeast Asian Games and 12th ASEAN Para Games opening ceremonies on May 5 at the Morodok Techo National Stadium.<sup>5</sup>

From May 9 to May 28, Laos and China conducted a joint military exercise called Friendship Shield 2023 between the Lao People’s Armed Forces and the Southern Theater Command of the Chinese People’s Liberation Army to simulate assaults on international armed criminal organizations.<sup>6</sup> Last November, when Lao President Thongloun Sisoulith paid an official visit to Beijing, Chinese President Xi Jinping told him that China and Laos must work to create a shared future. In light of this, the combined military drill shows that China and Laos are eager to improve their ties and work together to ensure regional peace and stability. Moreover, on May 25 and 26, President Thongloun Sisoulith attended the Future of Asia Conference in Tokyo, Japan, with the theme “Leveraging Asia’s Power to Confront Global Challenges.”<sup>7</sup> Future of Asia is a global forum where influential figures from the fields of politics, business, and academia from the Asia-Pacific region express their views on regional concerns and Asia’s place in the global community. This year’s conference in particular covered a wide range of subjects, including the necessity of acknowledging Asia’s diversity, the impact of the shifting global order on Asia, and the contribution of innovation to the advancement of women’s involvement and leadership in society.

## Socioeconomic affairs

According to authorities, wildfires in northern Laos burned up to half of wooded land in the Luang Prabang, Xayabury, and Oudomxay provinces. The fire spread in arid, difficult-to-reach hilly regions and could not be contained due to the lack of modern firefighting equipment. In these provinces, fires have intensified due to drier-than-normal weather. Initially, many of the fires were sparked by farmers clearing land and using slash-and-burn farming methods in preparation for the start of the planting season in May. However, locals and firefighters cooperated to put out the fires, preventing further home, farm, and livestock damages. Yet, fire trucks still cannot operate in some areas due to the lack of water and outdated equipment. Consequently, between 45% and 50% of the forest in the Xay region of the Oudomxay province has been burned by wildfires.<sup>8</sup>

Additionally, southern Laos is currently constructing the largest wind energy project in Southeast Asia.<sup>9</sup> The government of Laos has the lofty ambition of turning its nation into the “battery of Southeast Asia” by producing and exporting electricity to its neighbors. With a 600-megawatt generation capacity, the facility in the provinces of Sekong and Attapeu will export power to Vietnam. Due to their negative effects on the environment and local communities, several dam projects on the Mekong River in Laos have been postponed. In late April, Monsoon Wind Power Lao Company Ltd, began construction on a \$950 million project. The project will have 133 wind turbines and a concession area of about 1,000 hectares. However, 340 families in 18 communities are impacted by the land concessions and the locals are still waiting for the owners to provide the necessary infrastructure.

In recent days, most of Laos has experienced exceptionally hot weather, with many locations seeing temperatures above 40°C. In Laos, energy use is steadily increasing because of the country’s consistently high temperatures. Chinese power producing companies have been providing power supply in order to meet the energy demand for Laos’ national economic development and people’s daily needs. Based on statistics from Vientiane Times, 16 power plants with a combined connected capacity of 2,256 megawatts are now being run in Laos by Chinese energy production companies. Since April of this year, China’s power producing companies have had an average daily load of roughly 810 MW, or nearly 42% of the overall demand on the Laos power grid. This offers a trustworthy assurance for the restoration and growth of Laos’ economy, the steady operation of the China-Laos Railway.<sup>10</sup>

Laos and Thailand have bilateral relations on many aspects, ranging from trade, politics, linguistic roots, culture, etc. Most importantly, Thailand has been sponsoring most of the hydropower projects in Laos, and also the largest electricity buyer from Laos.<sup>11</sup> Back to political corner, Laotian citizens have turned their attention to Thailand’s recent national election. Because most Laotian enterprises depend on the Thai Baht, they are carefully watching the reform-minded politicians who received a majority

of the votes in the past election. Following two military coups in the previous 20 years, in 2006 and 2014, this election provided a promising beginning for democratic change in Thailand. Laotians are expecting that political reform in Thailand would increase tourism to Laos and stabilize the exchange rate. The Laotian kip has been progressively losing value against the Thai baht, making imports of food and raw materials from Thailand more costly. This also gives hope to migrant workers that it would increase their wages.<sup>12</sup>

## **Economic Affairs**

The Lao PDR economy has several challenges, according to the most recent Lao Economic Monitor from the World Bank, including structural issues, economic instability, and a vulnerable external environment. The Lao currency, Kip fell 43% versus the US dollar and 32% against the Thai baht, which was caused by high import costs, a lack of foreign investment, and the external debt. The report predicts that the recovery of services and exports will produce growth rates of 3.9% in 2023 and 4.3% in the medium term. This is a bump from the GDP increase of 2.7% in 2022 caused by a rise in tourism and services.<sup>13</sup>

The GDP increase shows the advantages that manufacturing, exports of agricultural goods, and investments in special economic zones could bring. By April, however, there was a 40% inflation rate. The devaluation of the kip and the rise in global costs drastically reduced the buying power of 64% of Lao families by the end of 2022. Stricter monetary regulations helped stabilize the kip at the beginning of 2023, but the currency's drop and ongoing rise in global prices continue to put pressure on inflation. Additionally, the research from World Bank on Laos's economic emphasizes how macroeconomic volatility affects Laotian households, particularly low-income families who are more vulnerable to inflation. Almost 90% of low-income households were affected by inflation because of their lack of savings to deal with rising living costs. Additionally, it is more difficult to regulate spending and get funds for initiatives in welfare, healthcare, and education because of the region's low growth.<sup>14</sup> Laos is one of the Least Developing Countries (LDC), which in 2000, has set a goal to graduate from this program by 2020. However, suffering through the negative impacts of the COVID-19's outbreak, Laos PDR has given an extended transitional period and plans to graduate by the year 2026, said Mr. Saleumxay KOMMASITH, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR at the 5th United Nations Conference on the Least Developed Countries (LDC5), on 6 March 2023, in Doha, Qatar.<sup>15</sup>

Laos declared 2023-2024 as Lao Tourism Year with record of almost 1.3 million tourists in 2022 and the country hopes to attract 1.4 million visitors in 2023 with an estimated 368,000 visitors from China after the country reopened its borders in January this year. The railway connecting Laos and China

and the new dry port have enhanced commerce and industrial activities. Denying any allegations regarding falling into “debt trap” with China, the high-speed railway “has contributed immensely to our economy” and it “will contribute meaningfully to our efforts in transforming our country from land-locked to land-linked”, said Laos President Mr. Thongloun Sisoulith. He also claimed that the external debt, especially with China, is “manageable” to help the country’s economic development.<sup>16</sup>

## Foreign Affairs

At the 4th Mekong River Commission Summit (MRC) on April 5th, 2023, the Southeast Asian Mekong River Commission members released a historic proclamation. They reaffirmed the region’s commitment to cooperation and the protection of a threatened river that provides for the livelihood of almost 70 million people.<sup>17</sup> Additionally, the Vientiane Declaration reflects the “highest political commitment” of the leaders of each nation to the multifaceted function of the intergovernmental MRC. The MRC is charged with promoting the Mekong’s sustainable and responsible development. It also acts as a treaty-based forum for “water diplomacy,” which aims to maximize development’s positive effects while minimizing the negative effects on the environment or the fishing and agricultural communities. The Declaration also formally recognizes the crucial function of the MRC as a “regional knowledge hub. It aims to put into action “basin-wide strategies, procedures, guidelines and data, and information-sharing, that drives peaceful and mutually beneficial cooperation to achieve the shared vision.”<sup>18</sup>

The Vientiane Declaration was publicly introduced with the phrase “One Mekong One Spirit” by the leader of the host nation, Laotian Prime Minister Sonexay Siphandone. Prime Minister Hun Sen stated that ensuring sustained water, food, and liveliness security is our top agenda and that national interests are consistent with regional interests on this matter.<sup>19</sup> Then, to demonstrate how unsustainable current development is, Vietnamese Prime Minister Pham Minh Chinh provided the following harsh statistic: Overall flow in the basin “decreased by 4-8% from 2010 to 2020,” but water use in the basin’s four countries “increased by 5-12%.” He also urged the MRC and Member Countries to adopt “people-centered” policies and practices.<sup>20</sup> Moreover, Dr. Surasri Kidtimonton, Secretary-General of the Office of National Water Resources of Thailand, described the Mekong as the basin’s principal blood vessel. Beyond those heads of state, Chinese Minister of Water Resources, Guoying Li, advocated for information-sharing platforms and sought shared advantages in Mekong development. He placed a strong emphasis on upholding rights and interests, resolving drawbacks, and promoting collaboration regarding transboundary water issues. The Swiss Ambassador to Cambodia, Lao PDR, and Thailand, Pedro Zwahlen, acknowledged the MRC accomplishments as part of the MRC Development Partners (DPs). He urged member countries to actively promote “gender equality, social inclusion, and protection of the most vulnerable groups” as well as the full spectrum of development options.<sup>21</sup> As an

Association of Southeast Asian Nations (ASEAN) member, Laos PDR maintains close ties with other ASEAN nations in terms of economic and political regional cooperation. Additionally, Laos, which held ASEAN Chairmanship in 2004–2005 and again in 2016, is getting ready to take over the Chairmanship again in 2024.<sup>22</sup> On June 1, officials of relevant ministries and organizations assembled in Vientiane for a meeting to discuss advancements in preparation for Laos' ASEAN Chairmanship in 2024.

Laos PDR is a close ally of Cambodia and has just announced their joint commitment to enhancing the “already excellent” relations between the two neighboring nations. Laos and Cambodia aim to further strengthen their cooperation in various areas such as tourism, investment, and security. “Both countries are committed to implementing existing agreements and are ready to provide a united response to natural disasters,” claimed Lao President Thongloun Sisoulith during his state visit with Prime Minister Hun Sen at the Peace Palace in Phnom Penh on May 4.<sup>23</sup>

Recently on May 7, Laos PDR joined Cambodia and Vietnam to celebrate the 69th historic Dien Bien Phu victory in 1954, which led to the signing of the Geneva Agreement. The Dien Bien Phu victory and Geneva Agreement restored peace in Indochina and liberated Laos, Vietnam and Cambodia out of French rule. It was a glorious landmark that unified people of colonial and dependent countries to strive for national independence, reflecting the the global collapse of old colonialism.<sup>24</sup>

## Conclusion

In conclusion, within the second quarter of 2023, Laos is domestically focusing on the Cambodian-Lao boundary Demarcation Treaty. The treaty shows both countries' efforts to strengthen bilateral ties and dispute resolution mechanisms. However, activism in the country is being further questioned after an incident in which a government critic was shot. Economically, Laos is navigating its survival with the high inflation and is focusing on stabilizing the macroeconomy. As a part of its preparations to graduate from LDC by 2026, Vientiane is expanding its tourism sector. In the socio-economic sector, wildfires have burned half of the forest land in some provinces. Moreover, Laos is turning its nation into the “battery of Southeast Asia” through its construction project of the largest wind energy project in Southeast Asia with plans to sell the electricity to its neighbor. In terms of foreign diplomacy, Laos PDR was able to conclude the 4th Mekong River Commission Summit with a call for greater commitment and actions to protect the collective benefit of the members along the Mekong River. Vientiane is also getting ready to hold the title of ASEAN Chairmanship again in 2024 after Indonesia. Moreover, Laos-Cambodia relations continue to stay strong as the President of Laos visited the Kingdom and showed support for the SEA Games.

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# Chapter 5 | Malaysia

*Kea Chanvoleak*

## **Introduction**

This report provides an update on Malaysia's domestic politics, economic affairs, and foreign affairs for the second quarter of the year. The domestic political scene has been dominated by a political crisis and the future elections in Malaysia. The economy is showing signs of recovery, with positive growth expected in the trading industry and energy-efficient vehicles (EEVs). Malaysia has made considerable efforts in improving regional cooperation and trade links while simultaneously addressing the issue of the international conflict over the South China Sea.

## **Domestic Politics**

Multiple members of the 14th parliament (MPs) switched parties during the second quarter of 2023. This resulted in the loss of a legislative majority, leading to a political crisis in Malaysia. After Datuk Seri Sulaiman Md Ali was replaced as chief minister by Datuk Seri Ab Rauf Yusoh, the Melaka state executive council (exco) is expected to experience some changes.<sup>1</sup> Parties that won seats in the 14th general election (GE14) will run for them again in future elections in six states.<sup>2</sup> The ruling Pakatan Harapan (PH) alliance in Selangor, Penang, and Negri Sembilan is likely to give something up to its old foe-turned-ally Barisan Nasional (BN).<sup>3</sup> Wanita Umno is willing to work with the Pakatan Harapan women's branch for the upcoming state elections, and Datuk Norliza Abdul Rahim, vice-chief, uses Pakatan Wanita channels to communicate with the public.<sup>4</sup> For the next state elections, Pakatan Harapan and Barisan Nasional's allocation of Labuan Umno division leaders have signed an "aku janji" letter to demonstrate their commitment to the party, and if any terms are broken, they will face disciplinary action.<sup>5</sup> Before the end of May, the outcome of the seat negotiations between Pakatan Harapan (PH) and Barisan Nasional (BN) for the forthcoming six state elections is anticipated. Leaders of the Democratic Action Party (DAP) and the People's Justice Party (PKR) should respect Umno's decisions and refrain from criticizing them, as this will harm the unity government's chances of win-



three seats in the Kedah state legislature, and PN has been given 22 seats in Kedah.<sup>6</sup> The BN Supreme Council unanimously supported the unity government and adopted a resolution to create and carry out the people's policy agenda.<sup>7</sup> Islamist Parti Islam Se-Malaysia (PAS) component parties are negotiating for 50% of seats in the next State Election, with Ramzan Zakaria refuting rumors that it is planning to unseat Menteri Besar Datuk Saarani Mohamad. Other state elections are anticipated to take place concurrently this June.<sup>8</sup>

Tension among many parties in the next elections is unfounded, and the coalition operating under the unity administration is unwavering.<sup>9</sup> Barisan Nasional (BN) and Pakatan Harapan (PH) will not rush the distribution of seats for the six upcoming state elections, avoiding conflicts or issues if the preferred candidate loses.<sup>10</sup> Menteri Besar Datuk Seri Saarani Mohamad refuted the claim that state assemblymen may switch parties in July, as the Anti-Party Hopping statute was ratified.<sup>11</sup> Perikatan Nasional (PN) component parties have only three or four seats remaining to be decided in the seat distribution negotiations.<sup>12</sup> Datuk Seri Tajuddin Abdul Rahman has filed an appeal against his six-year ban to resume his participation in Umno and is confident the Supreme Council will rule favorably for his case. Negotiations between PH and BN are progressing well, leading to a unity government to protect the populace and advance the nation.<sup>13</sup> On May 20, Perikatan Nasional (PN) will use the same emblem in four states for state elections. The BN has narrowed down its list of candidates for six state elections, with Selangor, Negeri Sembilan, Penang, Kedah, Kelantan, and Terengganu all holding elections.<sup>14</sup> Tan Sri Muhyiddin Yassin has encouraged the government to release those who have been declared bankrupt and use a more flexible procedure.<sup>15</sup> The allegations that Perikatan Nasional (PN) used gambling winnings to support its campaigns in the most recent general election (GE15) have not been investigated by the Malaysian Anti-Corruption Commission (MACC). The Sabah State Assembly is expected to adopt legislation that will forbid legislators from switching parties and repeal Article 17(A) which mandates a five-year waiting period before an elected member can run for office again.<sup>16</sup> Datuk Seri Ahmad Maslan has declared that neither the DAP nor Umno's emblems will be on the ballots in the upcoming elections in six states. Bung Moktar spoke about Umno's future after the party election and shift in leadership.<sup>17</sup>

In order to distribute seats for the six state elections this year, Perikatan Nasional (PN) will employ the same methodology that was used in the 15th General Election on June 3. PAS will be defending its seats, and Bersatu will be running in areas that Umno previously won.<sup>18</sup> In order to participate in the 15th general election, Umno offered PAS 40 seats, but PAS declined the offer in the name of Muslim unity. PAS won 43 seats, surpassing Umno's offer. To prevent internal problems and factions splitting, the Parti Bumiputera Bersatu (PBB) leaders must promote unity and stability while remaining steadfast in their defense of Sarawakians' rights.<sup>19</sup> In the Selangor state election, Pakatan Harapan and Barisan Nasional have agreed to fight 49 of the 56 state seats. Although the negotiations between PH

PH and BN for the Penang state election are going well, there are still certain seats that overlap.<sup>20</sup> For the Terengganu state election, the allocation of seats between Barisan Nasional (BN) and Pakatan Harapan (PH) has been finished, and BN has shortlisted candidates for the state assembly seats.<sup>21</sup>

## **Economic affairs**

Malaysia is currently experiencing a difficult economic situation due to the COVID-19 pandemic. On April 7, 2023, The Domestic Trade and Cost of Living Ministry (KPDN) worked to eliminate the role of middlemen and ensure all restricted commodities were available in sufficient quantities for the Aidilfitri celebration.<sup>22</sup> In addition to this, Malaysia's recent trade and investment mission to China has resulted in potential exports of RM3.2 billion, including aluminum goods, agriculture, palm, and oil. Last year, Malaysia's commerce with Hong Kong exceeded RM100 billion.<sup>23</sup> The Klang and Johor ports will be the first to use Malaysia's Maritime Single Window (MMSW) system, which will reduce red tape, boost productivity, shorten operational times, and relieve the financial strain on shippers. During the first quarter of Malaysia, the Malaysian economy is expected to grow at 4.1% due to weaker exports and a return to normal domestic demand. Industrial production and manufacturing sales experienced low single-digit growth, while exports grew 5.4%, and loans outstanding in the banking sector increased.<sup>24</sup>

In the first week of May, Malaysia's central bank unexpectedly increased its benchmark interest rate, bringing borrowing costs back to pre-pandemic levels and causing the Malaysian ringgit to increase.<sup>25</sup> The Economist's most recent index of crony capitalism found that Malaysia fell one spot to third, with Russia and the Czech Republic coming out on top. Singapore's billionaires who benefited from "crony sectors" had 10% of the GDP, placing Singapore at position four on the index. The Malaysian government is encouraging Chinese businesses to invest in the automotive industry and engage in economic cooperation. Proton Holdings Bhd was asked to advance and restore its status as a top automaker, and the National Automotive Policy 2020 was introduced to make Malaysia a regional hub for energy-efficient vehicles (EEVs).<sup>26</sup> The Malaysian government is confident in achieving its economic growth target of 4.0-5.0% for 2023, with a 5.6% rise in the first quarter of 2023. Inflation has decreased to 3.6% due to price control measures and consumer subsidies, but GDP growth is expected to decelerate due to external demand, geopolitical unrest, price pressures, and tighter financial circumstances.<sup>27</sup>

Japan's Minister of Investment, Commercial, and Industry Tengku Datuk Seri Zafrul Abdul Aziz will conduct a trade and investment mission to Malaysia from May 29 to June 3, 2023. The mission will focus on strategic high-end and high value-added technology in chemicals, and electric cars.<sup>28</sup> On the other hand, with the government concentrating on food production and monetary policy to ful-

Datuk Awang Tengah Ali Hasan emphasized the significance of trade and investment between China and Sarawak, with total trade between the two countries expected to reach RM36.73 billion in 2022.<sup>29</sup>

## Foreign Affairs

Malaysia has signed numerous agreements and established friendships with many other countries. The UK's membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will create new opportunities for Malaysian companies and SMEs, removing 98% of tariffs in a trade area with a combined GDP of US\$13.5 trillion. Following the implementation of the agreement, the UK will remove import taxes for a variety of goods, all of which are important exports to Malaysia.<sup>30</sup> Malaysia and China have agreed to deepen and more meaningfully cooperate in trade ties, economic cooperation, and potential new areas of collaboration. Through this cooperation, Anwar Ibrahim's visit to China was a success, with Malaysia receiving the largest investment commitment in history from Chinese investors.<sup>31</sup> Anwar Ibrahim has informed China that Petronas' exploration project in the South China Sea is within Malaysian territorial waters, and Malaysia is available for talks if China feels this is their legal right. Malaysia is committed to defending its interests, rights, and sovereignty in the South China Sea and will continue to engage in diplomatic relations with other nations to preserve the South China Sea as a region of stability, trade, and peace.<sup>32</sup> Malaysia has also committed to keep close ties with Turkey and enhance bilateral ties. They discussed bilateral and global matters, including the Sudanese conflict and Tunisia's political turmoil.<sup>33</sup>

Besides good relations with the countries listed above, Malaysia has also continued consolidating a robust bilateral relation with South Korea.<sup>34</sup> A bilateral meeting between Park Jin and Datuk Seri Dr. Zambray Abdul Kadir are meeting to discuss deepening ties between Malaysia and South Korea. They discussed topics such as economic sector cooperation, defense, infrastructure development, transportation, and renewable energy, as well as global and geopolitical topics. South Korea was Malaysia's eighth-largest trading partner in 2022. Currently, Malaysia and ASEAN are exploring new forms of collaboration and partnerships with Japan. Malaysia's Deputy Finance Minister, Datuk Seri Ahmad Maslan, also attended the 26th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting and the 56th Annual Meeting of the Board of Governors of the Asian Development Bank.<sup>35</sup> Datuk Seri Dr. Zambray Abdul Kadir's three-day working trip to Australia strengthened bilateral ties, resolved the Comprehensive Strategic Partnership framework, and opened up new commercial prospects. PM Anwar and Joko Widodo had a bilateral meeting in West Manggarai, Flores, East Nusa Tenggara, and Malaysia is finalizing domestic procedures to sign the Border Crossing Agreement (BCA) and Border Trade Agreement (BTA). At the 42nd ASEAN Summit 2023, Malaysia will welcome four ASEAN leaders to Putrajaya to celebrate the 50th anniversary of diplomatic ties and support Timor Leste's bid to join the ASEAN family. Datuk Seri Mohamad Sabu visited Russia to improve ummah unity and develop

bilateral ties between Malaysia and Russia. Malaysia and the United States will continue to improve security cooperation on marine security and cross-border issues, according to Home Minister Datuk Seri Saifuddin Nasution Ismail.<sup>36</sup> In April 2014, then-US President Barack Obama visited Malaysia and the two countries decided to expand their bilateral ties into a comprehensive partnership. Malaysia is delaying trade negotiations with the EU to demand more equitable treatment for small palm oil producers.<sup>37</sup> India, Malaysia, and ASEAN are collaborating to implement India's Indo-Pacific vision, the Indo-Pacific Oceans Initiative (IPOI). An international conference was held in Kuala Lumpur to study India-ASEAN dynamics and Malaysia's role in promoting them. Last year, Malaysia joined the IPEF, indicating its desire to contribute.<sup>38</sup> Malaysia is collaborating with other ASEAN nations to advance talks with China on the South China Sea Code of Conduct and is proposing the Partnership for Strategic and Defence Agreement (FPDA). Regular drills like Bersama Lima and Shield will improve interoperability and collaboration. Malaysia has strengthened partnerships to achieve the UN Sustainable Development Goals by 2030, focusing on housing, solid waste management, and sustainable initiatives.<sup>39</sup>

## **Conclusion**

In all three essential sectors, Malaysia saw significant events in the second quarter of 2023. In terms of politics, Malaysia must deal with the issue of the six states' upcoming elections as well as its own sovereignty over the South China Sea. Malaysia has set its sights on achieving higher economic development through the growth of its infrastructure, industries, and trading sector. In terms of economic cooperation and adherence to international law, Malaysia has also placed an emphasis on cooperation with regional and global partners. For a more critical examination of Malaysia and its approach to political, socioeconomic, and diplomatic matters, it is important to be well-informed of the latest updates in Malaysia.

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# Chapter 6 | Myanmar

Him Rotha, Hai Sohem, and Navy Royo

## Introduction

Myanmar, in the second quarter of 2023, is still in a fragile state. The internal fighting continues with no update on the August election. Some reports suggested that Myanmar military generals met with Aung Suu Kyi twice during this timeframe, but no further progress has been made. Other than domestic uncertainty, some notable events include the effect of Cyclone Mocha, the pilot repatriation of the Rohingya, ASEAN Summit in Indonesia, and some regional developments implicating the country. This update will briefly summarize what happened in Myanmar from April to June 2023.

## Domestic Politics

In the 2nd quarter, domestic politics inside Myanmar are still in turmoil with civil unrest. Fighting among all stakeholders continues with military authorities increasingly employing airstrike tactics against their opponents.<sup>1</sup> There has not been any substantive development in the military-orchestrated election besides the assassination of a senior figure in Myanmar's electoral body.<sup>2</sup>

## Ongoing Fighting in Myanmar: More than 6,000 civilians killed since the 2021 coup

In Myanmar, all armed parties – the military authority, the anti-military authority, and the ethnic armed groups – have engaged in combat with each other. Notably, the military authority has conducted airstrikes against its opponent, resulting in many casualties among bystanders. A significant event was the airstrike attack in Sagaing Region during New Year Day in April, which caused at least 165 deaths.<sup>3</sup> On the other side, resistance groups have been engaging in “urban guerrilla warfare” against the military authority,” as noted by conflict analysts.

The persistent fighting killed at least 6,000 civilians since the 2021 coup, according to a study by the

by the Peace Research Institute, based in Oslo, Norway.<sup>4</sup> The report states that the military authority was responsible for 3,003 deaths, while 2,152 were killed under the hands of the resistance movements, and another 1,170 by unknown actors.

### **Myanmar 2023 Election: An Update**

Myanmar's Union Election Commission approved 25 political parties among 63 registered, according to Eleven Myanmar.<sup>5</sup> Among the 63, only 12 parties will contest. However, the deputy head of the Union Election Commission of Myanmar was killed at Yangon in April.<sup>6</sup> The military authority accused its opponent, the People's Defense Force, as the perpetrator.

### **Generals-Aung San Suu Kyi Meeting: Shedding some light for negotiation?**

Some reports stated that Military Authority's three generals, the Home Affairs Minister So Htut, Min Aung Hlaing's Security Adviser Yar Pyae, and Retired General Khin Zaw Oo, met with Aung San Suu Kyi on May 27 and on June 4.<sup>7</sup> RFA Burmese claimed that those generals asked Suu Kyi to help the military with the peacemaking process, yet she did not respond to the request. The military authority, however, denied that the meeting took place.<sup>8</sup>

### **Cyclone Mocha, Aid Blockage**

In late May, regions of Magwe and Rakhine were heavily affected by a massive Cyclone called Mocha. The cyclone resulted in over 140 deaths and impacted around 1.6 million people according to the United Nations. UN appealed for a \$333 million USD worth of humanitarian assistance.<sup>9</sup> As of June 15, \$67 million USD of assistance were provided, according to one report. Among the millions in assistances, ASEAN delivered \$100,000 USD worth of emergency supplies.<sup>10</sup> However, the UN reported that a major challenge was the blockade by the military authority, which barred vulnerable people's access to emergency aids.

### **Foreign relations**

During the second quarter, Myanmar was in the regional spotlight during the ASEAN Summit. However, there were some controversies, including the allegation of hosting a Chinese Naval Base and the imports of \$1 billion USD worth of arms. Additionally, Chinese Foreign Minister Qin Gang made a rare visit to Myanmar in May.

### **Chinese Foreign Minister went to Myanmar**

On May 2, Chinese Foreign Minister Qin Gang visited military leader, Min Aung Hlaing. This was the first official visit since the coup.<sup>11</sup> During his time in Myanmar, the Chinese Foreign Minister met with Min Aung Hlaing, former military chief, Than Shwe, and the current Myanmar Foreign Minister, Than Swe.<sup>12</sup> In a meeting with Min Aung Hlaing, China supported the political transition in Myanmar, while Myanmar vowed to protect Chinese interests in the country. According to a report, Qin Gang also inspected Chinese-Myanmar borders during his visit.

### **Chinese Naval Base in Myanmar?**

A satellite image in a report by UK-based, Chatham House, revealed the construction of a 2.3-kilometer airstrip in Coco Island in Myanmar, a sign of military modernization.<sup>13</sup> There are speculations that the Chinese might build an outpost to spy on India.<sup>14</sup> However, there are no indications of any Chinese involvement in this project according to the report.

### **UN Report: Myanmar Military Authority Purchased USD 1 Billion of Weaponry**

Myanmar military authority imported weapons worth \$1 billion USD according to a UN report.<sup>15</sup> In the detailed infographic, the top five sources of arms include Russia (\$406 million USD), China (\$267 million USD), Singapore (\$254 million USD), India (\$51 million USD), and Thailand (\$28 million USD).

### **42nd ASEAN Summit: No New Alternative in New Dynamics**

Before the Summit, an ASEAN Convoy, who was delivering aid in Myanmar, was attacked by an unidentified actor. ASEAN condemned the action.<sup>16</sup> ASEAN leaders expressed frustration at the lack of progress in implementing the Five-Point Consensus by the military authority. However, 5PC remains as the main reference for responding to the situation in Myanmar, which maintains the position that settlements should be Myanmar-led and Myanmar-owned.<sup>17</sup> Indonesian Foreign Minister, Retno Marsudi, said that her country has conducted 60 engagements with relevant stakeholders on issues related to Myanmar. Nevertheless, the ASEAN Chair's Special Envoy and the implementation plan of 5PC are still under questioned.<sup>18</sup>

### **MFP Won Thai Election, Myanmar Military Authority Alerted its Troops**

Moving Forward Party won the 2023 Thai Election. Although the coalition government in Thailand has not been formed yet, MFP's Prime Ministerial Candidate, Pita Limjaroenrat announced some changes in Thai foreign policy, including in its approach on Myanmar. On Myanmar, Pita said that he will coordinate the implementation of the US' BURMA Act and the 5PC.<sup>19</sup>

Against this backdrop, the Irrawaddy reported that the military authority's second man, Soe Win, alerted the troops. According to the Irrawaddy, Soe Win said "The Move Forward Party is pro-West and they will assist terrorists ... we have to watch the border and get information about them, their movements and their activities".<sup>20</sup>

### **UN Special Envoy resigned**

Noeleen Heyzer resigned from the position of the UN Special Envoy to Myanmar after 18 months.<sup>21</sup> The Singaporean was in a hot seat as she was criticized by all sides regarding her work in Myanmar. During her term, she engaged both the military and the NUG as well as other actors and stakeholders related to the issue. Since her resignation, the UN has not immediately appointed her replacement.

## **Socioeconomic affairs**

### **FDI dropped, US Dollar Ban along Chinese Border**

Foreign direct investment to Myanmar dropped around 60% in the first quarter of the year, according to data by the Military's investment ministry.<sup>22</sup> This year, the authority only approved projects around \$ 178 million USD, while last year the number was up to \$400 million USD.

Besides the drop in investment, the military authority also restricted the US dollar in doing trade along the Chinese border, according to the Irrawaddy. In order to do trade with China, exporters shall obtain trading license and use Yuan currency.<sup>23</sup>

### **Electricity Shortage**

It is reported that there has been widespread of electricity shortage in Myanmar.<sup>24</sup> According to the World Bank, only 50% of households are connected to the public grids. Since the coup in 2021, there have been blackouts as some energy companies left the country. This year, according to the state-owned Yangon Electrical Supply Corporation (YESC), the hydropower could not generate powers due to the dry summer.

## **Conclusion**

The situation in Myanmar has not improved in the second quarter of 2023. The fighting continues with a gloomy economic outlook. Myanmar's faith will be in a more dangerous mode in the third quarter of 2023. Should the military conduct any election sometime around August, the election

might not cover all across the country and there are possibilities of increasing attacks throughout the process. Should the election not be held, the military authority needs to have refined reasons to extend its emergency rules. Either way, violence may not be ceased in the country.

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# Chapter 7 | The Philippines

Sovann Tepy and Cheng Ousa

## Introduction

Nestled in the heart of Southeast Asia, the Philippines is a country with a rich history and vibrant culture with a population of over 100 million people. The Philippines is a nation composed of over 7,000 islands located in Southeast Asia. This archipelago spans a vast area of 300,000 square kilometers and is situated between Taiwan and Borneo, approximately 1,210 kilometers away from the Asian mainland. The country is divided into three main island groups named Luzon, Visayas, and Mindanao. Due to its location, the country lies in the “Ring of Fire,” a region around the Pacific Ocean known for frequent earthquakes and volcanic activity. In this essay, we will explore the unique geography of the Philippines and how it has shaped the country’s history, culture, and relationship with its neighbors. The Philippines is a vibrant democracy with a diverse mix of cultures. Its economy is also the 28th largest in the world and is projected to continue growing in the coming year. The Philippines has been recognized as one of the fastest-growing economies in the region, with its GDP increasing at a 7.6% annual rate in 2022, the fastest rate since 1976.<sup>1</sup> In recent years, the country has also played an increasingly important role on the international stage, particularly within the Association of Southeast Asian Nations (ASEAN). The Philippines is also one of the members of the United Nations, the World Trade Organization, and more. This paper aims to further explore Indonesia’s activities mainly in 2023 in terms of domestic affairs, economic development, and foreign relations.

## Domestic Politics

From April 10 to 16, a total of 2,386 new COVID-19 cases were reported in the Philippines.<sup>2</sup> The Philippines continued to grapple with high infection rates and a strained healthcare system, with many hospitals overwhelmed and unable to provide adequate care. The government implemented strict lockdown measures to curb the spread of the virus, leading to economic hardship and social



unrest. There were also concerns about unequal vaccine distribution and corruption surrounding the procurement of vaccines.<sup>3</sup> However, the Lithuanian government contributed roughly 400,000 doses of Pfizer bivalent COVID-19 vaccinations to the Philippine government in the fight against COVID-19. The vaccine arrived at NAIA Terminal 3 on June 3. This marked an important milestone in the government's vaccination drive because it was the first bivalent vaccine to arrive in the country<sup>4</sup>. According to DOH Asec. Leonita Gorgolon, the bivalent vaccine aimed to protect against the Omicron strain.

In the context of natural hazards, Typhoon Chedeng has weakened further and is moving away from the Philippines. The typhoon had been tracked by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) and had brought heavy rains, floods, and strong winds to parts of the country. As of 12:00 UTC on June 11, Chedeng had weakened into a severe tropical storm and was moving north-northeastward over the Philippine seas. It was forecast to accelerate north-eastward and leave the Philippine Area of Responsibility (PAR) that night. There were concerns about the potential impact of the typhoon on the Philippines. However, as it moved away from the country and weakened, these concerns were alleviated.<sup>5</sup> Aside from these issues, the Philippines is one of the world's worst water polluters, dealing with various environmental concerns, including the impact of climate change, deforestation, and pollution. The government was working to implement sustainable development policies, promote renewable energy sources, and protect vulnerable ecosystems, but progress was slow, and the country continued to lag behind its neighbors in terms of environmental sustainability.<sup>6</sup> Overall, the Philippines faced numerous complex challenges, with much work remaining to be done to address these issues and create a more stable and prosperous future for its citizens.

## **Socioeconomic Affairs**

The Philippine economy is expected to grow robustly in 2023. The report, released by the World Bank in April 2023, projected that the Philippine economy would see growth of 5.8% in 2023, up from an estimated 3.4% in the previous year.<sup>7</sup> Despite concerns around rising inflation, the Philippine government had implemented measures to mitigate the impact of these pressures on economic growth. Some measures included investing in infrastructure and human capital development, and supporting the development of the country's digital economy. The government identified several key sectors that are expected to drive economic growth in the Philippines in 2023, including the services and manufacturing sectors. Moreover, The Philippines' strategic location and strong ties with other Asian economies could also provide opportunities for growth and diversification. While there are potential risks and challenges to the Philippine economy, including external factors such as global economic trends and trade tensions, it is important for the Philippine government and other stakeholders to continue to implement policies and measures that promote sustainable and inclusive growth, address issues related to inequality and access to services, and support the country's long term economic

development.

Additionally, the Philippines government has set the national budget at P5.768 trillion for 2024. The proposed budget, which was unveiled by the Marcos Jr. administration, represents a significant increase from the current budget of P4.506 trillion for fiscal year 2023. The budget is intended to support the Philippine government's efforts to promote sustainable economic growth and development and to address key social issues, such as poverty and inequality. The budget includes allocations for a range of initiatives and programs, including education, health care, infrastructure development, and social welfare programs. The news regarding this received mixed reactions, with some expressing concerns over the potential impact on inflation and the country's fiscal position. However, supporters of the budget argue that it is necessary to support the country's development and to address key social issues.<sup>8</sup>

## **Foreign Relations**

On May 1, 2023, Presidents Marcos and Biden promoted an ambitious agenda for the United States-Philippines alliance and applauded the remarkable momentum that is now motivating bilateral efforts to advance prosperity, security, and friendship between our peoples. The special friendship and alliance between the United States and the Philippines has been a critical part of US foreign policy for decades. The alliance, which was formalized in 1951, has advanced peace, stability, and economic development in the region, and has been a cornerstone of US engagement in the Indo-Pacific. The US-Philippines alliance is based on shared values, including democracy, human rights, and the rule of law. The partnership has been strengthened by robust people-to-people exchanges, strong trade and investment relationships, and a shared commitment to regional security and stability.<sup>9</sup> The US has also been an important contributor to development assistance to the Philippines. In recent years, the US has emphasized the importance of investing in the relationship with the Philippines to promote broader goals in the region, including the promotion of freedom, democracy, and prosperity. The US has also underscored the importance of working together to address shared challenges, such as climate change, cyber security, and the global pandemic. Even though the US-Philippines alliance has faced challenges in recent years, including tensions over regional territorial disputes and concerns over human rights abuses in the Philippines, both countries remain committed to strengthening and deepening their relationship.

On the other hand, On April 22, 2023, the foreign ministers of China and the Philippines held a meeting in Manila to discuss their bilateral relations, which had been recently jolted by Manila's move to allow the US to use its military bases. The Philippine foreign minister described the meeting as "candid and productive," and stated that both sides had reaffirmed their commitment to improving their

relationship.<sup>10</sup> The Chinese foreign minister expressed concerns about the US military presence in the Philippines, asking the Philippines to be cautious in dealing with foreign powers that could undermine regional peace and stability. Meanwhile, the Philippine foreign minister emphasized that the country's relationship with China remained important but argued that Manila had the right to engage with other countries, such as the US, to enhance its own defense capabilities. These developments come in the context of ongoing territorial disputes in the South China Sea, where China has been asserting its claims over certain islands and waters that the Philippines also claims. The Philippines has been seeking to balance its relations with both China and the US, as it relies on both countries for trade, investment, and military support.

## **Conclusion**

The Philippines has seen various events in the second quarter of the year in all three main aspects. In terms of domestic affairs, COVID-19 and environmental issues remained to be a major problem compared to other nations in Southeast Asia. We can also see that the Philippines face potential risks of further inflation in which it is crucial that the government needs to initiate proper measures and policies to prevent such an event from taking place. Lastly, the recent meeting between the U.S. and Philippines as well as Chinese and Philippine foreign ministers underscores the complex and nuanced nature of the Philippines' foreign relations in the Indo-Pacific. The Philippines is seeking to balance its relationships with various powers in the region while trying to protect its national interests and sovereignty. It remains to be seen how these developments will affect the broader geopolitical landscape in the region and the world.

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# Chapter 8 | Singapore

Him Rotha, Sok Molyneang, and Vorn Manatra

## Introduction

Singapore in the second quarter of 2023 seems to be stable. Its domestic politics has been relatively uneventful other than news surrounding the upcoming presidential election in September. Economically, the country has positive projection with steady growth. A point of concern, however, is the increasing housing rental costs. This Singapore quarter will cover in more detail the domestic politics, foreign relations, and socioeconomic developments in Singapore.

## Domestic Politics

Singapore's domestic politics is dominated by the speculation surrounding the upcoming presidential election since the current President, Halimah Yacob, announced that she will not re-run for presidency. There are many rumors regarding potential candidates. Besides this event, there were allegations against two ministers for renting colonial houses and abusing their power.

### **Singaporean President will not run for the second term – Leading to the Election on September**

Halimah Yacob, President of Singapore, announced on May 29 that she will not run for a second term.<sup>1</sup> Her term will end on September 13, 2023. Halimah was inaugurated as president on September 2017.<sup>2</sup> At the time, a presidential election did not take place since the candidacy was reserved for Malay ethnicity, making only Halimah Yacob –the Speaker of the House of Representative – eligible.

This year election opens the position to all races in Singapore. To participate, candidates must submit community statements and get a Certificate of Eligibility (COE). Candidates must have the following qualifications: be a Singaporean citizen, minimally be 45 years of age on nomination Day, and not be affiliated with any political parties. Additionally, candidates must have held a senior public post for at

least three years or is currently a CEO of a firm with at least \$500 million USD in shareholders' equity. The candidates will then be assessed by the Presidential Elections Committee, which will also award the Certificate of Eligibility.<sup>3</sup>

So far, there are two announced candidates for this year's Presidential Election. The first candidate is Tharman Shanmugaratnam, Senior Minister in charge of social policies and Chairman of the Monetary Authority of Singapore (MAS). He announced to be a presidential candidate on June 7 and will resign from all of his capacities in the government and the ruling People's Action Party (PAP) by next month.<sup>4</sup> He has held various ministerial posts for the past 20 years, and he has been the Member of Parliament since 2001.

The second candidate is George Goh, a businessman and Singaporean non-resident Ambassador to Morocco since 2017. He announced his candidacy on June 12.<sup>5</sup> He has founded and owned many companies throughout the past decades. In his statement, he stated that he wanted Singapore to have a "non-establishment" President.

Besides the announced candidates, in March, Lee Hsien Yang, a brother of the Singaporean Prime Minister, also publicly expressed his interest to run for the presidential election.<sup>6</sup> Currently, he is self-exiled in Europe, avoiding political prosecution in Singapore. Lee Hsien Yang has been under investigation as he was charged with spreading false claims regarding Lee Kuan Yew's inheritance house.

### **The Question on Singaporean Ministers' Integrity: The Case of Shanmugam and Vivian**

In May, Prime Minister Lee Hsien Loong ordered an investigation on an allegation that two government ministers, Home Affairs Minister K. Shanmugam and Foreign Minister Vivian Balakrishnan, rented colonial bungalows without accountability.<sup>7</sup> Accusations appeared online around May and stated that the houses' rental value are around 1 million SGD a year, while the ministerial annual salaries are around 1 million SGD.<sup>8</sup> As of June, there has been no further details on the accusation, but the Singapore Land Authority said that the ministers complied to the law. The ongoing review will be conducted independently and led by Senior Minister, Teo Chee Hean, and more details will be released around July.

## **Foreign Relations**

Singapore's diplomacy was eventful in the second quarter of 2023. From the President and Prime Minister to the Deputy Prime Ministers and Senior Ministers, numerous high ranking members of the

government were engaged in official or working overseas trips. However, this section will only cover some outstanding events, such as Prime Minister Lee's visit to China and attendance in the ASEAN Summit in Indonesia, questions regarding Singapore's arms transfer to the Myanmar military authority, and lastly, the Shangri-La Dialogue that gathered many defense ministers from across the globe.

### **Singapore upgraded ties with China to "All Round High Quality Future Oriented Partnership"**

During the official visit to China in March, Prime Minister, Lee Hsien Loong and Chinese Premier Li Qiang agreed to upgrade the two countries' diplomatic relations to "All Round High Quality Future Oriented Partnership" from "All-Round Cooperative Partnership Progressing with the Times" in 2015.<sup>9</sup> The two premiers discussed ways to improve trade relations both under the framework of bilateral relations and under the regional frameworks, such as Regional Comprehensive Economic Partnership Agreement (RCEP) and the advancement of ASEAN-China Free Trade Agreement.

### **Singapore sold USD 254 worth of weaponry supplies to Myanmar – UN Report**

According to a report by the United Nations in May, Singapore was among the five countries that sold arms worth around 1 billion USD to Myanmar's military from February 2021 to December 2022.<sup>10</sup> Furthermore, 45 Singaporean entities had provided arms worth around 254 million USD to the military authority in Myanmar. In response, Singapore acknowledged the report and vowed to investigate and prevent any arms inflow to Myanmar.

### **Lee Hsien Loong in the 42nd ASEAN Summit**

Prime Minister Lee Hsien Loong attended the 42nd ASEAN Summit in Indonesia. He stressed that ASEAN could not go back to "business as usual" with inviting the military authority to the Summits.<sup>11</sup> On the membership of Timor-Leste, he said Singapore will continue support the country as the potential eleventh member of the grouping. Lastly, he called on ASEAN Member States to be united amidst the divisive global order.

### **World Defense Ministers Gathering in Singapore for Shangri-La Dialogue**

In early June, Singapore's Shangri-La Hotel welcomed defense ministers from across the world for an informal gathering.<sup>12</sup> The event was hosted by International Institute for Strategic Studies (IISS). During the informal meeting, Singaporean Defense Minister said that Singapore and fellow ASEAN Member States had "vested interest to make sure that the US-China communication lines are good." Samdech Tea Banh, Cambodian Deputy Prime Minister and Minister of National Defense also attend-

ed. The Chinese and the US' defense ministers did not previously participate in formal talks as the Chinese side rejected, blaming the US for sanctioning its officials.<sup>13</sup> However, intelligent chiefs from both China and the US as well as many other countries met with each other during the Shangri-La Dialogue.<sup>14</sup>

## **Socioeconomic affairs**

On socioeconomic affairs, in this quarter, it seems that Singapore has performed well macroeconomically. Nevertheless, there were many concerns related to the increase of housing prices.

### **Economic growth in Singapore**

Singapore's GDP growth forecast for 2023 has been maintained at "0.5 to 2.5 percent," according to the Ministry of Trade and Industry (MTI).<sup>15</sup> According to the survey, in the first quarter of 2023, Singapore's economy increased by 0.4 percent compared to the same time last year. The accommodation sector had a strong performance as the growth rate was almost 22 percent, from only 7.8 percent last year. This resulted from the increase of tourists in Singapore. Following the accommodation sector was food and beverage service. This sector was expanded by 12.2 percent, according to the Trade and Industry Ministry.

### **House Rental Fee in Singapore Keeps Increasing to an Alarming Rate**

Rental house prices in Singapore is continuing to increase as the country returns back to normal post Covid-19. According to the Straits Times, since 2021, the rents for public housing have increased around 38 percent and private properties around 43 percent.<sup>16</sup> This resulted from an increase in housing demand with a limited housing supply. The additional demand consisted of non-residents returning to Singapore after years of travel restrictions and young people who moved out of their family homes.<sup>17</sup> Nevertheless, the Monetary Authority of Singapore said that the price increase will slow down in the next quarter of 2023, for almost 40,000 homes are scheduled to finish this year.

## **Conclusion**

Overall, although encountering some domestic challenges, Singapore is stable and in growth mode this quarter. Charting to the next quarter, the island's presidential election will be one of the main events domestically.



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# Chapter 9 | Thailand

Hol Theaneth and Long Sovitou

## Introduction

This report provides an update on Thailand's domestic politics, economic affairs, and foreign affairs in April, May, and the 1st week of June. Regarding Thailand's domestic politics, conflicts and tension between parties have been rising since the Move Forward Party (MFP) was announced as the winner of the May elections. Meanwhile, their economy continues its steady recovery from the Covid pandemic. In terms of foreign affairs, Thailand continues to expand its multilateral cooperation and trades with its neighboring countries and foreign business partners.

## Domestic Politics

Despite leading in the polls, Paetongtarn's support has been receding since March due to persistent rumors about a covert agreement between the Pheu Thai Party and the Palang Pracharath Party. The rumored agreements supposedly formed a coalition government and named Deputy Prime Minister Prawit Wongsuwon as the new prime minister following the election. In response to these concerns, Paetongtarn commented that people had expressed dissatisfaction with the paucity of campaign posters and the party's election candidates' insufficient visits to their constituencies. The party has responded by instructing candidates to be more engaged in their electioneering and interactions with voters.<sup>1</sup>

On the 14th of May, Thailand held a vital election on Sunday as thousands of voters chose between progressive opposition groups and those connected to royalists. Many see this as an opportunity to terminate military-led regimes that have reigned for almost ten years.<sup>2</sup> In later developments, the Move Forward Party and the Pheu Thai Party formed an opposition coalition.<sup>3</sup> Since the party's proposed modification to the nation's lese majeste statute could trigger protests, a number of senators declared they would not vote for Pita as prime minister. Other obstacles include the

aspirations of other opposition parties, a conservative-majority in the unelected Senate, and a charge of malfeasance against Pita.<sup>4</sup> Meanwhile, Thailand's progressive Move Forward Party held its first in-person meetings with five other parties for several hours to forge a coalition government three days after winning a stunning national election. Ultimately, it was decided that a new government would be formed in July when a new prime minister had been selected by the Senate and House of Representatives.<sup>5</sup>

On the 18th, Pita Limjaroenrat was confronted with a last-minute legal issue. The Palang Pracharath party filed a lawsuit against Pita, alleging that he failed to declare his ownership of shares in the defunct television station iTV. Pita himself denied any wrongdoing and denied failing to declare the shares.<sup>6</sup> Furthermore, on the 20th, the New Party leader and party-list MP-elect Kritditat Saengthanayothin decided to pull out of the coalition.<sup>7</sup> After receiving criticism online because of its earlier decision to welcome the Chart Pattana Kla Party, the Move Forward Party expelled the Chart Pattana Kla Party from its alliance. Pita Limjaroenrat also issued a separate public apology on Twitter.<sup>8</sup> Furthermore, their coalition also faced internal conflicts as the terms of a memorandum of understanding have not yet been agreed upon among the parties.<sup>9</sup>

Regarding the coalition, the members have agreed to sign a memorandum of understanding (MoU), that outlines the procedures for handling social, political, economic, and national crises.<sup>10</sup> Later, a draft of the MoU was made public, along with the announcement that it does not alter the lese majeste law.<sup>11</sup> Furthermore, their eight-party coalition announced reform plans through the 23-point agreement, pledging to create a new constitution, abolish monopolies, and permit same-sex marriage.<sup>12</sup> In order to achieve these objectives, the party started working on 45 Bills.<sup>13</sup> However, conflicts occurred when both the Move Forward Party and the Pheu Thai Party sought the role of House speaker.<sup>14</sup>

In other news, Pita has been holding meetings with key organizations as part of the implementation of the next government's policies. He promised to eliminate the current two-tenure restriction on elected municipal officials in a letter to them while reassuring the CEOs that their tenure limit of two terms of four years each would be lifted and that voters would decide whether or not to elect them again.<sup>15</sup>

On a later development with Pita's accusation, The Move Forward Prime Minister candidate responded to the accusations made by political activist Ruangkrai Leekitwattana in a lengthy, in-depth Facebook post. He clarified that although he was holding the ITV shares on behalf of other heirs of his late father, he did not actually own them.<sup>16</sup> Later on, after consulting with other heirs, he decided to distribute the shares among them.<sup>17</sup>

In addition to the seven working groups already established to carry out the 23 policies outlined in their MoU, the transition committee of the eight coalition parties has decided to construct five more.<sup>18</sup> To fulfill its campaign promises more quickly, the coalition formed two extra working groups.<sup>19</sup>

Following the accusations against Pita Limjaroenrat, the Election Commission (EC) has not decided whether it will accept the complaint, for there may not be sufficient grounds to appoint a subcommittee to investigate it.<sup>20</sup> But they did start questioning Pita's party regarding MFP's use of the sickle and hammer symbol during its election campaign, looking into a complaint against the party. Opponents argued that the symbol implied MFP's opposition to the constitutional monarchy. MFP retorted back stating that the hammer and sickle in the political cartoon were meant to demonstrate some of its list-MP candidates' connections to the labor movement.<sup>21</sup>

## **Economic Affairs**

The Thai Industries Sentiment Index (TISI) increased. The recovery in tourism and agriculture, and the government's stimulus programs and vaccination rollouts were the key drivers of the improvement.<sup>22</sup> Although Thailand's economy has made some progress toward recovery, its emphasis on Chinese tourism may not be as profitable as it had anticipated.<sup>23</sup>

In the beginning of May, Thailand's rice exports rose 8.48% to more than 2 million tons in the first quarter of this year.<sup>24</sup> In addition, a recent survey revealed that a total of 6,041 new enterprises were registered, an increase of 12.37% over the same period the year before. The number of new enterprises reached 32,223, a record for the previous ten years.<sup>25</sup>

Last but not least, according to the Commerce Ministry, *Thaifex-Anuga Asia 2023*, the largest food and beverage trade show in Asia, exceeded its target of 70 billion baht in sales and closed deals totaling a staggering 120 billion baht.<sup>26</sup>

## **Foreign Affairs**

On the 22nd of April, the head of the military junta, Min Aung Hlaing, and foreign minister, Don Pramudwinai, met to explore how the international community might cooperate with the military government to resolve the Myanmar conflict.<sup>27</sup> In related news, the US Embassy stated that the Nimitz Carrier Strike Group (CSG-11) of the US Navy will visit Thailand to strengthen their security cooperation.<sup>28</sup> In a related development, the USS Nimitz aircraft carrier and its carrier strike group finally landed in Thailand. The move's precise objective is unknown.<sup>29</sup>

Going into the month of May, the secretary of Thailand's energy minister argued that Thailand is ready to serve as ASEAN's future energy and transportation hub, for the country already has three advantages to becoming a hub for renewable energy and mobility in the region.<sup>30</sup>

The Bio-Circular-Green (BCG) Economy concept was recently announced by the Thai Department of Trade Negotiations to be included in the next summit held by the United States.<sup>31</sup> Concerns persist over the potential US influence on politics in Thailand after the Move Forward Party announced its foreign policy, which aimed to "Revive, Rebalance, recalibrate" in hopes of a greater international presence. Such concerns, however, were dismissed by the Move Forward Party and the US Embassy in Thailand.<sup>32</sup>

## **Conclusion**

It is still too early to anticipate how the Move Forward Party (MFP) would handle the challenges of forming the next administration while managing internal and external issues within its coalition. If the party is successful in establishing a new and efficient form of government, major reforms will be made for Thailand and its people.

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# Chapter 5 | Vietnam

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## Introduction

In the second quarter of 2023, Vietnam has remained remarkably strong in all of its societal sectors. From April to June, Vietnam has increasingly protuberated its domestic politics and enjoyed a fast-growing economy with the full determination to develop a stronger, more positive future. Simultaneously, Vietnam has become even more active in promoting its sovereignty and national security regionally and internationally. It has also shown strong efforts to strengthen diversified cooperation, including diplomatic relations and trade relationships with various nations. In this report, there will be briefings on major headlines covering the domestic political, socioeconomic, and foreign affairs of Vietnam in the second quarter of 2023.

## Domestic Politics

In April, the government held a monthly meeting to discuss an evaluation report on the results of the public investment plan, the socio-economic development, the performance of the state budget in 2022, and the deployment of new plans for 2023.<sup>1</sup> Several policies related to the energy transition, renewable energy, tax and fee reduction, mine management, the national budget plan, and the upcoming national assembly were discussed. Following the meeting was the 4th Mekong River Commission Summit in Laos, joined by Prime Minister Pham Minh Chinh.<sup>2</sup> As an active participant in the lower basin of the river, Vietnam continuously urges all partners to foster collaboration with other Mekong River Commission (MRC) members and international partners in an effort to improve the efficient use of water and other Mekong River resources. Meanwhile, the government of Ho Chi Minh City plans to spend more than USD \$435 million on a sustainable poverty reduction program with the aims of reducing the number of poor households and near-poor households by 0.38% and 0.28% respectively while increasing the poor's average per capita income by the end of 2023.<sup>3</sup> From 18th to the 28th of April, Vuong Dinh Hue, Chairman of the National Assembly, paid official visits to Cuba, Argentina, and

Uruguay.<sup>4</sup> The visits were made after the invitations of President of the National Assembly of People's Power of Cuba Esteban Lazo Hernandez, President of the Chamber of Deputies of Argentina Cecilia Moreau, and Speaker of the Senate of Uruguay Beatriz Argimon Cedeira, with the aims to strengthen diplomatic ties, facilitate economic cooperation, and foster party-to-party political relations.

In May, for the 42nd ASEAN annual summit in Indonesia, Prime Minister Pham Minh Chinh emphasized the need to strengthen solidarity, unity, and self-resilience in order for ASEAN to play a central role in bringing peace and economic growth in the region.<sup>5</sup> Vietnam also suggested that ASEAN needed to increase cooperation in the digital economy and digital government in the circular economy, especially in digital currency and renewable energy. Subsequently, from the 19th to the 21st of May, Prime Minister Pham Minh Chinh continued to represent Vietnam by attending the expanded G7 Summit in Japan.<sup>6</sup> Vietnam was one of the only two nations from ASEAN to be invited, displaying its international presence. On the 22nd of May, President Vo Van Thuong had talks with the Chairman of the United Russia Party and Deputy Chairman of the Security Council of Russia, Dmitry Medvedev. Despite tensions involving Russia, this meeting vowed to continue facilitating people-to-people exchanges and uphold the fine values of a long-standing comprehensive strategic partnership between both countries.<sup>7</sup> On the 24th of May, Vietnam's legislators debated a verification of the draft revised laws which scrutinized banned acts and incentives towards domestic enterprises, aiming to raise competitiveness, publicity, transparency, and efficiency with no corruption in bidding.<sup>8</sup> It was also reported that the draft laws have proposed an option for further application of reductions in tax and changes to new visa policies in the urge to draw more foreign tourists.<sup>9</sup>

On 2nd June, the Deputy Prime Minister of Vietnam expressed their concern about "a red card warning from the European Commission" on seafood export. The warning came at the seventh meeting of the national steering committee, as Vietnam may face a full ban from exporting seafood to Europe due to the increase of Vietnamese illegal fishing vessels in foreign waters.<sup>10</sup> On June 5th, Minister of Foreign Affairs, Bui Thanh Son, paid his official visit to France as the first ministerial delegate in the past decade. The visit aimed to promote Vietnam's relations with France, especially to boost cooperation in renewable energy, science-technology, strategic security, and defense dialogue.<sup>11</sup> On June 7th, Vietnam defense delegations, led by the Chief of the General Staff of the Vietnam People's Army and the Deputy Minister of National Defense, attended the 20th ASEAN Chiefs of Defense Forces Meeting in Indonesia.<sup>12</sup> The Vietnamese general called on relevant parties to continue to commit to maintaining peace, stability, security, and freedom of navigation in the East Sea in line with international law.

## **Economy**

According to the General Statistics Office, in the first four months of 2023, Vietnam's export is esti-

mated at USD 108,57 billion.<sup>13</sup> Their import turnover, however, is estimated at USD 102.22 billion. Overall, Vietnam's trade surplus reached USD 6.3 billion, an increase of USD 4 billion compared to the same period last year. In April alone, export turnover stood at USD 27.5 billion while import turnover was estimated at USD 26 billion. The United States was Vietnam's biggest importer for the past four months with an estimated turnover of USD 28.4 billion, while China was Vietnam's biggest exporter with an estimated turnover of USD 33.3 billion.

On May 3rd, according to the Trade Office of Vietnam in the Netherlands, Vietnamese industrial products exported to the EU will be impacted directly by the EU's new trade regulation.<sup>14</sup> Under the new rules, the bloc will impose a carbon tax on exports of commodities with higher carbon footprints including steel, cement, fertilizer, aluminum, and electricity. On May 20th, Vietnam and Canada agreed to bolster trade and investment cooperation to bring bilateral trade turnover to USD 10 billion in a meeting between Vietnamese Prime Minister Pham Minh Chinh and Canadian Prime Minister Justin Trudeau. Chinh requested Canada to cooperate in new fields like digital transformation or circular economy and also hoped that Canada would create more opportunities for Vietnamese exports to enter the country.<sup>15</sup> Vietnam and the United Arab Emirates (UAE) will strengthen all-round cooperation to raise their trade turnover to USD 10 billion in the near future from the current USD 5 billion. The two sides encourage their businesses to engage in investment and trade promotion activities and create favorable conditions for their key products to enter each other's markets. Both sides agreed to start negotiations on a new free trade agreement for the Comprehensive Economic Partnership Agreement (CEPA) between Vietnam and the UAE. Moreover, Vietnam and UAE promised to expand cooperation and investment in oil and gas. This bilateral relationship is not only for economic cooperation but also corporate socio-cultural cooperation, such as increasing reciprocal visit exchanges, strengthening cultural and people-to-people exchanges, and supporting each other at regional and international forums.<sup>16</sup>

## **Foreign Affairs**

On April 25th, Vietnamese Deputy Prime Minister Tran Luu Quang and Cambodian Deputy Prime Minister and Minister of the Interior Sar Kheng co-chaired the 12th Conference on Cooperation and Development of Border Localities between Vietnam and Cambodia in southern Tay Ninh Province. The meeting dealt with provincial cooperation, authorities, and people of border provinces and focused on maintaining cooperation channels and supporting each other in education, health care, social security, infrastructure construction, and economic development.<sup>17</sup>

On April 24th, during a working session, the Vietnamese Ambassador to Germany and the President of the International Tribunal for the Law of the Sea (ITLOS), Albert Hoffmann, exchanged views

over the Vietnamese endeavors in perfecting relevant policies and laws, including the 2020 Law on Environmental Protection and the National Strategy on Climate Change by 2050. Vietnam has been actively delimiting overlapping territorial waters and exclusive economic zones with its neighboring countries and effectively contributed to building and negotiating a Code of Conduct between ASEAN and China. Minh thanked Hoffmann, who has always made efforts in enhancing cooperation between the ITLOS and Vietnam. Additionally, Minh hopes to cover the training of international law experts for the country at all levels, enabling it to make more contributions to the Tribunal's affairs and international law enforcement efforts.<sup>18</sup>

On May 25th, Vietnam accused China of violating Vietnamese sovereignty and demanded the removal of Chinese vessels from its waters. Vietnam accused China of recently conducting its research ship in the Exclusive Economic Zone (EEZ). The foreign ministry spokesperson Pham Thu Hang said in a government statement that Vietnam demands China immediately remove the survey ship Xiang Yang Hong 10, Chinese coast guard ships, and fishing vessels from Vietnam's water. Vietnam also told China to respect international law and Vietnamese law to ensure the lawful and legitimate rights and interests of Vietnam. The Vietnamese side also asked the international community to join its efforts in maintaining peace and security in the South China Sea. China has said that the ship is used for scientific research only, which is a normal activity in areas under Chinese jurisdiction.<sup>19</sup>

## **Conclusion**

In all three key areas, Vietnam has experienced noteworthy events in the second quarter of 2023. Major targets for this quarter were basically reached with political security, macroeconomic stability, inflation control, strong security defense, stable external relations, and international integration. With this, domestically, Vietnam is politically stable. Externally, Vietnam still displays a solid commitment to fostering its multilateralism with various nations around the world to strengthen its influence, both regionally and internationally. The economy seems to have uncertain issues but it is still regarded as a sign of strength for Vietnam.

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