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Looking Eastwards From New Delhi



Bahadur Shah Zafar's Mazaar at Yangon

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Activities of Southeast Asia & Oceania Centre

News Track

ASEAN

Brunei Assumes Chairmanship of ASEAN

Brunei Darussalam assumed chairmanship of the Association of Southeast Asian Nations in January. The symbolic handover ceremony had been conducted in November 2012 at the 21st ASEAN Summit with the full support of the other ASEAN nations.1 The new leadership comes at a time of rising tensions in the region due to recent Chinese moves such as sea patrols, military exercises, oil exploration and fortification of the new city established to govern the disputed islands. Other nations have claimed these acts of incursions into their waters.²

H.E. Le Luong Minh Assumes Top Post of ASEAN

H.E. Le Luong Minh, who has previously served as a Deputy Minister of Foreign Affairs of Vietnam took over as the new ASEAN Secretary-General in a ceremony for the Transfer of Office at the ASEAN Secretariat, Jakarta on January 09, 2013. Mr. Minh's tenure will be of five years lasting from 01 January 2013 to 31 December 2017. His appointment had been formally endorsed at the 21st ASEAN Summit, Cambodia last November. The ceremony was witnessed by the Minister for Foreign Affairs of Indonesia, H.E. Dr R.M. Marty M. Natalegawa; and the outgoing Secretary-General of the ASEAN, H.E. Dr Surin Pitsuwan; representatives of the Diplomatic Corps, international organizations, academics, business community as well as media.³

ASEAN Iron and Steel Associations Request for Review of ASEAN – China FTA

In an expected move, six regional iron and steel associations are together seeking a review of the ASEAN - China Free Trade Agreement. ASEAN Iron and Steel Council (AISC) president Chow Chong Long said that this decision comes after the tremendous influx of steel products from China into ASEAN countries over the past three years. President Chow has furthermore contended that the ASEAN-China FTA seems to have solely benefited China. Malaysia Iron and Steel Industry Federation (MISIF), the Indonesian Iron and Steel Industry Association, Philippines Iron and Steel Institute, Singapore Iron and Steel Group, Iron and Steel Institute of Thailand and Vietnam Steel Association, who are all members of AISC have jointly submitted their proposal to the ASEAN Secretariat in Jakarta last month. The presidents of each iron and steel companies will also be bringing this issue to the notice of their respective governments.⁴

¹ Rabiatul Kamit, "Brunei gets ASEAN Chair", *The Jakarta Post*, 20 November 2012, Available at < http://www.thejakartapost.com/news/2012/11/20/brunei-gets-asean-chair.html>, Accessed on: 24 January 2013.

 ² Tarra Quismundo, "DFA Backs Brunei's Code of Conduct for Spratly's Claimants", *Inquirer Global Nation*, 16 January 2013, available at < http://globalnation.inquirer.net/61657/ hernandez>, Accessed on: 24 January 2013.

³ "The First Vietnamese SG Assumes Top Post at ASEAN", *Association of Southeast Asian Nations*, 09 January 2012, Available at < http://www.asean.org/news/asean-secretariat-news/item/ the-first-vietnamese-sg-assumes-top-post-at-asean>, Accessed on: 24 January 2013.

⁴ Hanim Adnan, "In Unprecedented Move ASEAN Iron and Steel Associations Seek Review of FTA with China", *thestar*, 21 January 2013, Available at < http://biz.thestar.com.my/news/ story.asp?file=/2013/1/21/business/12604267&sec=business>, Accessed on: 24 January 2013.

ASEAN Disaster Monitoring System Launched

The ASEAN Disaster Monitoring and Response System (DMRS) was officially launched on January 11, 2012. The eight month long installation of the state of the art system was finally completed by the US supported international specialist team for the 10 member regional organization in Jakarta. The system will combine streams of data on hazards and natural disasters from all the ten members and then combine it into one interface for effective disaster monitoring and decision making. The system will be instrumental in saving lives and resources if used in the right manner. US AID will be bringing disaster management action officers from across ASEAN to Jakarta for a three day training at the end of January.⁵

India – ASEAN

IDSA supported Delhi Dialogue V held in New Delhi

The Delhi Dialogue V, which was held in New Delhi on 19-20 February 2013, has arguably added a new dynamic to the expanding India-ASEAN partnership. It drew wide participation from India and 10 ASEAN member countries, including Secretary General of ASEAN, H.E. Le Luong Minh as also strategic experts from think-tanks. The shared opinion of the ASEAN and Indian political leaders, policy-makers, and multiple stakeholders was that the Delhi Dialogue has demonstrably emerged as the premier ASEAN-centric forum in India. The event was co-hosted by the Federation of Indian Chamber of Commerce and Industry (FICCI), in partnership with the Ministry of External Affairs, and supported by the SAEA Group Research, Singapore and the Economic Research Institute of ASEAN and East Asia (ERIA), Jakarta. Institute for Defence Studies and Analyses, for the first time, supported the event.⁶

India-ASEAN Tourism Cooperation to Increase

The Fourth Meeting of India and ASEAN tourism ministers in conjunction with the ASEAN Tourism Forum 2013 were held in Vientiane, Lao PDR on January 22, 2013. During the meeting ministers from both sides signed a protocol to amend the Memorandum of Understanding between the two countries that would strengthen tourism cooperation between their respective national tourism organizations. The main objective of amending the MoU was to protect and safeguard the rights and interests of the parties in reference to national security, national and public interest, national or public order, protection of intellectual rights, confidentiality and secrecy of documents, information and data. The meeting was co-chaired by Shri. K. Chiranjeevi, the Union Tourism Minister and Lao, PDR

 ^{* &}quot;ASEAN Disaster Monitoring System Officially launched", asiaone, 12 January 2013, Available at < http://www.asiaone.com/News/AsiaOne%2BNews/Asia/Story/A1Story20130112-395015.html>, Accessed on: 24 January 2013.

⁶ 'Delhi Dialogue strengthen India-ASEAN bonds', *Yahoo News*, 21 February 2013, http:// news.yahoo.com/delhi-dialogue-strengthen-india-asean-bonds-132215374.html

Minister of Information, Culture and Tourism Prof. Dr. Bosengkham Vongdara.⁷

HSBC Expects Shifts in FDI Flow from China to India, ASEAN

A HSBC research report titled, "The Great Migration — How FDI is moving to ASEAN and India" contends that FDI flow will shift from China to India and ASEAN countries in the future owing to higher wages and currency appreciation. India, Indonesia and Vietnam are expected to be the main beneficiaries of this migration since they have a large labor force and domestic markets. The report further gives details of the slump in the flow of funds in China. Global recession and relocation of funds out of China have been given as the major causes of this slowdown.⁸

Brunei

The New Chair to Seek South China Sea Code of Conduct

Officials have said that Brunei, who has recently taken over from Cambodia as

ASEAN's chair will be pursuing a binding code of conduct among all the South China Sea claimants as its top priority during its term. According to an unnamed foreign ministry official, "Brunei sees this as a key threat to regional security and would like to resolve the issue through dialogue with all claimants, including China". A legally binding CoC involving ASEAN member nations and China has been dithering over China's insistence on handling the dispute bilaterally with individual countries.⁹

Brunei – Netherlands Boost Ties

Queen Beatrix Wilhelmina Armgard of Netherlands stayed in Brunei on a three day state visit from 21 January 2013 to 23 January 2013. During her stay she visited the Dutch Sheel headquarters and also met the small Dutch community living in Brunei.¹⁰ The Sultan of Brunei Hassanal Bolkiah while hosting a royal banquet in honor of the Queen and her delegation at Istana Nurul Iman stated in his titah that the Queen's visit strengthened the close links of friendship and cooperation that already exist between the governments of both the countries. The Queen in her remarks stated her fascination with the country's natural beauty. In addition to that she said that

⁷ "Chiranjeevi Attends Fourth Meeting of ASEAN and India Tourism Ministers at Vientiane", *Traveltechie.com*, 22 January 2013, Available at < http://www.traveltechie.com/news/ Chiranjeevi-attends-Fourth-meeting-of-Asean-and-India-Tourism-Ministers-at-Vientiane/ 6041 >, Accessed on: 24 January 2013.

⁸ "FDI Flows to Shift from China to India, ASEAN: HSBC", *The Times of India*, 11 January 2013, Available at < http://timesofindia.indiatimes.com/business/india-business/FDI-flows-to-shiftfrom-China-to-India-Asean-HSBC/articleshow/17977064.cms>, Accessed on: 24 January 2013.

⁹ "Brunei to Seek S China Sea Code of Conduct", *The News*, 15 January 2013, Available at < http://www.thenews.com.pk/Todays-News-1-154487-Brunei-to-seek-S-China-Sea-code-of-conduct>, Accessed on: 24 January 2013.

[&]quot;Her Majesty Queen Beatrix of the Netherlands Visits Brunei. Day Two", The Royal Correspondent, 22 January 2013, Available at < http://royalcorrespondent.com/2013/01/ 22/her-majesty-queen-beatrix-of-the-netherlands-visits-brunei-day-two-videos/>, Accessed on: 24 January 2013.

cooperation between the Government of Brunei and Shell, a Dutch oil company had developed into an ambitious Vision 2035 that clearly presented the quality of their relationship and confidence the two had in each other.¹¹

Cambodia

China and America Compete to Invest in Cambodia

Two Chinese companies are set to invest \$11.2billion in Cambodia. This will be by far the biggest investment that Cambodia has seen till date. The two Chinese companies have reached a deal to build a 250 mile rail line, a steel plant and a sea port. The rail link and port will reportedly cost about \$9.6 billion, while the steel plant will roughly cost \$1.6 billion.¹²

The US government is also making plans to help American companies win largescale infrastructure projects in Cambodia. This would be a part of the Obama administration's 'strategic and economic embracing of Asia'. Hong-Phong Pho, a desk officer for Cambodia, Vietnam and Laos within the U.S. Department of Commerce, said that the Export-Import Bank of the United States, the U.S. Overseas Private Invest-ment Corporation and the U.S. Trade and Development Agen-cy were ready to help develop infrastructure in the country.¹³

Vietnam-Cambodia Strengthen Cooperation

The Vietnamese Ministry of Industry and Trade (MIT) and the Cambodian Ministry of Commerce held a joint conference on Vietnam-Cambodia Border Trade Development Cooperation on January 9, 2013. The main aim of the event had been to review the result of the cooperation in border trade over the past year and to propose measures to exploit the border area's potential further. During the event, an agreement to implement the development plan of the Vietnam-Cambodia border market network was signed by Vietnamese Minister Hoang and Cambodian Minister of Commerce Cham Prasidh.¹⁴

Shortly after the event, the two countries strengthened their cooperation in legal and judicial matters. Cambodian Justice Minister Ang Vong Vathana headed to Vietnam on January 20th, 2013 to a signing ceremony for an agreement on mutual legal assistance in civil matters. As per the agreement, the two sides will provide each other with aid in civil

¹¹ Adam Hanif, "Boost for Brunei – Netherlands Ties", *The Asia News Network*, 22 January 2013, Available at < http://www.asianewsnet.net/Boost-for-Brunei-Netherlands-ties-41784.html>, Accessed on: 24 January 2013.

¹² Chinese Companies to Invest Billions on Cambodia Projects", *The New York Times*, 03 January 2013, Available at < http://www.nytimes.com/2013/01/04/business/global/chinese-companies-to-invest-billions-on-cambodia-projects.html?_r=o>, Accessed on: 24 January 2013.

¹³ Simon Lewis, "US Seeks Infrastructure Deals in Cambodia", *The Cambodia Daily*, 20 January 2013, Available at < http://www.cambodiadaily.com/business/us-seeks-infrastructure-deals-in-cambodia-7945/>, Accessed on: 24 January 2013.

¹⁴ "Vietnam, Cambodia Strengthen Cross Border Trade", *tuoitrenews.vn*, 10 January 2013, Available at http://www.tuoitrenews.vn/cmlink/tuoitrenews/business/vietnam-cambodia-strengthen-cross-border-trade-1.96166 >, Accessed on: 28 January 2013.

matters through exchanging services, court documents, out side-the-court documents, evidence collection and transfer, witness and expert summons and civil registration documents. Also very significantly, the two sides would mutually recognize and implement verdicts of courts and arbitrators.¹⁵

Asian Development Bank Provides Cambodia with \$230 Million

The Asian Development Bank has signed an agreement on 17 January 2013 to provide Cambodia with \$230 million for six development projects that aim to promote inclusive growth and reducing poverty in Cambodia. This financial assistance includes \$218.46 million in concessional loan and \$11.7 million as grant. The agreements were signed between Cambodia's country director of ADB Eric Sidgwick and Cambodian deputy Prime Minister and finance minister Keat Chhon.¹⁶

Hun Sen concerned about Cambodia-Thailand relations

The Cambodian Prime Minister Hun Sen warned on 22 February, 2013 that he feared Thailand would deploy armed forces if the International Court of Justice in The Hague issues a judgment in favor of Cambodia over the disputed Preah Vihear temple. According to the reports, Cambodia will send a defence lawyer to attend two public hearings set to take place in April 2013 at The Hague to clarify the ICJ's 1962 ruling that unambiguously awarded the Preah Vihear temple to Cambodia, but did not clarify ownership of land directly around the site.¹⁷

King Norodom Sihanouk cremated, nation mourns

Thousands of mourners gathered in Phnom Penh on 4 February 2013 for the cremation of former King NorodomSihanouk, the revered 'King-Father', who survived wars and the murderous Khmer Rouge regime to hold center stage in Cambodia for more than half a century. Cambodians from across the country gathered in Phnom Penh to pay their last respects as Sihanouk was given funeral rites - mingling Hindu, Buddhist and animist traditions - last seen 53 years ago with the death of Sihanouk's father, King Norodom Suramarit.¹⁸

Cambodia-Thai bus service launched

The first bus connecting Thailand and Cambodia was flagged off on 21 February 2013. The bus, which aims to increase tourism flows and strengthen economic ties, has Phnom Penh and Siem Reap as two major destinations. Test

[&]quot;Cambodia, Vietnam to Sign Agreement on Civil Justice Cooperation", 20 January 2013, Available at < http://www.shanghaidaily.com/article/article_xinhua.asp?id=120392>, Accessed on: 28 January 2013.

¹⁶ "ADB to Provide \$230m to Cambodia for Development Projects", *Global Times*, 17 January 2013, Available at < http://www.globaltimes.cn/content/756507.shtml>, Accessed on: 28 January 2013.

¹⁷ 'Hun Sen warns Thais may use force over Preah Vihear', *Cambodia Daily*, 25 February 2013, http://www.cambodiadaily.com/news/hun-sen-warns-thais-may-use-force-over-preah-vihear-11512/

¹⁸ 'Cambodia mourns as Norodom Sihanouk cremated', *The Times of India*, 4 February 2013, http://articles.timesofindia.indiatimes.com/2013-02-04/rest-of-world/ 36742477_1_norodom-suramarit-norodom-sihanouk-cremation-ground

runs on the two routes were conducted on 29 December 2012. The two countries are now running a daily service between the two destinations.¹⁹

Cambodian economy grew at 7.3% rate in 2012: Hun Sen

The Cambodian Prime Minister Hun Sen, on 20 February 2013 said that the Cambodian economy has grown 7.3 percent in 2012 largely due to the buoyant activity in the agricultural, tourism and garment sectors. According to the media reports, Hun Sen showed optimism and even forecasted a growth rate of more than seven percent in the medium term.²⁰

Cambodia targets 4 million tourists visit in 2013

Cambodia Ministry of Tourism has forecasted that it will attract 4 million international tourists in 2013. According to the media reports, the country welcomed 3.58 million foreign tourists in 2012 and the tourism industry generated US\$2.2 billion in revenue. It has been reported that about 75% of all tourists were from Asia-Pacific and about 16% from European countries.²¹

Indonesia

Indonesia Crippled by Multiple Natural Disasters

Flood waters hit Jakarta after torrential rains in the middle of January this year. The floods have left at the least twenty-six people dead. The flood waters also cause a dike to collapse in the capital on January 17th, 2013. This left roughly thirty percent of the city's population to be overcome with water.22 The torrential rains, in addition have also led to massive landslides in two different locations in Indonesia. The worst of the two landslide occurred in Agam district in West Sumatra province. The landslide killed seven villagers and buried 20 houses. The two landslides together have caused 12 casualties in total.23 Shortly after the event, on 22 January 2013 A 5.9 magnitude earthquake hit the Aceh province followed by an aftershock of 4.7 magnitude. The earthquake resulted in one death and fifteen injuries.24

UK-Indonesia Strengthen Defence Ties

The UK and Indonesia on January 16, 2013 agreed to strengthen their defence cooperation

¹⁹ 'Your bus to Pnom Penh is now boarding', *Bangkok Post*, 22 February 2013, http:// www.bangkokpost.com/learning/easier-stuff/337216/bangkok-cambodia-buses-launched

²⁰ 'Cambodia's economy grew 7.3% in 2012: PM', *Global Post*, 20 February 2013, http:// www.globalpost.com/dispatch/news/afp/130220/cambodias-economy-grew-73-2012-pm

²¹ 'Cambodia targets 4 million visits', *TTR Weekly*, February 20, 2013, http://www.ttrweekly.com/ site/2013/02/cambodia-targets-4-million-visits/

 [&]quot;Jakarta Flood Photos: Indonesia Suffers from Massive Rains", *The Huffington Post*, 23 January 2013, Available at < http://www.huffingtonpost.com/2013/01/23/jakarta-flood-photos-indonesia_n_2534851.html>, Accessed on: 28 January 2013.

 [&]quot;Landslides Leave 12 Dead, 14 Missing in Indonesia", *The Hindu*, 27 January 2013, Available at < http://www.thehindu.com/news/international/landslides-leave-12-dead-14-missing-in-indonesia/article4350566.ece>, Accessed on: 28 January 2013.

Kathy Kiano, "1 Dead, 15 Injured in Indonesia Earthquake", CNN, 22 January 2013, Available at < http://edition.com/2013/01/21/world/asia/indonesia-earthquake/>, Accessed on: 28 January 2013.

in various fields like training, education, weapons procurement, maritime security, civil-military cooperation (CIMIC) and experience sharing. The decision was taken during a bilateral meeting between UK Defence Secretary Philip Hammond and his Indonesian counterpart Purnomo Yusgiantoro. The meeting had been a follow up to the Memorandum of Understanding (MoU) signed during President Susilo Bambang Yudhoyono's visit to London in 2012.²⁵

Laos

Confusion Reigns Supreme at MRC Council Meeting 2013

The Mekong governments were accused by International Waters, a water activist group of deliberately keeping the issue of the controversial Xayaburi dam construction off the agenda of the Mekong River Commission (MRC) council meeting held in Laos in mid-January this year. Niwat Roykaew of the Chiang Khong Conservation Group said, "By failing to address the Xayaburi Dam at the Council Meeting, the Mekong River Commission governments are evading their responsibilities".²⁶ In an interesting twist of events, both Vietnam and Cambodia on the last day of the meeting demanded that Laos stop construction on the dam. While Cambodia contended that Laos had misinterpreted their agreement, Vietnam wants construction of the dam to resume only after an agreed upon independent study of environmental impact has been completed.²⁷

Construction on Laos-Myanmar Friendship Bridge to Begin Next Month

Laos and Myanmar will begin construction of their friendship bridge across the Mekong River in February 2013. The bridge will provide the first road link between the two neighboring countries and is being constructed with an aim of boosting trade, investment and travel between the two. It will link the Xiengkok river port in Luang Namtha province in Laos with Kainglap in Myanmar. A Laotian delegation headed by Minister of Public Works and Transport Mr. Sommad Pholsena had visited Myanmar from January 8 to 10, 2013 in order to discuss the bridge construction with Myanmar officials. The ground-breaking ceremony for the bridge has been scheduled for next month.28

Laos joins the World Trade Organisation (WTO);

The WTO welcomed Laos into its ranks on 2 February 2013, with the country becoming the

²⁵ Novan Iman Santosa, "UK, Indonesia to Strengthen Defence Ties", *The Jakarta Post*, 17 January 2013, Available at < http://www.thejakartapost.com/news/2013/01/17/uk-indonesiastrengthen-defense-ties.html>, Accessed on: 28 January 2013.

²⁶ "Environmental Issues raised over Xayaburi Dam Construction in Laos", *Eco-Business.com*, 16 January 2013, Available at < http://www.eco-business.com/news/environmental-issues-raised-over-xayaburi-dam-in-laos/>, Accessed on: 28 January 2013.

²⁷ Luke Hunt, "Laos Finally Called Out Over Xayaburi Dam", *The Diplomat*, 23 January 2013, Available at < http://thediplomat.com/asean-beat/2013/01/23/laos-finally-called-out-overxayaburi-dam/>, Accessed on: 28 January 2013.

²⁸ "Work on Laos-Myanmar Bridge to Start Soon", *Vientiane Times*, Last Updated: 14 January 2013, Available at < http://www.vientianetimes.org.la/FreeContent/FreeConten_Work __on.htm>, Accessed on: 28 January 2013.

158th member of the Geneva-based trade body. Tajikistan is soon set to follow, with its accession scheduled to take effect on 2 March. Laos first began negotiations to join the WTO in 1997. The least developed country (LDC) finished bilateral talks with current WTO members in July; the full General Council then signed off on Laos' accession protocol in October 2012.²⁹

Lao-Thai rail link to begin by 2015

Laos and Thailand have been working on the Lao- Thai friendship bridge, which is to be materialised by 2015. According to the reports, Laos has to build the required facilities at its end of the Lao-Thai Friendship Bridge by 2015. As per the reports, the construction of a yard to store containers and lifting facilities will begin by the end of 2013. The project will be financed by a Bt1.65 bn (US\$55 million) loan from the Thai government.³⁰

Myanmar

Myanmar government holds peace talks with ethnic groups

On 20 February, 2013, Myanmar's government held peace talks with a federation of ethnic groups with the aim to resolve ongoing ethnic conflicts in the country. The United Nationalities Federal

Council, which includes about a dozen ethnic groups, met Minister of the President's Office Aung Min and other officials in Chiang Mai. The two sides pledged to hold another round of discussions within two months.³¹

The US eases sanctions on Myanmar banks

The United States relaxed sanctions on four large banks in Myanmar on 22 February, 2013, allowing them to have access to the U.S. financial system. A general license has been issued to the Myanmar Economic Bank, Myanmar Investment and Commercial Bank, Asia Green Development Bank and Ayeyarwady Bank. A general license eases restrictions and lets the banks deal with U.S. citizens and companies, but leaves sanctions laws on the books, giving Washington leverage should Myanmar start to backslide on reforms.³²

US business delegation on a visit to Myanmar

A major business delegation from the US, which includes 50 representatives of US companies, is visiting Myanmar from 24 to 28 February 2013. The US Chamber of Commerce announced on 22 February 2013 that the delegation includes representatives from a wide range of industries, including agribusiness, automotive, electronics, energy, retailing and telecommunications. It's the first major US business delegation since President Barack

²⁹ 'Laos joins WTO; Tajikistan accession forthcoming', *ictsd.org*, 6 February 2013, http://ictsd.org/ i/news/bridgesweekly/153428/

³⁰ 'Laos and Thailand to have freight rail link by 2015', *The Nation*, 4 February 2013, http://www.nationmultimedia.com/aec/Laos-and-Thailand-to-have-freight-rail-link-by-201-30199303.html

³¹ 'Myanmar talks peace in Chiang Mai', *Bangkok Post*, February 20, 2013, http:// www.bangkokpost.com/breakingnews/336904/myanmar-holds-peace-talks-in-chiang-mai

³² "United States Eases Sanctions on Myanmar Banks", Yahoo News, February 23, 2013, http://au.news.yahoo.com/world/a/-/world/16214182/united-states-eases-sanctions-on-myanmar-banks/

Obama's historic visit to the country in November.³³

Myanmar President to visit Europe

Myanmar's president Thein Sein is heading to Europe, where he is expected to engage in high-level European Union talks. According to the reports, the president will fly to non-EU state Norway and then visit Finland, Austria, Belgium and Italy. He is expected to firm up bilateral ties and discuss Myanmar's reform process and rights-related issues, reports say. Sanctions imposed by the West on Myanmar have been loosened following the series of reforms introduced since the end of outright military rule in 2011 by the Thein Sein government. These include freeing hundreds of prisoners - political detainees among them - and introducing more press freedom.³⁴

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³³ 'US business delegation visit Myanmar', *Mizzima*, 25 February 2013, http://www.mizzima.com/ business/8958-us-business-delegation-visits-myanmar.html

³⁴ 'Myanmar president in first European visit', *The Daily Star*, 26 February 2013, http://www.thedailystar.net/newDesign/latest_news.php?nid=45037

³⁵ 'Myanmar talks peace in Chiang Mai', *Bangkok Post*, February 20, 2013, http:// www.bangkokpost.com/breakingnews/336904/myanmar-holds-peace-talks-in-chiang-mai

³⁶ "United States Eases Sanctions on Myanmar Banks", Yahoo News, February 23, 2013, http://au.news.yahoo.com/world/a/-/world/16214182/united-states-eases-sanctions-on-myanmar-banks/

³⁷ 'US business delegation visit Myanmar', *Mizzima*, 25 February 2013, http://www.mizzima.com/ business/8958-us-business-delegation-visits-myanmar.html

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Philippines

Philippines Seeks International Arbitration against China

On Tuesday January 22, 2013 Philippines has announced it's decision to refer the dilemma the country has been over Spratly Island with China to the tribunal of the UN Convention on the Law of the Sea (UNCLOS). Foreign Affairs Secretary Albert Del Rosario said at a news conference on Tuesday said "The Philippines has exhausted almost all political and diplomatic avenues for a peaceful negotiated settlement of its maritime dispute with China". ³⁹ The Chinese government has been formally notified of this step. China, in response has said that such steps on Philippines part rather than resolve the issue has merely complicated it further.⁴⁰

Thailand's Foreign Minister Mr. Surapong Tovichakchaikul and his Singaporean counterpart Mr. K Shanmugam have both supported the Philippines' decision to refer the case to UNCLOS. Singapore's Foreign Minister, Mr. Shanmugam said that Singapore, like the other members of ASEAN wanted to avoid all heightening tensions and that the south China Sea Dispute must be resolved in a manner that reduced tensions by following international law, including UNCLOS (United Nations Convention on the Law of the Sea). He further expects the matter to be discussed between ASEAN member countries and China during the upcoming Senior Officials meeting in March.41

US Naval Ship Runs Aground in the Philippines

A US navy minesweeping vessel ran aground in Tubattaha reef, a protected marine sanctuary in the Philippines. The extent of damage to the reef and the cause of such

³⁸ 'Myanmar president in first European visit', *The Daily Star*, 26 February 2013, http://www.thedailystar.net/newDesign/latest_news.php?nid=45037

³⁹ "Philippines Challenges Chinese Claims to Waters Through International Tribunal", Los Angeles Times, 22 January 2013, Available at < http://www.latimes.com/news/world/worldnow/lafg-wn-philippines-china-waters-un-tribunal-20130122,0,3883512.story>, Accessed on: 30 January 2013.

⁴⁰ "China says Philippines' UN Plea on Seas Complicate Issue", *moneycontrol.com*, 23 January 2013, Available at < http://www.moneycontrol.com/news/world-news/china-says-philippines-un-pleaseas-complicates-issue_812067.html>, Accessed on: 30 January 2013.

⁴¹ S. Ramesh, "Legitimate Right of Philippines to Bring the Sea Dispute to Arbitration: Thai DPM", *ChnnelNews Asia*, 24 January 2013, Available at < http://www.channelnewsasia.com/stories/ afp_asiapacific/view/1249919/1/.html>, Accessed on: 30 January 2013.

blunder is yet unknown. According to the US Navy, the ship is based in southern Japan and it was unclear as to what it was doing in Philippine waters.⁴² The Philippines government will be seeking heavy fines from the US for causing unknown extent of damage to the reef, which is a UNESCO World Heritage site.⁴³

Japan, Philippines to Boost Maritime Cooperation

Amidst growing tension in the South China Sea and the East China Sea; Japan and Philippines on January 10, 2013 have resolved to increase their cooperation on maritime security. During talks in Manila, Japanese and Philippines' Foreign Minister Mr. Fumio Kishida and Mr. Albert del Rosario respectively, have declared their nations to be strategic partners. Furthermore tellingly, the two have decided to collaborate more in resolving their separate territorial disputes with China. The nations will exchange information and discuss each other's strategies for responding to China. The discussion also included a request by Foreign Minister Albert del Rosario for ten new patrol ships from Japan to strengthen Philippines' coastline.44

Singapore

Singapore Airlines to buy more aircrafts, airbuses

Considering the sharp increase in number of passengers coming in and going out of Singapore, Singapore Airlines has planned to buy more aircrafts. Singapore Air, the first carrier to fly the Airbus A380, in October 2012 agreed to order five more of the super jumbos and 20 A350-900s as it adds fuel-efficient planes amid competition from Gulf airlines. Asia-Pacific will lead the demand for new aircraft as economic growth helps boost the number of middle class population by almost five-times in 20 years.⁴⁵

Chinese protestors jailed over strike

On 25 February 2013, a Singapore court sentenced four Chinese bus drivers to jail terms of up to seven weeks after they pleaded guilty to instigating the city-state's first strike in nearly three decades. Liu Xiangying, 33, Gao Yue Qiang, 32 and Wang Xianjie, 39 - former drivers at state-linked Singapore transport firm SMRT — were each sentenced to six weeks in prison for conspiring to launch a two-day strike last November. He Jun Ling, 32, who faced an additional charge of provoking colleagues to

⁴² "US Navy Minesweeping Vessel Runs Aground in Philippines", *Business Insider*, 18 January 2013, Available at < http://www.businessinsider.com/us-navy-minesweeping-vessel-runs-aground-in-philippines-2013-1>, Accessed on: 30 January 2013.

⁴³ "US Not Exempt from Laws: Philippines' Aquino", *The West Australian*, 27 January 2013, Available at < http://au.news.yahoo.com/thewest/a/-/world/15963329/us-not-exempt-fromlaws-philippines-aquino/>, Accessed on: 30 January 2013.

⁴⁴ Martin Fackler, "To Counter China, Japan and Philippines Will Bolster Maritime Cooperation", *The New York Times*, 10 January 2013, Available at < http://www.nytimes.com/2013/01/11/ world/asia/japan-and-philippines-to-bolster-maritime-cooperation.html?_r=2&>, Accessed on: 30 January 2013.

⁴⁵ 'Singapore Air plans to buy more aircraft, airbus's leahy says', *Bloomberg*, 25 February 2013, http://www.bloomberg.com/news/2013-02-25/singapore-air-plans-to-buy-more-aircraft-airbus-s-leahy-says.html

stay away from work through an online posting, was jailed for seven weeks.⁴⁶

Singapore navy conducts joint naval exercise with Malaysia

The Singapore Navy and the Royal Malaysian Navy (RMN) are likely to conduct Exercise Malapura, a bilateral maritime exercise, from 25 February to 8 March 2013. The 2013 exercise is hosted by Malaysia. Around 540 personnel from both sides of the causeway are involved in the 12-day exercise during which both navies will carry out joint planning and training, in addition to conducting drills in conventional naval warfare and maritime security in the Malacca Strait. The two navies have also been working closely to enhance maritime security through the Malacca Strait Patrols arrangement.47

Singapore and Malaysia agreed to build railway line

Malaysia and Singapore have agreed to build a high-speed rail link between Singapore and Kuala Lumpur. The link will cut traveling time between the two destinations to just 90 minutes. The two countries also agreed on a rapid transit system linking Singapore's Mass Rapid Transit system with Johor Bahru. According to the reports, both Prime Minister Datuk Seri Najib Tun Razak and his counterpart Lee Hsien Loong described the speed-link project as a "game changer". The proposed railway link is to be completed by 2020.⁴⁸

Vietnam

Vietnam supports India-ASEAN strategic partnership: Pham Quang Vinh; ;

In a speech delivered on 20 February 2013, at the Delhi Dialogue V, the Deputy Foreign Minister of Vietnam, Pham Quang Vinh has affirmed Vietnam's support for the increased ASEAN – India strategic partnership in various fields. The minister stated that the dialogue takes place in the context that the region is facing opportunities and challenges. He emphasized on the point that there is a need to grasp an overall picture of regional situation and existing strong foundation between ASEAN and India, as well as recognize challenges relating to regional peace and security, including traditional and non-traditional security, and economic opportunities and potentials.49

Blast in Vietnam kills a dozen people

On 24 February 2013, around a dozen people were killed when twin blasts tore through a residential street and destroyed three houses in South Vietnam. According to the reports, the

⁴⁶ 'Four Chinese drivers jailed over Singapore strike', *Global Post*, 25 February 2013, http:// www.globalpost.com/dispatch/news/afp/130225/four-chinese-drivers-jailed-over-singaporestrike

⁴⁷ 'Singapore, Malaysian navies conduct bilateral maritime exercise', *Strait Times*, 25 February 2013, http://www.straitstimes.com/breaking-news/singapore/story/singapore-malaysian-navies-conduct-bilateral-maritime-exercise-2013022

⁴⁸ 'Malaysia-Singapore high-speed rail link', *The Star*, 20 February 2013, http://thestar.com.my/ news/story.asp?file=/2013/2/20/nation/12733757&sec=nation

⁴⁹ 'Vietnam supports ASEAN-India strategic partnership', www.tuoitrenews.com, 21 February 2013, http://www.tuoitrenews.vn/cmlink/tuoitrenews/politics/vietnam-supports-asean-indiastrategic-partnership-1.98675

authorities are investigating the cause of the explosions in a district of the southern metropolis of Ho Chi Minh City. The cause of the explosion is still unknown.⁵⁰

Vietnam becomes the largest investor in Laos

According to the Lao Ministry of Development and Planning, Vietnam has become the largest foreign investor in Laos between the years 1989 and 2012. Since the Lao Government adopted a foreign investment promotion policy in 1989, Vietnamese investors have funded 429 projects with a total value of US\$4.9 billion. The second and third largest investors are Thailand (\$4 billion) and China (\$3.9 billion).The mining industry and electricity sector attract the most foreign investment, with 27% and 25% of total investment intended for Laos, respectively.⁵¹

Crackdown on Vietnam bloggers, dozens arrested

According to a report from the International Federation for Human Rights and the Vietnam Committee on Human Rights, more than 30 people imprisoned or awaiting trial for peacefully using the Internet, many jailed for years for blogging about corruption and other touchy topics. A dozen more bloggers are under house arrest, the report asserts. The Vietnamese Embassy in the United States and the Ministry of Foreign Affairs did not respond to repeated emailed requests over several days seeking comment on the concerns. According to the media reports, the Vietnamese government has defended its charges against bloggers, saying lawbreakers are punished in accordance with international human rights law.⁵²

Australia

Nuclear Energy Cooperation Talks to begin between Australia, India

Civil nuclear energy cooperation talks between India and Australia are set to begin in March this year. The first round of talks will be conducted by the foreign ministers of both sides in Delhi. On completion of the agreement, export of uranium will commence from Australia. India's similar agreements with other nations could perhaps serve as a model for the agreement. Moreover, India's defence minister A. K. Antony will be visiting Australia to conduct talks on further cooperation in defence and security sectors. This will be the first time that an Indian defence minister will be visiting Australia.⁵³

⁵⁰ 'Several dead in Vietnam house blast', *Bangkok Post*, 24 February 2013, http:// www.bangkokpost.com/breakingnews/337493/several-dead-in-vietnam-house-explosions-police

⁵¹ 'Vietnam becomes largest investor in Laos', www.tuoitrenews.com, 14 February 2013, http://www.tuoitrenews.vn/cmlink/tuoitrenews/business/vietnam-becomes-largest-investor-in-laos-1.98336

⁵² 'Report: Dozens detained, jailed in crackdown on Vietnam bloggers', Los Angeles Times, 12 February 2013, http://www.latimes.com/news/world/worldnow/la-fg-wn-report-vietnambloggers-jailed-20130212,0,2953509.story

⁵³ "India, Australia to Start Nuclear Energy Cooperation Talks in March", *The Times of India*, 21 January 2013, Available at < http://articles.timesofindia.indiatimes.com/2013-01-21/india/ 36462258_1_defence-minister-julia-gillard-australian-foreign-minister>, Accessed on: 30 January 2013.

Australia – UK Sign Defence Treaty

Australia and Britain on 18, January 2013 signed a formal defence treaty that builds on already strong military relations between the two nations. The treaty was signed by British Defence Secretary Phil Hammond and the Australian Minister for Defence Stephen Smith in Perth.⁵⁴ The new treaty will see Australia and Britain making joint efforts to achieve value for money in defence acquisition, management and capability sustainment. British Defence Secretary Philip Hammond said "Through the treaty we will look to expand further our existing military cooperation, a cooperation which has been greatly reinforced by the shared experiences of Afghanistan and Iraq, experiences which we are determined not to lose, the interoperability and close working relationships of our armed forces will be retained".55

Australia Maybe Sitting on Oil worth \$20 trillion

Several independent scientific reports based on drilling and seismic exploration have claimed that Southern Australia may be sitting on oil that is potentially worth close to \$20 trillion. Linc Energy, a Brisbane based company has released two reports that estimate the approximately 3.5 billion to 233 billion barrels of oil in the Arckaringa Basin surrounding Coober Pedy. Linc Managing Director Mr. Peter Bond contends that this would be bigger than all the oil that Australia currently drills in its territory. Such massive amounts of oil may in the future make Australia oil self-sufficient.⁵⁶

Dangerous Floods Batter Australia

Storms triggered by the now ex-tropical cyclone Oswald have led to catastrophic floods in Northeastern Australia. Heavy rains flooded the states of Queensland and New South Wales. The floods have led to 4 deaths until now and have displaced tens of thousands of peoples from their homes. The situation has become so dire that the Australian military has been called in to help the people. Four military helicopters, 100 troops and two Hercules transport aircraft were deployed by the Australian government for the emergency.131 patients have been evacuated from Bundaberg's hospital to Brisbane.⁵⁷

New Zealand

Afghanistan bound New Zealand soldiers poorly trained: Report

According to a report, leaked in the media, the Defence Force contingent which lost five

⁵⁴ "Australia, Britain Sign Defence Treaty", *The Australian*, 18 January 2013, Available at < http://www.theaustralian.com.au/national-affairs/australia-britain-sign-defence-treaty/story-fn59niix-1226556674144>, Accessed on: 30 January 2013.

⁵⁵ Lindsey Arkley and Andrea Nierhoff, "New Defence Treaty between Australia and UK", World News Australia, 19 January 2013, Available at < http://www.sbs.com.au/news/article/ 1728212/New-defence-treaty-between-Australia-and-UK>, Accessed on: 30 January 2013.

⁵⁶ "\$20 Trillion Shale Oil Find Surrounding Coober Pedy 'can Fuel Australia'", *Herald Sun*, 24 January 2013, Available at < http://www.heraldsun.com.au/news/national/trillion-shale-oilfind-surrounding-coober-pedy-can-fuel-australia/story-fndo471r-1226560401043>, Accessed on: 30 January 2013.

⁵⁷ "Military Called in as Deadly Floods Batter Australia", *The Hindustan Times*, 29 January 2013, Available on < http://www.hindustantimes.com/world-news/Australia/Military-called-in-as-deadly-floods-batter-Australia/Article1-1003450.aspx>, Accessed on: 30 January 2013.

soldiers in Afghanistan wasn't trained well enough before it left for the war-torn country. According to the report, written by the military intelligence sergeant who reviewed the group's preparation before they left for Bamiyan, problems in command, logistics and planning, and also the attitude of commanders and lower ranks, has created problems for the soldiers. The Defence Force admitted that the contingent of more than 100 had gaps in its preparation. However, it cautioned against reading the sergeant's report in isolation.⁵⁸

New Zealand to take more asylum seekers

On the issue of the boat people, the Refugee Council of New Zealand (RCNZ) has condemned the decision to take 150 refugees annually from Australia. Spokesperson Gary Poole says: "This is certainly not the first time New Zealand has generously bailed out the Australians from the consequences of their disastrous policies of locking up asylum seekers in detention camps." RCNZ is questioning whether the 150 refugees will displace some of the urgent high-protection cases that are already vying for places within the annual quota of 750. according to media reports, Amnesty International echoes calls made by RCNZ saying they are "deeply concerned" that the deal does

not address refugee protection in the region, and may actually undermine a regional approach.⁵⁹

Fiji

Fiji to shut down 14 political parties

According to the media reports, fourteen of Fiji's 17 political parties are being closed down after failing to apply for registration under restrictions imposed on opposition groups in January 2013. The announcement in this regard was made by the military officials on 19 February 2013. It is believed that the decision will lead to participation of only three political parties involved in elections scheduled for next year, the country's first move toward democracy since a military coup in 2006.⁶⁰

Papua New Guinea

PNG to Improve Maritime Safety and Efficiency

The Asian Development Bank (ADB) has agreed to provide the Papua New Guinea government with a loan of \$41.5 million to improve its maritime and navigational safety project on January 29, 2013. The project will upgrade the existing navigational aids network thus reducing the risk of blockage and the subsequent loss of life and environmental damage. The signing ceremony was attended by the Treasurer of the Government of Papua New Guinea Don Polye, Country Director of

⁵⁸ 'NZ Afghan troops poorly trained: report', *Yahoo News*, 16 February 2013, http:// nz.news.yahoo.com/a/-/top-stories/16158266/nzs-afghan-troops-poorly-trained-report/

⁵⁹ 'New Zealand to take boat people', *The New Zealand Herald*, 9 February 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10864348

⁶⁰ 'Fiji regime to shut down 14 political parties', *The Times of India*, 19 February 2013, http://articles.timesofindia.indiatimes.com/2013-02-19/rest-of-world/37179404_1_political-parties-fiji-regime-prime-minister-voreqe-bainimarama

ADB's Papua New Guinea Resident Mission Marcelo Minc and Chris Rupen, General Manager/CEO of the National Maritime Safety Authority. Yasuhiro Yamauchi, First Secretary, Embassy of Japan in Papua New Guinea was a witness to the ceremony.⁶¹

⁶¹ "ADB to Help PNG Improve Maritime Safety and Efficiency", *Scoop Business*, 29 January 2013, Available at < http://www.scoop.co.nz/stories/BU1301/S00573/adb-to-help-png-improve-maritime-safety-and-efficiency.htm>, Accessed on: 30 January 2013.

A Talk by Dr. Jörg Schendel on "Myanmar's Recent Economic Developments:

A Historical Background" on February 7, 2013 at IDSA. There was a good response to the announcement for the Talk. It was attended by IDSA faculty members, scholars and practitioners from think tanks and universities of Delhi. The objective of this presentation was to show several methodological approaches concerning the relevance of economic history for current development and to discuss select case studies.

Dr. Jörg Schendel presents below a summary of his Talk on "Myanmar's Recent Economic Developments: A Historical Background" for the benefit our readers.

1. Prologue: The Myanmar Economy in 2013: It is fair to say that the Myanmar economy has suffered from many years of underperformance. Its economy is still largely agricultural, with relatively little industry or other manufacture; productivity is low. Key sectors of the economy are under the control of the military. Plus, there has been relatively little foreign investment, with the exception of (Chinese) mining enterprises. A regime of economic sanctions has particularly restricted Myanmar's economic relations with Europe and the USA.

There have, however, been recent signs of hope. The administration of President Thein Sein has initiated legal reforms and displayed openness to foreign investment. In response, important potential trade partners and donors have lifted sanctions and held out the prospect of developmental and financial aid. Similarly, private investors have displayed their vivid interest in the country. At the same time, security remains a concern, whether affecting outlying areas (Kachin State) or religious tensions in the heart of Myanmar (Meikthila).

- 2. History and Development: Historians, economists, and social scientists have developed a number of approaches to render the study of the economic past fruitful for discussions of future development. The most current and most rigorous such method is based on the assumption that legal and other institutions are key to successful industrialization, economic growth, and development. Even outside this approach, it is argued, history may identify past instances similar to today's and thus help with identifying policy choices and their consequences. In this context, the rich documentation of the colonial period can be useful, as the economic experience, constraints, and exploitation under colonialism have often been seen as a major factor contributing to post-independence trajectories. Finally, one may look at the long-term trends in a country's history. In the case of Myanmar, one can, e.g., establish stark contrasts between periods of economic openness and closure. Further, in my view, Upper Myanmar's rice core shows strong signs of continuity considering ecological conditions, agricultural, and demographic trends. Therefore, the current presentation will focus on the Mandalay Period (1853-85) as it exhibits such long-term trends and also, as we shall see, important parallels to the present.
- 3. The Mandalay Period (1853-85): The period is overshadowed by the three Anglo-Myanmar wars, which led to the annexation of Rakhine and Taninthayi (1826), the provinces of Bago and Mottama in the Ayeyarwardy delta (1852), and finally Upper Myanmar itself

(1886). The two kings Mindon (1853-78) and Thibaw (1878-85) in the new (1857) capital attempted a string of economic and legal reforms and presided over substantial changes in the country's economic relations. Whereas overland trade with China stagnated and, for some time, was disturbed by rebellion in Yunnan, trade with the delta (incl. various foodstuffs and manufactures) and overseas (esp. teak, cutch [Hindi *katha*], cotton) burgeoned.

4. Agricultural Diversification: One process tightly interwoven with the rising trade was the accelerated agricultural diversification of Upper Myanmar. Its core has frequently been called the "dry zone," as its soil is suitable for wet rice agriculture, but rainfall insufficient without massive irrigation works. Those works formed the cornerstone of precolonial economic policies, as state formation was predicated upon a relatively dense population supported by large rice production. Over time, however, this produced demographic pressures and recurring shortages of rice and good cultivable land.

Coping strategies included agricultural diversification, with roughly half the fields in nineteenth-century Upper Myanmar being under dry crops such as cotton, millet, oilseeds, and pickled tea. In addition, substantial rice shipments from the delta mitigated shortages in the dry zone. Many found employment in non-agricultural professions, giving rise to highly specialized handicrafts in the capital region. Others began a new livelihood in the slowly expanding rice fields of the delta.

Such trends were substantially modified after 1853. Exports of dry crops and forest items (wheat, gram, pulses, pickled tea, oilseed, jaggery, cutch, cotton, later groundnuts) increased rapidly. The Myanmar state supported this trend by furthering trade and promoting the cultivation of dry crops. As rice exports from the delta's fields developed strongly after 1852, ever more laborers flocked to the south, seasonally or permanently— a trend continued after 1885, just as the ongoing diversification of Upper Myanmar's agriculture. The result was better use of land and labor and the potential for further agricultural expansion.

5. Investment Climate: In the nineteenth century as today, foreign investment in infrastructure was seen as crucial for development. The Mandalay kings discussed numerous projects concerning transport, forestry, mining, processing/production plants, and agricultural improvement. Few, however, were realized.

The situation was difficult: State policies, such as attempts at domestic industrialization, closed certain avenues. Myanmar was also reluctant to commit revenues or reduce government control. Further, and perhaps more crucially, legal guarantees were scarce and untested, increasing the risk for foreign investors. Communication between Mandalay and the European capital markets was cumbersome, mutual understanding difficult to reach given the gap between both sides' expectations. In stepped various intermediaries, as well as potential investors promising unrealistically high payments, speculating on later remissions.

Successes, such as they were, included river shipping from Yangon to Mandalay and Bhamo, the extraction of teak timber, and the export of petroleum, in which, however, a British firm was only indirectly involved. All in all, investors preferred close relations with the state, ideally a monopoly for themselves, as well as (British) subsidies, as the best possible protection of their interests.

6. Salt Production in Upper Myanmar: The salt industry shall serve as a small example of how revenue arrangements affected domestic production.

By 1852, Upper Myanmar was supplied by local salt mines and deliveries from the coast. In the following decades, British imports replaced local production across Myanmar. British salt was cheap, as production was efficient and transport costs were low. Further, the Anglo-Myanmar commercial treaties (1862 and 1867) shielded salt imports from high Myanmar import duties and British transit fees alike. Ultimately, however, the price of domestic salt was driven up by the numerous duties on its production, trade, and sales. This put Myanmar salt at a further disadvantage and contributed to its replacement by imports.

7. Conclusion: Based on the three case studies presented here, it appears to me that Upper Myanmar's history may have something to suggest as to its economic development. To begin with, agriculture may profit from further diversification, which in turn may be fueled by external trade. Further, in my view, long-term foreign investment will only occur and be successful if the gap of expectations between the investors and the Myanmar state can be bridged and if both sides' interests will be given due weight. Finally, when considering the competitiveness of domestic industries, Myanmar should take taxes and other state policies into account so as to not disadvantage its own economy. Obviously, many more factors, historical or modern, need to be considered.

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ABOUT US

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

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