

THE EDGE
REVIEW

REVIEW

17 – 23 MAY, 2013

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SINGAPORE

**Who will be
No.**

4?

THE EDGE REVIEW

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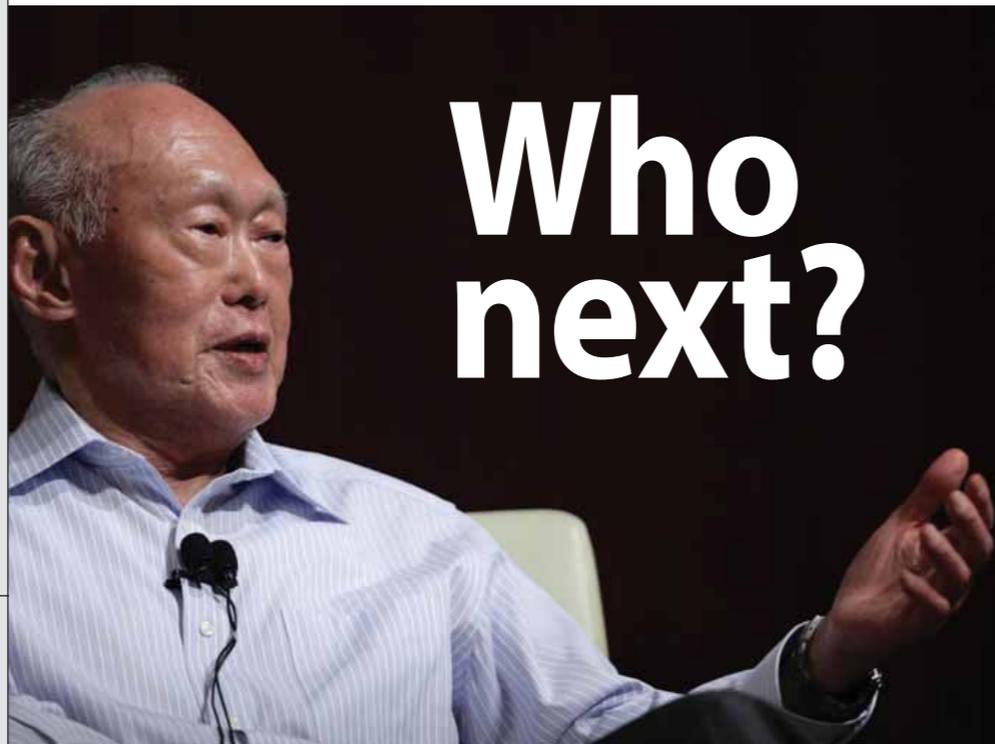
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LETTER TO THE EDITOR

It's unfortunate that your article on Muslim tolerance in Indonesia in the previous issue of *The Edge Review* is almost immediately followed by a photo of Indonesian Muslims carrying a banner calling for death to Buddhists in Myanmar. You can be sure that such pictures will serve only to reinforce Muslim stereotypes.

M. Markopoulos



COVER STORY / Singapore

- >> Predictability suffers as likely candidate for PM No. 4 remains elusive
- >> Key political risks to watch in Singapore

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REGION / Malaysia



>> A great divide

Post-election Malaysia crackles with race issues, economic concerns

>> EC under pressure to reform

PHILIPPINE ELECTIONS



>> Score one for reason

>> Erap's back

Estrada peddled a dream and Manila bought it



REGION / Cambodia

>> Hun Sen, greed and land grabs

New report details abuses



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REGION / Thailand

>> Abusing the Bench

Thailand's Constitutional Court under fire

HEALTH

>> Is region ready for a new pandemic?

BUSINESS

>> **Adrian Cheng:**
Updating a Hong Kong family empire for a changing China



FOCUS / Pakistan

Third time lucky?

>> Pakistanis elect Sharif again in watershed poll



ART & CULTURE

>> Tripping on Cambodia's contemporary art scene

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Thailand to Malaysia: Stop harbouring insurgents

BANGKOK

The Thai government plans to press Malaysia to stop harbouring insurgent suspects if peace talks with separatist groups fail to bear fruit soon.

Deputy Prime Minister Chalerm Yubamrung is quoted by the *Bangkok Post* as saying that the southern insurgents had failed to meet the government's conditions for lifting the emergency decree.

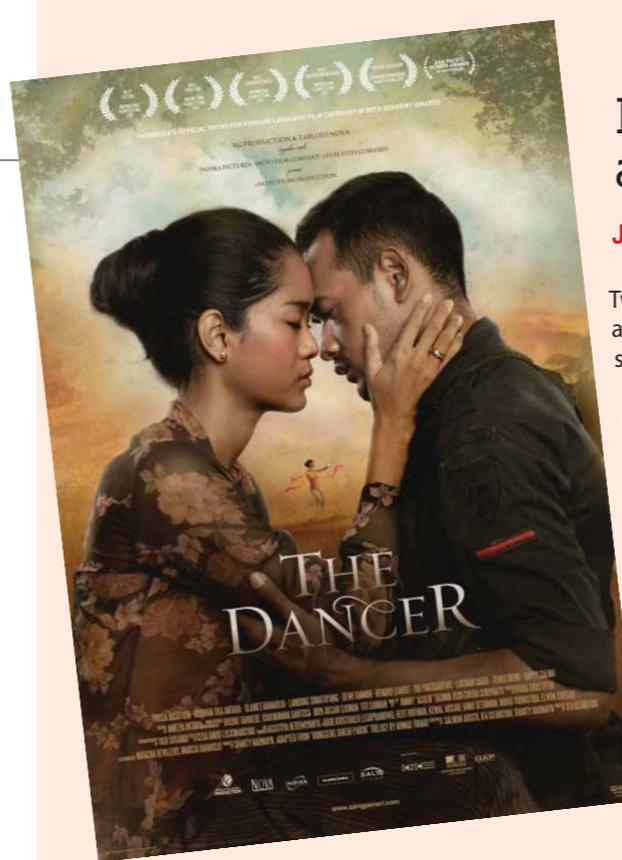
The rebels had failed to curb the number of attacks in the south, one of the conditions that had to be met before the emergency law is lifted.

Insurgents were also required to identify specifically who had "oppressed" them as a condition for the decree to be lifted, Chalerm said.

The *Post* says the *Barisan Revolusi*

Nasional separatist group had earlier blamed government oppression for triggering the insurgency.

Chalerm said: "There hasn't been any progress in the first few rounds of peace talks. If the talks fail to bear fruit in the next few rounds, we will ask Malaysia to stop harbouring insurgents. They should be pushed out of Malaysia."



Indonesian films at Cannes

JAKARTA

Two Indonesian movies are to be screened at the 66th Cannes Film Festival which started on May 15 and ends on May 26.

The films are *Sang Penari* (The Dancer) released in 2011 and *Rectoverso* which was released this year. *Sang Penari* is listed in the Competition Cannes Senior category. *Sang Penari* is based on a trilogy of novels entitled *Ronggeng Dukuh Paruk* (The Dancer of Paruk Village) by Ahmad Tohari and is directed by Iffa Isfanyah. *The Jakarta Post* says it tells the story of a young man and his friendship with his village's new ronggeng (dancer) and that it touches on the history of communism in Indonesia.

Rectoverso is an omnibus of five stories about the multiple



facets of love adapted from a collection of short stories of the same title by author Dewi "Dee" Lestari, published in 2008.

The *Post* says Indonesia will also promote 50 other movies that will be screened at the "Indonesian Cinema du Marche du Film" booth during the festival.

Education officers face the sack

JAKARTA

The Indonesian government plans to sack several high-ranking officials in the Ministry of Education and Culture in the wake of a national exam fiasco.

Education Minister Muhammad Nuh is reported in the Indonesian media as saying that the names of those to be sacked would be announced later.

Problems of delays and cheating, plus accusations of government inaction, plagued the national examinations this year. More than 5,000 senior high schools were affected when a ministry-hired printer failed to meet its deadline for the printing of exam papers.

The *Jakarta Globe* reports that the head of the Education Ministry's Research and Development Agency, Khairil, resigned earlier this month, taking responsibility for the printing issues.

Khairil said he tried to prevent the delays, but struggled to overcome numerous technical problems.

The *Globe* says the education ministry was later rocked by accusations that students in Mojokerto, East Java, had purchased sheets with answers before the test. It was found that students could purchase a sheet containing 20 sets of answers for Rp60,000 (US\$6).



Shia want to stay in Madura

SURABAYA

Efforts by a displaced Shia community to avoid relocation from Madura received another blow after their representatives were unable to meet with East Java Governor Timur Soekarwo, local media reported.

They were told the governor was unable to meet them because of a previously scheduled engagement.

"We wished to meet him to express our desire to return to our villages and our refusal to be relocated away from Madura," *Sampang Shia* refugee leader Ikil Al Milal told *The Jakarta Post*.

Shia members from the villages of Karanggayam and Blu'uran in Sampang, Madura regency, have called on Soekarwo to protect their rights after the Sampang regent – Fannan Hasib – approved a plan to relocate them outside the island.

In another blow to the community, the Witness and Victim Protection Agency announced on Tuesday that it will stop assisting 48 Shia victims of religious intolerance in Nang Ker Nang Village and Blu'uran Village.

Militant and brother killed

PATTANI

A suspected militant and his 12-year-old brother were gunned down in a drive-by shooting in Pattani's Kapo district last Thursday.

Witnesses say the brothers were in a pickup truck when a gunman opened fire, killing them instantly.

Elsewhere in Pattani, utility workers are

working to restore phone and electricity service to the area after a pair of bombs detonated at a Toyota showroom and the Diana department store on Thursday, causing outages. No injuries were reported but the blast damaged about 30 homes and businesses nearby.

Mekong nations fight drug trade

NAYPYIDAW

Six countries in the Mekong sub region signed an agreement last week with the UN Office on Drugs and Crime (UNODC) to co-operate in the war on drugs, calling narcotics a "significant threat" to the region.

Attending the signing ceremony in Naypyidaw were officials from the UNODC, China, Burma, Thailand, Cambodia, Laos and Vietnam, *The Irrawaddy* said.

Myanmar's eastern Shan State is viewed as a key source to the drug trade, with Ethnic Wa rebels and the United Wa State Army – Myanmar's largest armed rebel militia – seen as the biggest drug producers in the country.

In the Memorandum of Understanding, also known as the Naypyidaw Declaration, the countries agreed to tighten cross-border co-operation, boost alternative development programmes and share experiences in drug use prevention, treatment and public awareness raising exercises.



Save the orangutan

MEDAN

There are only 6,000 or so orangutan in North Sumatra and Aceh, and deforestation is threatening their survival.

ProFauna Indonesia chairman Rosek Nursahid told *The Jakarta Post* that their habitat has been reduced due to deforestation in both provinces.

North Sumatra and Aceh are vital for the conservation of orangutan because the Sumatran orangutan is only found in the wild in the two provinces, he said.

"We are concerned that the Aceh and North Sumatra provincial administrations do not care about the orangutan;

evident from the increasing amount of deforestation in both provinces, which has become a serious threat to the orangutan population," Rosek is quoted as saying.

He said that in North Sumatra, the amount of forest cover had dwindled from 3.1 million hectares in 1985 to 1.6 million hectares in 2007, while in Rawa Tripa, Aceh, 75 per cent of 62,000 hectares of forested area have been converted into oil palm plantations.

He said that orangutan habitats should not be converted into oil palm plantations or industrial forests.

Laos to get more ADB aid

VIENTIANE

The Asian Development Bank (ADB) is expected to offer a US\$60 million low-interest loan to Laos at the end of the year to help reduce rural poverty and improve food security.

The Vientiane Times says the loan will be used to build roads in rural areas which will connect to the main transport routes. This is to improve infrastructure and help in the export of crops to neighbouring countries, especially Vietnam and Thailand.

It said the ADB's decision to approve the loan came

about following the success of the Northern Community Managed Irrigation Sector Project, run from 2004-2011, for which the ADB had provided a US\$10 million loan.

It said almost 40,000 people in the provinces where 33 irrigation systems were constructed or upgraded were enjoying improved food security and better livelihoods. Farmers are now able to diversify their crops and are earning better incomes. Now, they can grow rice all year round, and the project has contributed to sustainable agricultural practices.



Singa quits as mascot

SINGAPORE

The Singapore Kindness Movement's mascot, Singa the lion, has resigned after 30 years on the job. *Today* reports that in an open letter posted on the Singapore Kindness Movement blog from Singa the lion, Singa, who was previously the Courtesy Lion, said he was just "too tired to continue facing an increasingly angry and disagreeable society."

In the letter, Singa noted that kindness should not be a campaign, but a part of values education, adding that "people in authority – at work, in school, at home and in government – should lead by example," thus he had decided to step aside and let real people step up.

Today says Singa also cautioned against going online and being rude to others.

Thailand No. 9 on terrorism prone list

BANGKOK

A British-based firm specialising in risk management and terrorism insurance has ranked Thailand ninth in the list of countries most prone to terrorist attacks.

Aon Plc cited the almost daily attacks by separatist militants in the deep Thai south as the reason for the ranking.

According to Aon, the top-10 countries at risk from terrorism are, in order, Afghanistan, India, Iraq, Nigeria, Pakistan, Russia, Somalia, Syria, Thailand and Yemen.

The *Bangkok Post* says the company's 2013 Terrorism and Political Violence Map released on Wednesday noted that the "sporadic" street demonstrations have not returned to Bangkok, and that "no substantial border clashes have occurred" with Cambodia. But its report on the country said there was still a threat of both, as well as the possibility of a coup d'etat.

The *Post* quotes a press release from Aon as saying: "Terrorist attacks are now regarded as a foreseeable risk."

Sihanouk's party hopes for bigger win

PHNOM PENH

The Funcinpec party hopes to win an extra eight seats in the national elections this July. It now has only four seats in Parliament.

The party has selected 264 candidates, including 30 women, to run for seats. One of the women candidates, Princess Arun Rasmey, has been tasked with making the party more relevant.

Rasmey, the daughter of the late king, Norodom Sihanouk, is running in Kampong Cham province, and analysts have said that her royal name could help, and her gender could attract more women voters.

The *Phnom Penh Post* quotes Nhek Bun Chhay, secretary general of the Funcinpec party, as saying his party plans to keep alive the legacy of Sihanouk – who founded Funcinpec.



Princess Arun Rasmey

India out of WAR GAMES

NEW DELHI

Concerned at how it would be perceived by Beijing, India last month suddenly withdrew from the planning of a naval exercise with the US and Japanese navies off the US Pacific island of Guam.

Instead, India will stick to geopolitically less sensitive separate naval manoeuvres with the US and Japan, the *Hindustan Times* says.

US and Japanese naval officials visited India last month to discuss coordination for the trilateral exercise.

The Indian defence ministry first indicated a preference for holding the exercise off the coast of the Japanese island of Okinawa.

Then it took the view that war

games should be kept to the bilateral level for the time being in deference to Chinese sensibilities. The ministry then withdrew from the discussion altogether.

"Bizarrely, the US and Japan discussed a naval exercise on Indian soil that India was boycotting," said a US defence consultant.

Beijing claims multilateral naval exercises between India, the US and Japan are aimed at containing its influence and has publicly warned all the governments against joining such exercises.

The Indian withdrawal from the trilateral exercise occurred before the Chinese border intrusion in eastern Ladakh last month.

Preparing for two-front war

NEW DELHI

India, according to a book published by a Chinese think tank, views Pakistan as the "real threat" in the region. But, the book says, India is also preparing strategies to face a possible limited two-front war with both Pakistan and China.

The Chinese Academy of Social Science said in its *Blue Book* that Indian military deployment on land is mainly fixated against Pakistan but in recent times, it is also being adjusted for both China and Pakistan.

The *Times of India* reports that the book speaks of a large increase in troops at the borders and improvement to border forces with new weapons and equipment.

The book says China is worried about

India's fast expanding maritime military deployment, considering it as a major threat.

The book mentions the Indian Navy's Eastern Naval Command and its bases in the Andaman and Nicobar Islands.

It points to an increased defence budget, and says that a growing economy has enabled India to be the biggest buyer of international arms.

The book, however, says that India is pursuing a policy of peace towards its neighbours and continues to provide unilateral assistance to them. India, the book notes, is enhancing mutual trust and cooperation with countries of South Asia, and pushing for peace with Pakistan.



Reason to buy gold

BANGALORE

On May 13, Indians flooded gold and jewellery shops in conjunction with the occasion of *Akshaya Tritiya* which is considered auspicious among the Hindus. Some Hindus believe that buying gold on this day brings good luck and success.

But *Akshaya Tritiya* only became well known over the last few years when jewellery sellers took the opportunity to gleefully promote the belief that those who buy gold on that day would indeed be fortunate.

Newspapers reported that rings, studs, chains and gold coins were the favourites. Although many people had started buying gold much earlier when the gold rate fell, the number of people buying on May 13 was phenomenal.

To further promote sales, many of the shops threw in free gold coins on large purchases.

Sanjay Dutt the cook

MUMBAI

Popular Hindi actor Sanjay Dutt may end up as a cook in jail. The *Times of India* reports that Dutt may be assigned the task of cooking while he serves his prison term, which began on May 16.

He will be paid Rs25 (US\$0.46) daily for his work in prison, but if he masters his trade, the pay will be increased to Rs50 (US\$0.92). This, of course, is a pittance compared with the millions of rupees he earns as an actor.

In addition, he will also be allowed an allowance of Rs1,500 (US\$27) from his family. He can only meet a maximum of five people from his family a month. And that, too, for only 20 minutes.

The *Times* says the last time Dutt was in prison, he took up carpentry and ended up making a chair.

Dutt had been convicted in connection with bomb blasts in Mumbai in 1993 under the Arms Act. In 2006, a lower court had sentenced him to six years' jail but, recently, the Supreme Court reduced the jail term to five years.



Sex and the Indian Navy

NEW DELHI

A woman has created shock waves in the navy by claiming that her husband, a top naval official, had forced her to get "sexually involved" with his colleagues and to consume alcohol.

The *Times of India* reports that the woman has since moved back to her parent's house. She married the Lieutenant Commander in February last year.

She has accused him of physical and mental torture, adding that he made her get involved sexually with his colleagues. She claimed he had threatened to "put up my nude pictures on internet to spoil my image socially" if she were to tell anyone about what he did.

The *Times* says she complained to Defence Minister A K Anthony, demanding that disciplinary action be taken against him. She recently met Anthony and told the media later that he had ordered a probe into her complaint.

The *Times* says in the recent past, several cases of sexual misconduct have come up against naval officers including one where the wife of another Lieutenant Commander alleged that she had been forced by her husband to indulge in wife swapping practices.

A couple of officers were dismissed recently: one for sending lewd messages to several women, and another for having an illicit affair with the wife of another officer.

Jail for burning holy book

AMBALA

A controversial Sikh sect leader was sentenced to three years' jail this week for hurting the sentiments of Sikhs by burning copies of the Guru Granth Sahib, the holy book of the community. Seven of Baba Piara Singh Bhanjarawala's followers also received the same sentence.

Following a dispute with the Sikh community, Bhanjarawala was said to have stolen a copy of the Guru Granth Sahib from a gurdwara at Mohinda, in the Punjab, on Dec 17, 2001 and burnt it.

Outraged Sikhs staged protests and a case was filed against him.

Border deal in the works

NEW DELHI

India has concurred with the Chinese desire for early settlement of the northeast border issue, leading diplomats with long years in the field to smell a deal in the offing.

Last Monday, a senior Chinese government official called the three-week face off between Indian and Chinese troops on a desolate plateau in the high ranges of Ladakh an "isolated" incident.

There were two takeaways from the tension, he suggested. The first was that both sides did not allow it to contaminate other spheres of cooperation. The second was this incident should spur both sides to make greater efforts for a quieter border.

India has now responded by suggesting the border issue and settlement of some aspects that give rise to tensions must be converted into a "strategic objective" for both countries.

China has submitted a draft Border Defence Cooperation Agreement (BDCA), which India is studying. Meanwhile, New Delhi suggested that both sides eliminate the grey areas or "differing perceptions" of the Line of Actual Control.

They were kissing on-screen in 1929

MUMBAI

Although many may not be aware, kissing scenes in Hindi movies are not a new phenomenon. In the twenties and thirties, actors were already kissing each other on screen.

Now that Indian cinema is celebrating its 100th anniversary, people are beginning to learn more

about the medium, including the fact that the first kissing scene was in the 1929 silent film *A Throw of Dice* where actors Seeta Devi and Charu Roy locked lips.

But, the *Hindustan Times* reports, it was Devika Rani's (pic) four-minute passionate liplock with her real life husband Himanshu in the 1933 film *Karma* that remains Hindi cinema's longest kiss till date.

However, in the forties and fifties, conservative attitudes held sway and so on-screen kissing disappeared. That was about the time the censor board decreed that a kiss was indecent. Kissing, the newspaper says, made a comeback in the 80s and 90s, with a much-hyped kissing sequence in the movie *Raja Hindustani*.

Today, things have changed. The newspaper quotes film critic Shubhra Gupta as saying this about Hindi films: "Every second movie today has a kissing sequence, even family movies. It's considered respectable to see it and show it."



And what will you be wearing ma'am?

MUMBAI

Nobody is likely to ask a male celebrity what clothes he would be wearing for, say, the Cannes Film Festival. But women are often asked this question.

No wonder that that actor Vidya Balan (right) of Bollywood, who is on this year's Cannes jury, says she is fed up of people, including the media, asking her what she would wear for jury duty.

The *Hindustan Times* reports that when asked at a recent event if she felt pressure to look good at the international film festival, she replied: "If it was an Indian male actor on the Cannes jury, would he have been questioned about what he was going to wear and if he was stressed about it? Something to think about in these times of gender equality."

But, of course, having said that, the lovely Vidya went on to inform those present that she would wear a sari at the May 15-26 event. And Vidya always looks great in a sari.

The newspaper says that when Aishwarya Rai Bachan was on the Cannes jury, people were also interested in what she was wearing, more than anything else.

More budget canteens

CHENNAI

Budget canteens, known as *Amma Unavagams*, which provide idli, sambar rice and curd rice at subsidised rates, will be extended to nine Municipal Corporations in Tamil Nadu.

Chief Minister Jayalalithaa said her government has also decided to include pongal, variety rice and chappathi in the menu of the budget canteens in Chennai.

At present budget restaurants are functioning in Chennai's 200 wards. Idli is sold for Rs1 (US\$0.02) and sambar and curd rice are sold for Rs3 (US\$0.06).

Now similar budget restaurants will come up in Madurai, Tiruchi, Coimbatore, Tirunelveli, Salem, Tirupur, Tuticorin, Vellore and Erode. Every Municipal Corporation will have 10 restaurants each.

The Chief Minister said following requests for including pongal and variety rice in the menu of the budget canteens in Chennai, the government will serve pongal and sambar in the morning and tamarind rice or curry leaf rice for lunch, for Rs5.





Sex workers victimised

BEIJING

The police in China frequently beat, torture and arbitrarily detain suspected sex workers, often with little or no evidence that they engaged in prostitution, a rights group claims in a report calling on the government to act against abusive officers.

Officers sometimes detain women merely on the basis of their carrying condoms, thus deterring their use among sex workers and increasing the risk of spreading HIV, New York-based Human Rights Watch said.

It also condemned forced HIV testing of sex workers by public health agencies and the disclosure of the results to third parties.

The government officially views prostitution as an ugly social

phenomenon, and the solicitation, sale and purchase of sex in China are illegal. However, despite government crackdowns, prostitution remains rampant and sexual services are openly offered in massage parlours, karaoke bars and nightclubs.

Other problems are the arbitrary detention of sex workers without legal evidence and discrimination by law enforcement officials when sex workers try to report crimes or abuse, the report said.

While Chinese law treats most sex work-related offences as administrative violations that are punishable by fines and short periods of police custody or detention, it allows for administrative detention of up to two years for repeat offenders.



Heavy industry slump

QINGDAO

Heavy and light industries in China have been hurting over the past several months with no relief in sight.

Slumps in heavy industries like steel are reverberating throughout the economy. Results from a recent survey of small and medium-sized enterprises are also very discouraging.

1527
8473

In numbers:

- US\$21.5 million** Opening day revenue for *Iron Man 3* in China, making it the highest ever opening day take in the country.
- 80%** Proportion of North Koreans who flee to China each year who are women. The majority of these women become victims of human traffickers.
- 15%** University graduates with officials in their family can earn 15 per cent more at their first job out of college than others with the same academic abilities.
- 13 yuan** The new base fare for taxi rides in Beijing for the first 3km, up from 10 yuan. The rate per km after that will rise to either 2.3 or 2.6 yuan from the current 2 yuan.
- 7.06%** Increase in the number of overseas purchasers at the 113th Canton Fair in April over the previous session held in October.
- 38%** Proportion of urban Chinese residents who hold conservative values, are more critical of overall individualism and leaned towards the "left," according to a survey by the Chinese Academy of Social Sciences. Only eight per cent leaned to the "right," supporting more individual freedoms and a smaller government.
- 265.9 million** The number of Chinese employed in agriculture fell to 265.9 million in 2011 from 364 million a decade earlier, with the proportion of the labour force dropping to 34.8 per cent from 50 per cent.



Osaka mayor under fire

BEIJING

China has expressed shock and indignation at a Japanese politician's statement that the Japanese military's World War II-era sex slaves served a "necessary" role by keeping troops in check.

Foreign Ministry spokesman Hong Lei said the conscription of the sex slaves, known as "comfort women", was a grave crime committed by the Japanese military and a major human rights issue that concerns the victims' personal dignity.

The remarks by Osaka Mayor Toru Hashimoto flagrantly challenge historical justice and the conscience of humankind, Hong said at a regular news conference.



Police bust fake condom ring

FUJIAN

Police in central and east China have busted several fake condom factories, seizing more than 4.65 million faux condoms worth 47.7 million yuan (US\$7.76 million).

Xinhua reported that 37 suspects were arrested in the raid for producing and selling unsterilised brand-name condoms in six workshops in the central Henan province and eastern Fujian and Zhejiang.

A fake condom only costs 0.17 yuan (US\$0.03) to produce and is sold at 1 yuan (US\$0.16) in an online shop affiliated to the workshop.



Chen tops the rich list

SHANGHAI

Zong Qinghou of Wahaha Group tops the *New Fortune* magazine's 500 Richest People in China list with 70 billion yuan (US\$11 billion).

Wang Jianlin is second with 54 billion yuan (US\$8.79 billion) and Liu Yonghang third with 42 billion yuan.

The total wealth of the 500 people reached 3.58 trillion yuan, and their per capita wealth reached 7.16 billion yuan.

The real estate sector had a sharp increase in both the number of people on the list and their total wealth.

Every person on the list has a fortune of over 3 billion yuan, a record high.



Jet Li opens kung fu school

HANGZHOU

Action movie star Jet Li and online retail tycoon, Jack Ma, have joined forces to found a martial arts school.

The new academy was unveiled in Hangzhou, hometown of Ma, who stepped down as CEO of Alibaba Group to focus on education and the environment.

Li and Ma's jointly owned enterprise, Taiji Zen, developed the martial arts programme alongside the National Martial

Arts Research Institute.

Taiji Zen was established two years ago and provides tai chi training to corporate employees, but this is the company's first training centre open to the public.

The school aims to promote tai chi in China and overseas, with Li making comparisons to the international clout of karate and taekwondo. Taiji Zen also offers courses in hands and weapons training.

Zhang Yimou under probe

WUXI

China's most distinguished film director Zhang Yimou is being investigated for a violation of China's One-Child Policy.

The *People's Daily* says that Zhang, whose recent works include *The Flowers of War* and the Beijing Olympics opening ceremony, is rumoured to have fathered seven children with four women.

The Wuxi Population and Family Planning Commission is probing the allegations which first spread online earlier this month. Wuxi is the residence of Zhang's second and current wife, actress Chen Ting.

If the allegations are proven true, Zhang could face a penalty of double his annual income, a total figure given at RMB160 million (US\$26 million). Wuxi authorities expect to finalise the report in a few days.

The One-Child Policy was introduced in 1979 to curb China's then population boom. The policy, which restricts couples to only one child, directly affects about a third of the country's population.

Warning against 'Western values'

HONG KONG

The Chinese Communist Party has warned officials to combat "dangerous" Western values and other perceived ideological threats, in a directive analysts said reflected the will of China's new president Xi Jinping to preserve top-down political control even as he considers economic liberalisation.

The warning emerged on Chinese news websites that carried accounts from local party committees describing a directive from the Central Committee General Office, the administrative engine of the party leadership under Xi.

The central document, Concerning the Situation in the Ideological Sphere, has not been openly published, and most references to it disappeared from Chinese news and government websites by Monday afternoon, apparently reflecting censors' skittishness about publicising such warnings.

Xi has been credited with strengthening national cohesiveness since he became General Secretary in November, said a summary of a party organisation meeting last week of the Commission of Urban-Rural Development of Chongqing City.



Luxury car market slows

SHANGHAI

Sales of luxury cars in China grew by over eight per cent in the first three months of 2013 compared with the same period in 2012, a long way off from the 80 per cent annual growth registered in 2010.

In 2011, a year when overall vehicle sales increased by only four per cent, luxury car sales jumped 40 per cent.

The *Beijing Times* quoted Yan Jinghui, the deputy manager of a car market in Beijing, as saying that although the new government policy has had a big impact on the industry, the general economic situation had effected demand.

Data covering the first four months of the year show that BMW sold 118,200 cars in China, an increase of almost 18 per cent year-on-year and Audi sold 141,500 cars, up almost 14 per cent on last year.

However, the pace of growth is down from the 35 and 41 per cent registered over the same period last year.



Shopping boom

HONG KONG

Emboldened by a strong yuan, already high-spending mainland shoppers are heading to Hong Kong – to shop even more.

Flying to the special administrative region during holidays and emptying the shelves there has become a ritual for many mainlanders.

But in recent months, the deals on offer have started to look even more attractive.

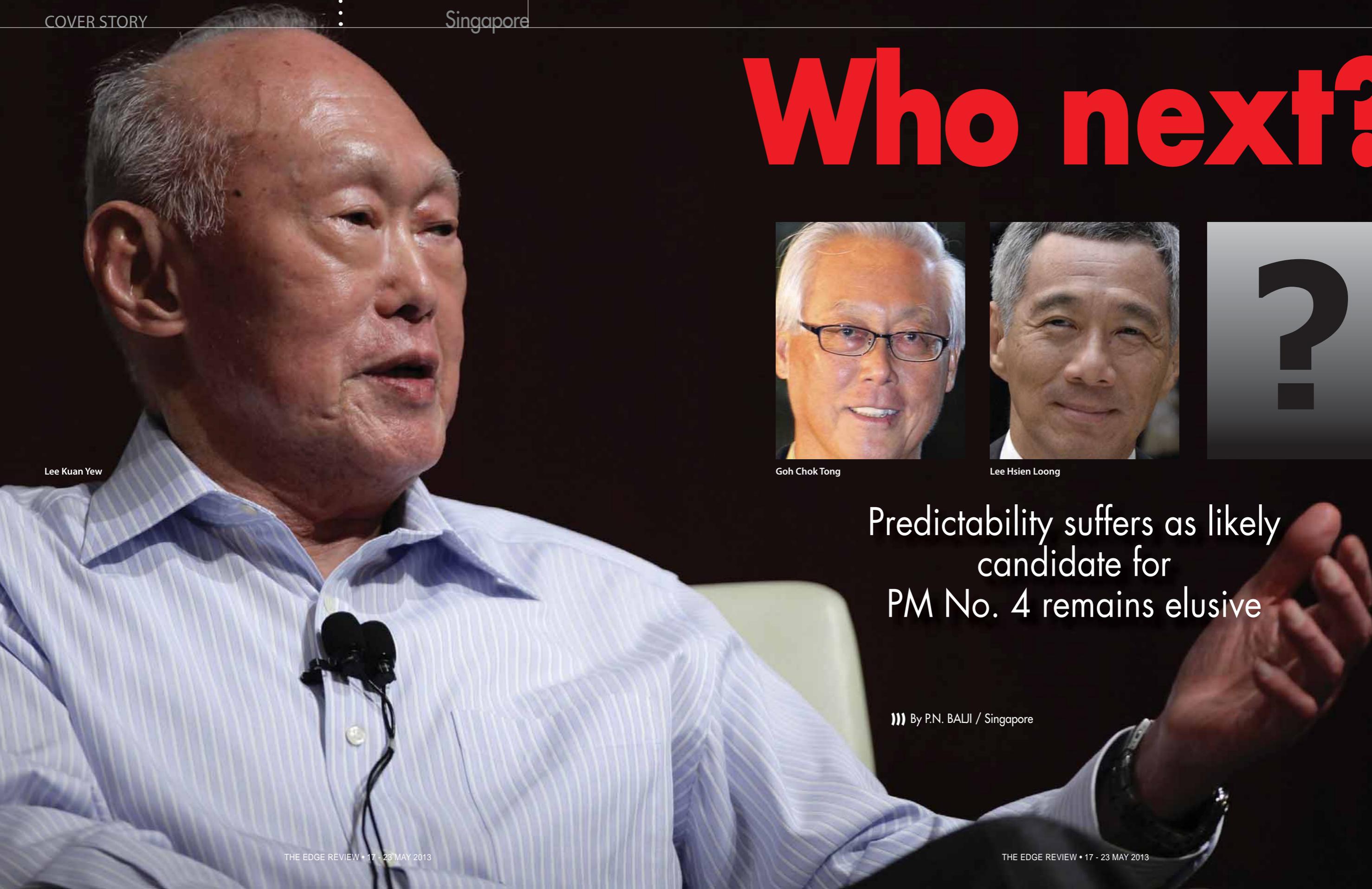
According to figures from the Hong

Kong government, during the first three months of the year, retail sales rose by 6.5 per cent, seasonally adjusted, from the previous quarter.

During the three-day May Day holiday, from April 29 to May 1, about 400,000 mainlanders flocked to Hong Kong, a 50 per cent increase from the same period last year.

The continued strength of the yuan has played a major part in the Hong Kong shopping boom.

Who next?



Lee Kuan Yew



Goh Chok Tong



Lee Hsien Loong



Predictability suffers as likely candidate for PM No. 4 remains elusive

By P.N. BALI / Singapore

Way before Lee Kuan Yew stepped aside as Singapore's first prime minister in 1990, the world knew who would take over.

And as Goh Chok Tong warmed the seat, everybody knew that he was keeping it nice and sweet for his deputy, Lee Kuan Yew's son, Lee Hsien Loong.

These were perfectly-scripted handovers of power, something that must have been envied by administrations the world over. Today, nine years after Lee Junior became the country's third PM, a major unpredictability has crept into the smooth succession process that has been part of the Singapore government's bragging rights.

For the first time in Singapore's post-independent history, there is no clear indication as to who will become the country's fourth prime minister.

With another seven years left for a new leader to take over – Lee, 61, has set a target of 2020 to step aside – the succession issue will get more vexing.

The bumps on the road to a predictable succession are many – some are self-made, some reflect the changing political times.

There is an archaic obsession among the elite that the person taking over must be in his late 40s or early 50s. Goh became PM at the age of 49 while Lee took over at 52. If the political bigwigs are still stuck in this mindset, then two of the three main contenders – Education Minister Heng Swee Keat, Acting Minister for Social and Family Development Chan Chun Sing and Acting Manpower Minister Tan Chuan Jin – fit the mould. Heng is 53 while the other two are 42.

The trio have had a fast track into politics and into the Cabinet.

Leading the pack is Heng, who has an impressive record. He started his career in the police force as a front-line officer, spent three years as Kuan Yew's principal private secretary, moved up to become the permanent secretary of the Ministry of Trade and Industry and went on to become Managing Director of the Monetary Authority of Singapore.

As Education Minister, he is already making a name for himself by pushing through subjects like character-building and values-immersion in a school curriculum fixated with excellence in examinations.

A source who attended one of his closed-door sessions said: "He gives the impression that he means business. He seems to be someone who doesn't want to be bogged down by his predecessor's policies. He is in a hurry to



get things done."

But, and this is a big but in Singapore politics, Heng might be considered too old to be groomed for the top job as he has already breached the 50-year age barrier.

Next in the pecking order are two top army men: Chan and Tan. The duo, together with Heng, were thrust into politics in the last elections in May 2011 and, more or else immediately after, into Cabinet positions.

Of the two, Tan seems to have the edge so far. His Manpower Ministry is a hot political potato as Singapore tries to shift away from a free-wheeling immigration policy that became the single biggest and sharpest lightning rod at the elections.

The flip side of the immigration debate is a big push to

improve this modern economy's low productivity, which again comes under Tan's ministry.

He had to deal with a crisis when some SMRT bus drivers went on strike last year. Although found to be shaky initially, Tan managed to tackle the repercussions of the country's first strike in 26 years with a firm and fair hand.

Firm in taking the strikers to court and fair in blaming SMRT for not being nimble enough to detect the drivers' grievances and avoiding the industrial action, a sharp blow to Singapore's proud record for labour peace and harmony.

Tan has also made it a point to reach out to NGOs and journalists of the online media, although not always successfully.

A source who met him a couple of times said: "He

indicated that his efforts were not very successful. Some of the NGOs, he said, had played him out by saying one thing in front of him and doing just the opposite in the public arena."

What is more tangible is his ministry's efforts to go after employers who treated their foreign workers in a way which brings shame to a First World country. Just this week, on Tuesday, 20 officers inspected worker dormitories after a tip-off and found them to be in a bad state.

"This is clearly wrong... and the ministry has given the employers notice to move the workers to proper housing," it said in its blog.

It also threw the book at 1,062 bosses last year and hauled up 428 so far this year.

The issue of employers who put their foreign charges



Chan Chun Sing



Heng Swee Keat

Tan Chuan Jin



K. Shanmugam

Tharman
Shanmugaratnam

through Third World conditions has been a sore point with many Singaporeans. Nothing much was done until recently, a situation the government wants to change.

As for the other front runner, Chan helms what PM Lee expects to be a game-changing ministry. It has to bridge the ever-growing gap between the haves and the have-nots, another troublesome political topic.

The same source said: "Chan seems to be very comfortable when it comes to one-to-one chats. He follows up to fix meetings and engage on issues."

When it comes to public speaking, Chan still has a very long way to go. Someone who attended one of his public speeches said: "He lacks charisma, and is not sure-footed enough to stray away from a prepared text. Even when reading from it, he comes across as being a dull speaker."

But Tan and Chan do not seem to have time on their hands to prove themselves in the next seven years, when PM Lee is likely to step aside. In contrast, Goh had 14 years and Lee Junior 20 years, although many would say that if not for being stricken by cancer, the latter would have made it to the top much earlier.

If Lee sticks to the script of giving the young blood the normal gestation period to show their mettle, then it is possible that one of the two present deputy prime ministers will be asked to manage the ship for a few years until one of the young stars are ready. That is, have an interim PM.

If that decision was left to Singaporeans, then Tharman Shanmugaratnam, 56, will be the man. He has the right

mix of empathy, intellect and international standing (he is the only Singapore minister who chairs as high-powered a committee as IMF's policy steering group) that voters now demand of their leaders.

The obstacle is that Shanmugaratnam, an ethnic Indian, is from a minority community in an overwhelmingly Chinese society. Even as recently as five years ago, in an effort to blunt the Obama wave hitting Singapore, PM Lee said publicly that the country is not ready for a non-Chinese prime minister.

There are also other possibilities. Some observers are beginning to look at a dark horse: Foreign and Law Minister K. Shanmugam, 54. The man, who was catapulted into the Cabinet after remaining on the sidelines as MP for 25 years, seems to be putting his finger in many pies.

From animal rights to gay issues to blowing the whistle on stall holders selling beef as mutton to having a heavy

media presence, Shanmugam is becoming a new player in a country where politicians are known to keep strictly to their portfolios.

His charm is also being displayed at private functions. A source who attended a recent charity dinner was touched to see him moving from table to table, shaking hands and displaying a perpetual smile.

"I have never seen such a display of warmth by a Singapore politician in recent times," she said.

But the emergence of a wild card candidate cannot be discounted. A potential long-term leader might emerge in the next election, that must be held by 2016, and fast-tracked into the Cabinet and into the No. 1 position.

Who said Singapore is a dull place for political watchers? Look beneath the surface and you will see signs of impending changes emerging every now and then.

Political unpredictability is the big running story here.

Key **political risks** to watch in Singapore

By KEVIN LIM / Singapore

Rich and orderly Singapore, a regional base for many multinationals and fund managers, is one of Asia's smoothest-running and least risky countries, and is rated triple-A by both Moody's and Standard & Poor's.

Economic growth is slowing, however, and anger over living costs, immigration, and income inequality that is among the most extreme in the developed world are major challenges for the ruling People's Action Party (PAP), which has controlled Singapore since independence in 1965.

Advance estimates show Singapore's economy contracted by 1.4 per cent in the first quarter from the fourth quarter on a seasonally adjusted and annualised basis, hurt by continued weakness in manufacturing, which accounts for about one-fifth of gross domestic product.

The trade-driven economy grew by 1.3 per cent in 2012, and Singapore avoided a recession in the fourth quarter only as a result of revisions to data for the first nine months of the year.

Support for the PAP has waned though it retains near-complete dominance of parliament as a result of Singapore's first-past-the-post electoral system. Still, the city-state's tiny opposition made huge gains during general elections in 2011 and the PAP lost a by-election by a wide

RATINGS

S&P: AAA

MOODY'S: AAA

FITCH: Aaa

margin earlier this year.

IMMIGRATION

Immigration is the most inflammatory subject on the island.

In February, the government said Singapore's population of 5.3 million could grow by as much as 30 per cent by 2030, mostly through foreign workers, to offset a chronically low birth rate.

Thousands of Singaporeans responded by attending a peaceful protest, one of the largest demonstrations in half a century, a notable event for its infrequency rather than its ferocity.

Some Singaporeans feel they are being cut off the job market by immigrants, and on a small island where foreigners account for nearly 40 per cent of the population, many worry that national identity is being eroded, and the country increasingly run for the benefit of expatriates.

The government is trying to address growing public discontent by slowing the rate of migration and giving

more privileges to citizens relative to permanent residents and those on shorter-term work passes.

While unemployment in Singapore is negligible at just 1.9 per cent in the first quarter of 2013, last year's wage growth of 2.3 per cent was below inflation of 4.6 per cent. The median gross salary of around S\$3,500 (US\$2,900) a month is also relatively low for a city that is one of the world's most expensive.

Inflation is, however, likely to ease to 3-4 per cent this year as government efforts to rein in car and home prices begin to take effect.

WHAT TO WATCH:

Property prices: Private residential prices have risen nearly 60 per cent since hitting a trough in the second quarter of 2009 in the aftermath of the global financial crisis, and Singapore in January unveiled a suite of new measures to cool its housing market that included higher stamp duties on foreigners buying homes in Singapore.

Discontent: Prime Minister Lee Hsien Loong has removed unpopular ministers, tightened immigration, increased the supply of government-built apartments, and introduced more cooling measures to help slow the



rise in property prices.

Still, many voters are unhappy with the PAP. With anger rising over soaring living costs, reliance on foreign workers and a widening income gap, the opposition Workers' Party took the PAP-held seat in the Punggol East ward by a convincing margin of nearly 11 percentage points in the January by-election.

Nearly all media are state-linked, and open dissent, a rare phenomenon, can easily fall foul of the government. The

Attorney-General's office recently ordered several websites to remove posts that it deemed offensive, and a cartoonist was detained for two nights while police questioned him over allegations his online comic strips were seditious.

While the chances of widespread disturbance, protest or a change of government in the short term are almost non-existent, critics say the PAP must adapt to a society where alternative views can be expressed publicly.

Ruling Party: The PAP, co-founded by Lee's father Lee Kuan Yew, has ruled Singapore since independence and markets will be watching how the party that has led Singapore's rapid economic development competes for the support of voters in a more open political environment.

Reuters

(US\$1 = 1.2281 Singapore dollars)



Malaysia's Prime Minister Najib Razak (R) gestures after announcing his cabinet line-up as his deputy Muhyiddin Yassin looks on in Putrajaya on May 15. Najib announced his cabinet line-up after his Barisan Nasional coalition, which has ruled the country for 56 years, secured a majority in parliament again, fending off a stiff challenge from the opposition. – AFP

A great divide

Post-election Malaysia crackles with race issues, economic concerns

By LESLIE LOPEZ

During a late evening meeting to hammer down the line-up of his cabinet early this week, Malaysian Prime Minister Najib Abdul Razak struggled with the arguments from his advisers who were split into two camps: a small group that pushed for a radical makeover to showcase his commitment to reform and the rest who preached the virtues of placating the powerful lobby within his ruling United Malays National Organisation (Umno) party.

When he announced his cabinet line-up in a nationally televised message on Wednesday, the 59-year-old Najib signalled that reforms would take a backseat.

This month's election outcome was the worst performance for the ruling Barisan Nasional-BN (National Front) coalition, which Najib's Umno leads. And close aides say that the electoral setbacks have left Najib vulnerable to a possible leadership challenge later this year in Umno.

"He bought the argument that he should only radically change his cabinet after his position in Umno is secure. The reality is that this is a major U-turn to all that he had promised," says one close associate of the premier, who favoured a more reform-driven cabinet.

Political analysts and economists say that the strategy behind the cabinet lineup is fraught with peril. While they acknowledge that Najib needs to shore-up his defences in Umno, the move to pander to party veterans and warlords is likely to stoke simmering racial tensions, particularly against the country's economically powerful Chinese community, which turned its back on the BN in the recent election.

Race and religion are sensitive issues in multiracial Malaysia and political analysts note that Umno's targeting of the Chinese was meant to deliver a message to the opposition parties that their gains in the election could trigger racial conflicts similar to the clashes that shook Kuala Lumpur in May 1969.

Malaysia's wobbly economy — laden with costly subsidies and mounting public sector debt — is also likely to suffer. Economists fear that Najib will shelve his reform agenda in favour of Malaysia's decades-old brand of command capitalism, where government contracts and other lucrative licences are handed out to well-connected groups in Umno in return for political support.

The serious political and economic challenges facing Najib's Malaysia is a direct result of this month's closely fought election. Malaysia's opposition, which stunned the BN in 2008 by denying it of its customary two-thirds in Parliament, extended its gains this time around by winning 89 of the 222 seats contested. The opposition alliance led by former deputy premier Anwar Ibrahim also succeeded in seriously undermining the legitimacy of the BN when it secured 50.87 per cent of the aggregate popular vote compared with 47.38 per cent for the ruling coalition.

Umno maintained its dominance in Peninsular Malaysia and secured roughly a third of its majority of 133 seats in Parliament with contributions from its allies in the east Malaysian states of Sabah and Sarawak.

Najib's cabinet line-up reflected the results. Umno's elected representatives were appointed to 21 of the 35 ministerial portfolios, and there was increased representation from the BN's East Malaysian coalition partners. Najib, who also retained the post of Finance Minister, appointed his lieutenants in key ministries and brought back several party veterans, who analysts say will likely help shore-up his support in Umno.

Deputy Prime Minister Muhyiddin Yassin, who is also Umno's deputy president and the man most likely to challenge Najib in the party election later this year, emerged as the biggest loser. None of his allies were appointed to the cabinet and Najib also appointed a second

A supporter holds up a sign against racism as opposition leader Anwar Ibrahim speaks at a football stadium near Kuala Lumpur on May 8. Vowing to "never surrender", Anwar called on Malaysians to join in a nationwide protest against elections he said were stolen from the country's people. — AFP



minister to share the responsibilities of the Education Ministry, which Muhyiddin heads.

Several longtime Umno watchers say that the sidelining of Muhyiddin is likely to stoke discord in the party and force a leadership challenge. They note that a majority of elected members who make up Umno's supreme council, the party's powerful policy-making body, didn't get appointed to the cabinet.

"Najib only rewarded people who he hopes will back him in Umno. Those who haven't been are likely to side with his deputy," says a senior Kuala Lumpur businessman, who served in the party's supreme council.

New alliances in Umno will take shape in coming months and any signs of a leadership challenge will only become apparent after the party completes the election of its delegates from Umno divisions nationwide who will vote in the party congress later this year.

A near term concern for political analysts and the business community is how Najib's government will deal with the increasingly shrill noises within Umno against the Chinese community. Umno leaders, including Najib, were quick to blame the BN's poor showing in the elections on a so-called "Chinese tsunami" and some rightwing Malay groups have called for the boycott of Chinese businesses that allegedly supported the opposition.

The blacklisting of the Chinese community doesn't stack up. Postmortems of the election results by several public survey outfits and think tanks show that the setbacks suffered by the BN were a result of widespread rejection by Malaysians, particularly the erosion of support for Umno among the Malays.

Still, the race-baiting is raising alarm. Several opposition politicians say the targeting of the Chinese is reminiscent of events leading to the 1987 crackdown when security agencies arrested more than 100 Malaysians and closed three national newspapers to quell what the government said were growing tensions between the Malays and Chinese. That crackdown came against a backdrop of deep internal strife in Umno.

The Anwar-led opposition is taking the targeting of the Chinese community seriously. At rallies that have attracted record crowds in several cities in the country over the last 10 days, Anwar said that Najib and Umno were targeting the Chinese as a ploy to deflect national attention away from his claims of widespread cheating in the recent elections.

More rallies are being planned and political temperatures will remain high in coming weeks.

EC under pressure to reform

By A. KATHIRASEN

For many years, a handful of non-governmental organisations and the opposition had claimed that the Malaysian electoral system was riddled with inequities and irregularities. Allegations of gerrymandering and abuse of government machinery were thrown at the ruling party.

But it did not catch on with the electorate; not until 2007, when a group of NGOs banded together to form the Coalition for Clean and Fair Elections, or Bersih (Clean), for short.

Bersih started on an education drive to inform voters of their rights and the importance of the vote. It held three massive rallies – in 2007, 2011 and last year – urging the Election Commission (EC) to clean up the electoral roll and improve the system to ensure free and fair elections.

The opposition played a huge role in these rallies and it was not difficult for the propaganda machinery of the ruling party, the Barisan Nasional-BN (National Front) to tar Bersih as an opposition tool.

Denying that it had misused its incumbency, the BN tried to discredit Bersih and its leaders, making them appear as trouble makers in a nation of people who simply wanted peace.

But now, two respected think tanks have released a report on the just-concluded 13th general election that largely affirms what Bersih and the opposition have been saying.

In their interim observation report, the Institute for Democracy and Economic Affairs (IDEAS) and Centre for Public Policy Studies (CPPS) conclude that the general



Ramon Navaratnam

election was “partially free but not fair”.

The comprehensive report gives an honest and balanced assessment of the electoral process in Malaysia – benchmarked against international standards of freedom and fairness – and what happened during the 13th general election.

Although appointed as observers by the EC, IDEAS and the CPPS did not spare the commission, saying the main reason it is dogged by criticism is the lack of integrity in the electoral roll. However, they acknowledge that, over all, everything went smoothly with “minimal major issues”.

Ramon Navaratnam, the chairman of the CPPS, said the observers found ethics to be missing in the electoral system.

Talking to the *The Edge Review*, the former senior civil servant said one reason for describing the election as “not fair” was the use of government machinery by ministers and the ruling Barisan Nasional (National Front). Ministers could, he said, fly in and out of the state of Sabah, for instance, as part of their work, and campaign at the same time.

The report says: “During the campaign period,



Voters queue up to check their names on the electoral list outside a polling station in Georgetown, Penang, on May 5. An interim report into Malaysia's general election found it to be partially free but not fair. – AFP

we observed repeated usage of government facilities, especially government schools, for BN campaigns. There were also cases of political speeches being delivered in army camps. Often, these events were not organised by the parties and were not officially named as a party event.

“However, we found the message in the main speeches to be clearly partisan campaigning, calling for voters to vote for BN. PR (Pakatan Rakyat or the People's Alliance) was not allowed to enter the same facilities. These instances created an uneven field as it allowed BN to campaign using government facilities paid for by taxpayers.”

Yet another reason for the “partially free but not fair” conclusion was the large amounts of allocations given out in the weeks leading up to polling day, including to schools and organisations. Such disbursements could have been done much earlier, said the former deputy secretary-general of the treasury.

“When I was at the ministry of finance (from 1961 to 1986), there was this understanding that you did not provide funds for projects just before the elections. Funding was provided for projects that had already started, but no new projects were announced near polling

day,” he recalled.

Navaratnam said the government then did not offer handouts such as the BR1M (the 1Malaysia People's Aid, given by Prime Minister Najib Razak's government) just before the election, as it was considered unethical.

BR1M is a RM500 (US\$167) one-off cash handout to households earning less than RM3,000 (US\$1,004) a month and RM250 (US\$83) to single unmarried persons aged 21 and above earning not more than RM2,000 (US\$669) a month. About six million Malaysians received the BR1M between January and April. It involved an allocation of RM3 billion (US\$1 billion).

Navaratnam said leaders and senior civil servants were sensitive about not taking advantage of government machinery and incumbency during the time he was with the Treasury.

“That value system,” he laments, “has been lost.” He would like to see that value system restored.

Navaratnam, who retired as transport ministry secretary-general, said there were other reasons, such as the way in which constituencies were delineated, that added to the “not fair” conclusion.

Saying the voters had shown they did not want a



cause, which is the lack of trust in the integrity of the electoral roll.”

Navaratnam said: “There was freedom to vote. There was freedom in and around the voting areas. In that sense, it was free. We said ‘partially free’ because there was not much freedom of choice as far as information on candidates and party policies is concerned.

“The mainstream media, controlled by political parties, provided an atmosphere where voters found it difficult to decide as the opposition was blocked out or coverage was very poor.”

Navaratnam referred to the report which says: “The Centre for Independent Journalism, in partnership with the University of Nottingham Malaysia Campus, conducted extensive media monitoring during the GE13 from April 7 to May 7. Their monitoring confirmed that the media gave a higher positive coverage to the BN. The BN received the highest level of positive coverage, while the PR received the highest level of attacks and negative coverage.”

These and other factors detailed in the report led the two think tanks to conclude that the 13th general election was “partially free but not fair”, he added.

The opposition, which has a stronger presence in parliament now, is likely to press home its advantage and seek a level playing field, probably even citing this report. Bersih has said it will continue to work towards ensuring a cleaner election process.

Opposition leader Anwar Ibrahim has alleged fraud, but the EC has denied it. The EC said it tried its best to make the election as free and fair as possible. It has not, however, commented on the IDEAS-CPPS report yet, saying it needs time to study it.

EC chairman Abdul Aziz Mohd Yusof reiterated recently that the body is independent and does not receive any instructions from the prime minister or anyone else.

But there are already calls from some NGOs for the entire EC to resign. The pressure is now on the EC to reform, and the government to initiate this as the EC comes under the Prime Minister’s Department.

departure from good governance, Navaratnam hoped the new government of Najib Razak would take cognisance of the need to enhance such values.

“I hope the government will learn from the mistakes and give higher priority to good governance and best practices in the country. People today are alert and responsive; they compare with the rest of the world. They, especially the youth, are determined to get the best for their country.”

The report also talks about the problems with the electoral roll, stating: “We believe that many secondary issues – the ineffectiveness of the indelible ink, the existence of phantom voters, the ferrying of voters to strategic constituencies, etc – originate from one root

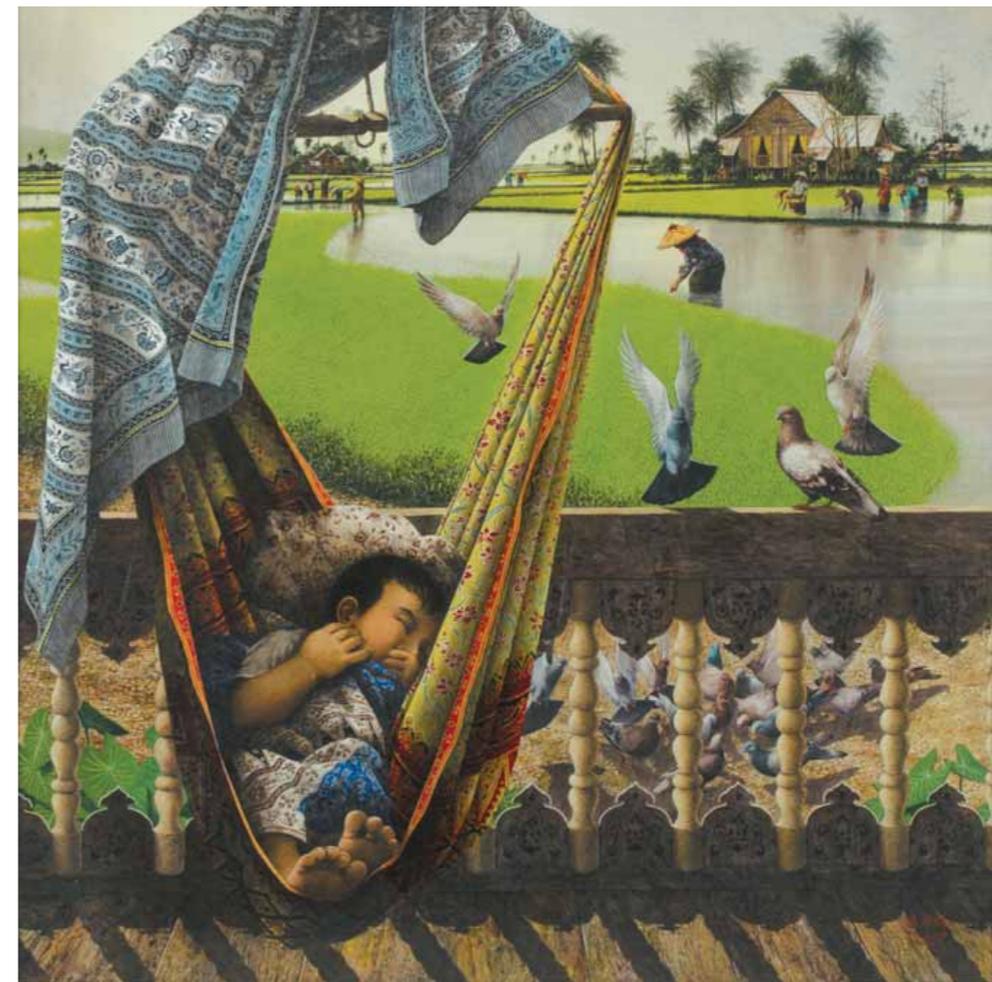


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A. KATHIRASEEN

A crisis of trust

For several years now, Malaysian government institutions have been facing a trust deficit. Now, following the 13th general election, it threatens to blow into a crisis.

Faith in institutions such as the police, judiciary, attorney-general's chambers, the anti-corruption body, and the education ministry has been eroding over the years, starting in the second half of former prime minister Dr Mahathir Mohamad's rule from 1981 to 2003.

The erosion has continued, despite several corrective measures taken by Prime Minister Najib Razak over the past four years.

People are clamouring for change and this is manifesting as support for the opposition, with tens of thousands turning up for rallies organised by opposition leader Anwar Ibrahim who claims the election was stolen by the Barisan Nasional-BN (National Front) coalition from his Pakatan Rakyat-PR (People's Alliance) coalition.

The BN won 133 of the 222 parliamentary seats in the May 5 general election. The PR again managed to deny the BN a two-thirds majority. More than 30 parliamentary seats were won, whether by the BN or PR, with narrow margins.

Anwar claims the PR was cheated of victory by fraud and irregularities in the electoral system. In appealing to the court of public opinion, he is trying to whip up public sympathy and support for his cause.

Anwar has already held several post-election rallies and more have been planned. While some of those who attend his rallies do so because they admire the man and his guts, a larger proportion are there because they see him as the only way to restore a semblance of faith in the government institutions.

And now, several non-governmental organisations are banding together to organise a massive rally calling for the resignation of the entire membership of the Election Commission (EC) and for new elections to be held by a reconstituted EC.

At a forum on May 13, some of the pro-PR groups vowed to overthrow the BN government through a street protest. Lawyer Haris Ibrahim, the leader of one of the groups, Anything But Umno (referring to Umno which is the linchpin of the BN), is reported to have said that democratic methods of seeking redress would not work and that the only way is to take to the streets.

Saying the people cannot wait another five years, he insists,

however, that the street protest should be non-violent. Anwar, and the PR, however, have disassociated themselves from this move.

This anger and haste on the part of some groups again underscores the loss of faith, especially among urban Malaysians, in democratic institutions in the country. Most feel that these institutions have been compromised by the executive.

A poll of new voters by the respected Merdeka Center for Opinion Research between November and December last year on the trustworthiness of political parties and government institutions, for instance, was very revealing. Fifty-six per cent of the respondents said they had no faith in the police. Other government institutions did not fare too well either.

Only 46 per cent said they believed in the courts, and only 47 per cent had faith in the EC.

The judiciary has often been said to be subservient to the executive. No less a person than former chief justice Mohd Dzaiddin Abdulah acknowledged, on Feb 11, 2012, that the reputation of the judiciary had suffered since 1988.

He said, too, that an amendment to the Constitution by parliament in the 1980s resulted in the "judicial powers" of the courts being removed and "they had only such judicial powers as parliament gives". Dr Mahathir is generally credited with weakening the judiciary.

The Edelman Trust Barometer 2012 results showed that only 49 per cent of the "informed public" and 52 per cent of the "general public" in Malaysia trusted the government. Informed public was defined as those who were college educated and whose consumption of information was significant.

In another Merdeka Center survey, carried out between Dec 15 and 28 last year, only 52 per cent of respondents said the country was going in the right direction.

Yet another Merdeka Center poll, carried out from April 14 to 26, 2012, showed that 92 per cent of respondents wanted shortcomings in the electoral roll to be addressed before the 13th general election was held. And only 44 per cent of respondents said they were confident that the election process is free and fair.

The interim observation report by two think tanks into the 13th general election seems to corroborate the feelings expressed by the respondents regarding the EC and the election process. The Institute



Police tackle anti-government protesters in Kuala Lumpur during a rally seeking electoral reforms on April 28, 2012. Malaysian institutions such as the police are facing a trust deficit. – Reuters

for Democracy and Economic Affairs (IDEAS) and the Centre for Public Policy Studies (CPPS) said in the report that the election was "partially free but not fair."

The report noted that many of the problems in the electoral system, and the criticisms levelled against the EC, are rooted in a distrust of the integrity of the electoral roll.

It is this lack of trust in the EC and the electoral system that prompted thousands of Malaysians to take to the streets in 2007, 2011 and again in 2012 to call for the electoral roll to be cleaned up.

The issue of trust featured strongly in the Asian Strategy and Leadership Institute-Centre for Public Policy Studies' regular 'strategic issues' forum last week. The 60-plus members and invited guests, including diplomats, this time discussed the 13th general election.

CPPS chairman Ramon Navaratnam told me those present felt that, overall, the election was a peaceful process, and that they accepted the IDEAS-CPPPS interim report.

During the discussion, the consensus was that there is a credibility issue as some Malaysians suspect fraud in the election. They agreed that there must be clear proof if one were to claim fraud. They felt that those who claimed the BN's victory was gained by fraudulent means should lodge police reports.

Navaratnam said: "That's when someone raised the possibility that the police may not act on it. Someone then suggested if that were to be the case, the matter should be taken to the courts, to which another person said the impression is that the courts may not be independent. If that were to be the case, it was suggested that the aggrieved parties should take it up with the government.

Someone then pointed out that the government may not be impartial. So we found that it was one vicious circle.

"We concluded that a lack of trust was a serious problem facing the nation. If Malaysians lacked faith in instruments of government, or even in the government, what about the international community?"

What indeed! People will be watching how institutions such as the police, the army and the courts react to the legal petitions that are sure to be filed against some of the election results, and also the rallies that are being held by Anwar Ibrahim and others.

If these are handled in an even-handed manner, then there is hope of trust being restored. The new Najib government has everything to gain by shoring up trust in these institutions by allowing them full independence to act in a professional manner based on the law and what is morally right.

And, of course, everybody will be watching how the new government performs. The first 100 days should give an indication of whether it will move in a new direction and restore confidence in the institutions of government while healing the nation, or whether it will continue in the "business as usual" mode. Or, worse, if it will be a return to the earlier days of locking up dissent.

It is interesting to note, though, that during the election campaign, Najib appealed to Malaysians to have *nambikei*, or trust, in him, not just to govern well but to govern as the prime minister of all Malaysians.

Najib has to address the trust crisis soon, for it could just result in a total collapse of trust in government institutions, the ramifications of which would be too painful to imagine.

Philippine elections: Score one for reason

By A. LIN NEUMANN

The feudal roots of the many dilemmas that plague the Philippines are so well known as to be a cliché, but that cliché is also, sadly, descriptive.

The Philippines is a country where powerful, landed interests still control the vast majority of political and economic power for their own benefit. One need look no further than the mid-term elections held this past week for confirmation.

The slates for Senate, House and local races on all sides were dominated by surnames like Enrile, Marcos, Escudero, Gordon, Macapagal and Magsaysay that voters a generation and more ago would have known equally as well.

Indeed, one reason for the intractable poverty, enfeebled courts and massive corruption that conspire to keep vast numbers of Filipinos poor and the country itself largely dependent on the US\$25 billion it receives annually in overseas remittances from citizens abroad is because the social structure allows for probably the least upward social mobility in Asia.

Why do Filipinos do so well abroad as professionals in many fields and why is the country itself in such a mess?

This is the great question that has long puzzled both Filipinos and foreigners who know the country well.

This backward social milieu makes the ongoing success of President Benigno “Noy” Aquino III something to cheer about. This week voters handed him nine of the 12 seats being contested in the 24-member Senate and ensured that he should also have a comfortable working majority in the House.



Philippine President Benigno Aquino (C) raising the hands of his party's senatorial candidates during a political rally in Manila on May 11. The Philippines held elections on May 13, seen as crucial to Aquino's efforts to transform society. – AFP

With three years left in his six-year term, the mid-term referendum on his performance confirmed that voters are deeply pleased finally to have an adult in office after the misrule that began in 1998 with Joseph Estrada and continued after the ill-advised coup/popular revolt that replaced him in 2001 with the autocratic Gloria Macapagal Arroyo.

In the ongoing circus of Philippine politics, of course, Estrada, once convicted of the crime of “plunder” has been elected mayor of Manila, and Arroyo, under indictment for graft and from a hospital bed, was re-elected to Congress.

Whether Aquino can fulfil the promise of the first half of

his term and leave a lasting structure of reform in place is an open question. This wealthy son of Corazon Cojuangco Aquino and her martyred husband, Benigno, has as feudal a pedigree as any politician.

On the Aquino side of the clan, the family long-controlled the politics of the rice-belt province of Tarlac north of Manila and much of the national scene through his charismatic father. On his mother's side, the Filipino-Chinese Cojuangcos have been a powerhouse in agriculture, finance and commerce since the 19th century.

As much as his mother was a revered symbol of democracy for her struggle against Ferdinand Marcos, she was a lacklustre president, changing little and largely restoring to power a host of landed families. Noy, however, has surprised everyone with his common touch, earnestness and ability to make people believe the government might finally be on their side.

But it was his willingness to challenge the Roman Catholic church on the issue of birth control by championing the Reproductive Health Bill over the objections of bishops that could mark a turning point for the country.

The Church, with about 86 per cent of the people at least nominally Roman Catholic, has acted since the time of the Spanish friars as if it controlled the morality of the nation. It is no accident that the bishops and their allies have

conspired to deny birth control to poor women (the rich can afford their own) and leave the Philippines as the last country in the world to outlaw divorce.

When Aquino risked the wrath of the clerics by signing the “RH Bill” last year, he not only acted to make contraceptives available (assuming the Supreme Court does not strike down the bill), he challenged the country's largest landowner and most powerful vestige of the feudal past.

The Spanish colonisers used the Church to oversee the country. The friars doled out Spanish surnames to the

peasants and the Church hierarchy exercised virtual veto power over the political leadership – including helping to plan and lead the revolts that ousted both Marcos and Estrada.

The most important result of this mid-term election may be that the attempt by the Catholic Bishops Conference of the Philippines to endorse candidates who opposed the family planning bill was soundly defeated.

A ludicrous effort by some bishops to label Church candidates as “Team Buhay” (Life) and family planning advocates as “Team Patay” (Death) fell largely on deaf ears. Archbishop Ramon Arguelles reacted to the elections by telling one newspaper, “I am not happy but I am resigned (that) the country is not yet ready for better things.”

In defeating the retrograde political instincts of a church out of step with the times, Aquino may be showing that the country is ready for better things. In what is left of his term, he will have to do more than take symbolic actions.

Job creation is desperately needed, the country's infrastructure is on the verge of collapse and recent healthy growth will have to be followed up by reforms that make investment more attractive for foreign companies.

Aquino won't have much time. The country's last effective president, Fidel Ramos, who served from 1992 to 1998, took many bold initiatives to revive the economy, rebuild infrastructure and get things moving. He was handed a substantial mid-term victory also but under the current Constitution a president can only serve one six-year term in office.

Ramos was succeeded by his vice-president Joseph Estrada – who was also, like Aquino's vice president and nemesis Jejomar Binay, from the opposition. Binay, an ally of Estrada's and similar old-school political hacks, ran a slate of candidates against Aquino's senate “team” and did not fare well.

But the early betting is that the charming Binay is the odds-on favourite to become president in 2016, a possibility that would almost certainly close the door on reform. Should that happen, the frailty of a system that makes a lame duck out of its president from Day One would again be exposed.

It will be an uphill battle, but perhaps the next reform Aquino should undertake would be to change the Constitution so that he can run again. He might be able to pull it off. After all, he already beat the church.

Erap's BACK!

Estrada peddled a dream
and Manila bought it

By ARIES RUFO / Manila

There is no contest between one who sells hope and one who only promises status quo. This is what the story of Manila's mayoral race has shown, with former Philippine president Joseph Estrada – once convicted for plunder and defeated when he ran for president a second time – frustrating Alfredo Lim's re-election bid. Estrada's political resurrection is now complete.

Estrada surged past Lim in commissioned pre-election surveys and maintained his lead by changing strategies in the middle of the campaign. From peddling motherhood statements of hope at the beginning, he went on to back these up with a concrete platform of government.

Lim, for his part, only promised a status quo. Manilaños found hardly palatable given the current socio-



economic conditions in the country's capital, two political analysts noted.

Allen Surla, associate professor at the political science department of De La Salle University (DLSU) political science, pointed out that Estrada peddled "dreams" that resonated well with Manila voters. "Estrada's charm is unique. He knows how to tickle the minds of the public.

He was able to tap into the dreams of Manila residents," he said.

Louie Montemar, who also lectures at DLSU, said Lim's political downfall was just a matter of time. He failed to connect to the public in the past six years that he was mayor, and faced a rival who knew how to relate with people. (Lim was also mayor from 1992 to 1998 before he ran and won as senator in 2004, with an endorsement from Estrada.)

"Apart from the obvious charisma of Estrada, Lim failed to convince the people that he was still the better alternative. In most ways, Estrada and Lim were on the same calculus, but performance-wise, Lim had been weighed and found wanting," Montemar said.

HOODLUM AND LAW ENFORCER

As in previous elections he took part in, Lim nurtured an image of a no-nonsense law enforcer, someone who instills discipline and implements the law no matter how harsh it is. In this year's local race, he sought to remind his constituents that he remains the tough cop that has been his trademark and ticket to City Hall.

He ordered a clampdown on bingo socials that have been a regular fixture of political meetings, and one police crackdown led to the arrest of his erstwhile ally, Vice Mayor Isko Moreno, Estrada's running mate. Lim justified the police operation as part of the campaign to

stop illegal gambling in the city.

He sought to reinforce this tough image by labeling Estrada as a convicted felon, an interloper, and someone whose real life aped the stories of those hoodlums he had portrayed in movies. Lim sought to highlight this contrast by timing the showing of his bio-flick, *Alfredo S. Lim: The Untold Story*, close to the local campaign.

But the 83-year-old mayor had nothing else to offer except that iron-fisted rule that Manileños had grown tired of, former Manila mayor Joselito Atienza observed.

“Every election has different issues. The issue right now in Manila is employment, the delivery of basic services and the filth and decay of the capital city. He came short as far as performance is concerned,” said Atienza, who was mayor from 1998 to 2007. He lost to Lim in the 2010 mayoral race.

MARKETABLE PRODUCT

Atienza concurred with the political analysts that Estrada’s built-in advantage was his being able to relate with the public, and the public with him. “He is a saleable product and all you have to do is to have an effective marketing,” Atienza said.

Already a tough product to sell, Lim courted more trouble when he implemented “anti-masa” policies that did not sit well with the poor communities in Manila, Cuarteros said.

“Remember he rounded up of all the kuligligs (slang for motorised pedicabs) in Manila. These are poor people whose source of income have been affected by his policies,” Montemar said. “I heard that employees of City Hall are also complaining that they’re getting their salaries late.”

In contrast, the masses found a potential respite of these “anti-masa” policies in Estrada. “They see hope in him. Juxtaposed with the bland campaign of Lim, Estrada’s promises sounded sweeter,” Surla said.

As if Estrada was coated with Teflon, Lim’s personal attacks against him – always emphasising that he was a convicted plunderer – did not stick.

“Filipinos are not angry with Estrada. Compared with (Gloria) Arroyo or (Ferdinand) Marcos, his perceived sins against the people is not as huge as the two,” Surla said.

Lim also dug his grave deeper by campaigning not on



Philippine President Benigno Aquino (L) speaks to the Liberal Party’s (LP) candidate for Manila mayor Alfredo “Fred” Lim during a campaign rally in Manila on May 9. Lim, who is nicknamed “Dirty Harry” for his tough anti-crime policies against drugs and the sex trade, lost to former president Joseph Estrada in the mid-term elections. – Reuters

his own strength but by capitalising on the weakness of his rival. But his rival’s weakness has been proven to be his strength in more ways than one.

THE FAILED NOYNOY FACTOR

A source from the Estrada camp said that, early on, Estrada had a huge 70 per cent, against Lim’s 30 per cent, in earlier commissioned pre-election surveys. This rating went down when the local race began, and the two engaged in mudslinging.

Montemar said some voters were turned off with Estrada when he engaged Lim in a verbal negative campaigning. “He’s already got stature, he’s a former president. By engaging Lim in mudslinging, he lowered his level to Lim. I think he lost considerable gain from that.”

But Estrada was able to arrest that slide by presenting concrete programmes to revive Manila from its slow decay. Estrada said urban renewal would be the focal point of his governance if he gets elected.

Lim still had an ace up his sleeves: the endorsement of President Benigno Aquino III and his full backing. “The President threw his full support behind Lim, a Liberal party mate, in terms of resources. I learned that the Conditional Cash Transfer programme for the poor amounting to P600 million was released through Lim.”

As far as political alignment, Lim was initially thought to have an edge over Estrada – of the six incumbent district representatives, five were allied with Lim. Only 5th district Rep. Amado Bagatsing was on Estrada’s side.

But Surla pointed out that a candidate would only need

such political alliances to deliver the votes if he is a weak candidate. “In the case of Estrada, who remained popular with the poor, it is the candidates that needed his help. It was the other way around for him.”

Unlike in the provinces, where local political leaders could provide an effective vote-delivery system, Manila is different, said Montemar. “Manila is a melting pot. The mindset of a Manila resident is not as defined as someone who is a resident of a provincial city.”

Whatever advantage that Lim enjoyed with the congressional political alliances was neutralised by Estrada’s running mate, Moreno, who has strong links with the barangay officials.

Out of the 905 barangay chiefs, about 600 were reportedly supportive of Moreno. The re-electionist vice mayor led his challenger, Lou Veloso, by a mile.

Atienza said the barangay vote network system cannot be underestimated. “The barangay chairmen and barangay councilors helped me win in previous elections.”

SO WHAT’S IN STORE FOR MANILA UNDER ESTRADA?

Estrada might have been a bad president and an even more negligent senator, but he had proven himself as a capable mayor of San Juan. “As a mayor, he has proven himself and that counts a lot when measured against another candidate,” Atienza said.



Former Philippine first lady Imelda Marcos speaks to supporters while campaigning for mid-term elections in Ilocos Norte province, bailiwick of her late husband dictator Ferdinand Marcos in northern Philippines. Imelda, as expected, has won a second term in office. – Reuters

KILLING THE MYTH

Aquino seeks to cut short
Marcos family revival

The Philippines' Imelda Marcos has a dream – to restore her family to what she sees as its rightful place in Manila's Malacanang presidential palace.

But standing in the way is President Benigno Aquino, the scion of another Philippine presidential dynasty, who is determined to bury the Marcos myth once and for all.

The authoritarian and corruption-ridden rule of Imelda's husband Ferdinand Marcos was ended by a mass revolt almost three decades ago. The widespread hatred of the family has now ebbed, however, and a burgeoning presidential run by their son means the Malacanang palace is

well within his sights.

"I am proud of him and I will be prouder still if he will be like his father, a great president," the 83-year-old Imelda said of Ferdinand Jr, a senator known by his nickname Bongbong.

She was speaking as she hit the campaign trail in the Marcos's stomping ground of Ilocos Norte province ahead of congressional elections on Monday. Wearing a pink gown with her signature butterfly sleeves as she danced and sang with voters, Imelda displayed the undimmed pulling power that has paved the way for her family's unlikely political comeback.

With Imelda a congresswoman, her



Former Philippine president Joseph Estrada shows his ballot to a Board of Elections inspector before casting it on a Precinct Count Optical Scanner at a school in Manila. Estrada, who was removed by a popular revolt in 2001, won the contest for Mayor of Manila. – Reuters

daughter a provincial governor and Bongbong a popular senator, the Marcos brand is stronger than at any time since the 1986 People Power revolution ended what critics call a kleptocratic “conjugal dictatorship”.

But Aquino is an implacable foe, the son and namesake of Marcos’s political rival whose assassination at Manila airport in 1983 ignited the revolt that inspired the world. His mother Cory Aquino was the icon of the People Power revolution and replaced Marcos as president, ruling from 1986 to 1992.

Aquino is backing his own preferred candidate for 2016 to continue his efforts to stamp out corruption that remains endemic in the Southeast Asian nation. By law, Aquino, voted to power in 2010 just months after his mother died, can serve only one six-year term.

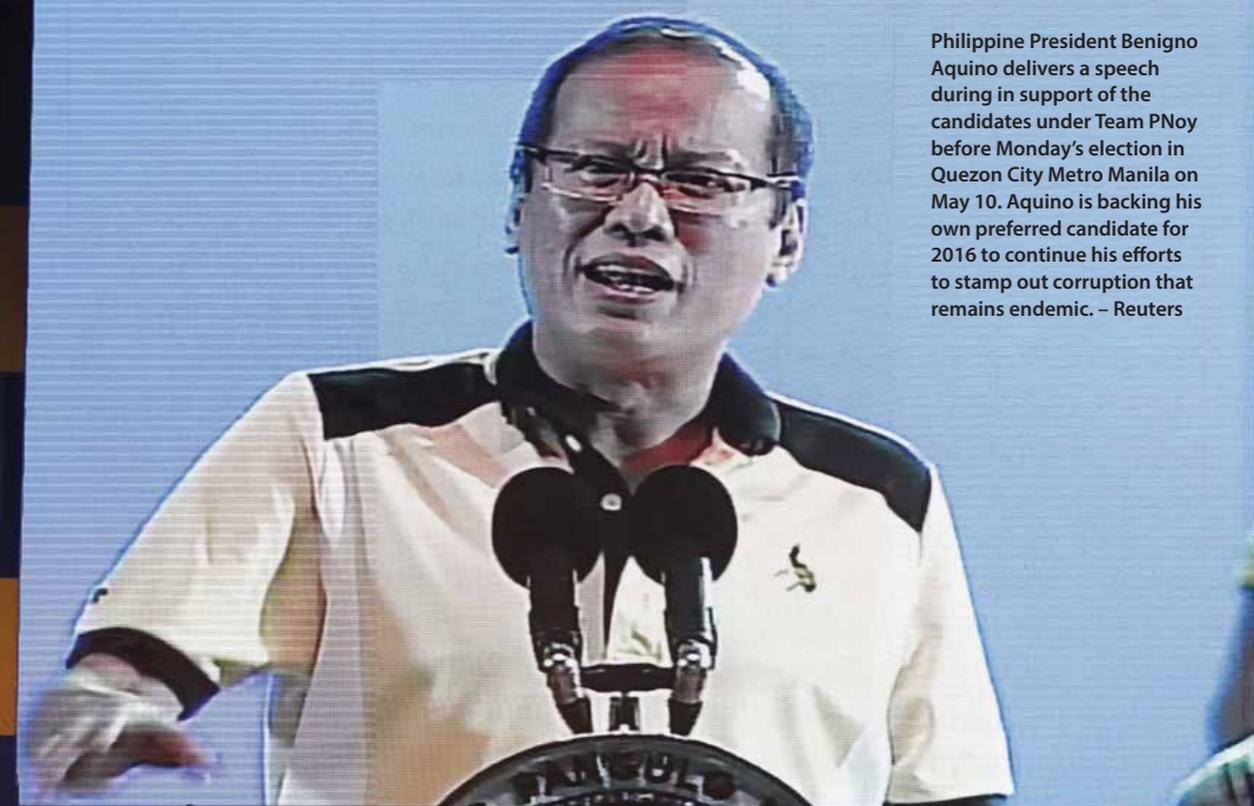
He has fast-tracked a bill compensating thousands of victims of torture, harassment, and forced disappearances

during Marcos’s regime that had been languishing for more than a decade. The law, signed by Aquino in February, paves the way for payments to victims financed by about US\$600 million from Marcos’s Swiss bank accounts recovered by the government.

ONE-TENTH OF WEALTH

The government has recovered just under a tenth of the wealth that the Marcos family and their associates are accused of plundering, estimated in 1987 to be worth US\$10 billion.

Imelda has been charged with civil and criminal crimes, but never been jailed despite evidence of massive wealth accumulated during her husband’s 1965-1986 rule, most famously in the form of her huge collection of designer shoes.



Philippine President Benigno Aquino delivers a speech during in support of the candidates under Team PNoy before Monday’s election in Quezon City Metro Manila on May 10. Aquino is backing his own preferred candidate for 2016 to continue his efforts to stamp out corruption that remains endemic. – Reuters



With case documents poorly prepared, some witnesses already ill or dead, and vital evidence and documents lost, Manila’s quest to recover the Marcos’s massive wealth has faltered.

Aquino has also embarked on a public education mission, fearing that Filipinos’ collective memory of the traumatic Marcos years is fading. Nearly two-thirds of the country’s voters by 2016 will have been born after Marcos’s fall, with no knowledge of the martial law period from 1972 onward when he jailed political opponents and cracked down on dissidents.

The government has created a martial law memorial commission to revise history books and discuss the dark days of martial law. It will also set up a library to house archives of human rights violations during the Marcos years. The commission plans to name thousands of trees at the Atimongan mountain national park south of Manila after at least 10,000 martial law victims who were tortured, went missing, or killed.

“They (the Marcoses) would like to be a force by 2016, that’s why they are building their machinery quietly,”

said Loretta Ann Rosales, chairperson of the state-run Commission on Human Rights, who was imprisoned under martial law.

“That’s something that we should guard against, definitely.”

Since they returned to the country one by one in the 1990s, the Marcoses have slowly rebuilt their political clout as voters begin to re-embrace the Marcos name in a country whose politics remain dominated by patronage politics and elite families.

The 55-year-old Bongbong, who speaks in a baritone that is strikingly similar to his father’s voice, received over 13 million votes to win his Senate seat in 2010, giving him a solid platform for a presidential run.

DON’T UNDERESTIMATE HIM

While he is not seen as having excelled as a senator, his mother’s pulling power and the prospect of strong financial backing from Aquino’s rivals could make him a serious contender.

“It’s difficult to underestimate him from the point of view of our traditional politics,” said Ramon Casiple, executive director of the Institute for Political and Electoral Reforms.

He would be up against two strong candidates. Vice-President Jejomar Binay has been preparing a run for the past two years and has a strong following among poor Filipinos.

The other is former senator Manuel “Mar” Roxas, one of the leaders of the ruling Liberal Party of Aquino, who is seen as the president’s preferred candidate. He stepped aside in 2010 to allow Aquino to become the standard bearer of their party.

Poverty remains rampant in the Philippines, but under Aquino the country has become an investor darling thanks to strong growth and his anti-graft drive. Marcos’s period coincided with the beginning of the Philippines’ long economic decline.

Imelda, known as the “iron butterfly” for her tough yet ostentatious style, still exudes the charm that has won her an adoring following among many poor Filipinos despite her image abroad as a cartoon figure of corruption-fueled excess.

“I have been so misunderstood, and all because I wanted the best for my country,” said Imelda, who won a second term in Congress on Monday.

For about 10 hours straight on a recent day of campaigning, Imelda went town to town in her district. As she visited poor young and middle-aged mothers in health clinics she had built nearly a year ago, Imelda quietly slipped a neatly folded 1,000 peso (US\$25) bill into one woman’s hand, despite a ban on campaign cash donations by politicians.

But even among the family’s supporters, there are doubts about Bongbong’s chances for the presidency.

“Not yet, it is not yet his time, not now,” said Lorna Valdez, a retired medical technician and resident of Paoay town in Ilocos Norte, adding that Imelda’s excesses as first lady undoubtedly damaged the family.

Reuters



A Filipino Muslim woman gestures as she shows her forefinger, which is stained with indelible ink, after voting in the mid-term elections in Taguig, Metro Manila, on May 13. More than 50 million Filipinos cast their votes for a new set of lawmakers and local officials on Monday. – Reuters

Former Philippine first lady Imelda Marcos (R), wife of former president Ferdinand Marcos, hands her ballot to an election officer in Batac, Ilocos Norte, northern Philippines. She won a second term. – Reuters



Residents wait outside a voting centre to cast their votes in Taguig, Metro Manila. The elections are a referendum of sorts halfway through the six-year term of President Benigno Aquino who has tackled corruption and restored business confidence. – Reuters



(US\$1 = 40.845 Philippine pesos)

ABUSING the Bench

Thailand's Constitutional Court under fire

By MARWAAN MACAN-MARKAR / Bangkok

Until late April, Pongpisit Kongsena's fame was limited to those in a Bangkok suburb who could access his community radio station. But by mid-May, the 52-year-old had become a subject of national attention, with the front pages of daily newspapers featuring the man also known as Lek Bandon, his radio moniker.

This leap to fame followed a journey paved with notoriety – leading a round-the-clock protest by over a thousand people for nearly three weeks on the street outside Thailand's Constitutional Court in northern Bangkok. From that vantage point, Pongpisit and 15 other owners of community radio stations took turns atop a temporary stage,

complete with microphones and banners, to hurl loud insults at the nine judges who sit on the bench.

"The court has made recent rulings that the society cannot accept. It is a dereliction of duty," the stocky founder of the Radio Broadcasters for Democracy, a relatively unknown group, said on the final night of the protest. "We are not bothered about defamation or contempt of court. Public anger against the court matters more."

Such sentiments are not limited to the street anymore. They have been echoed with more muscle in established quarters, signaling a new round of tension between lawmakers belonging to the ruling Phue Thai party and Thailand's most politicised court. Many of the court's



Activists hold signs as they gather in front of the Thai Criminal Court during a protest in Bangkok in January. The group was protesting against the lese majeste law which jailed a former Thai magazine editor for 10 years for insulting the royal family, a sentence that drew condemnation from international rights groups and the European Union. Somyot Prueksakasemsuk was found guilty of publishing articles defaming King Bhumibol Adulyadej in 2010 when he was editor of a magazine devoted to self-exiled former prime minister Thaksin Shinawatra. – Reuters

judgments have undermined elected governments affiliated with Thaksin Shinawatra, the fugitive former prime minister, contributing to the political polarisation that has gripped the country since 2006, when Thaksin was ousted in a coup.

None captures this looming crisis more than the defiant message delivered to the court by 312 parliamentarians and senators: they will not accept an April ruling that supports a judicial review that could stall the government's efforts to amend the constitution.

"We have united strongly against the court. We plan to disobey the court's ruling on Article 68," Weng Tojirakarn, a government lawmaker and leading member of the pro-Thaksin Red Shirt protest movement, told *The Edge Review*. "The entire Phue Thai party is angry because the court has even violated its own rulings this time. This cannot go on."

The section of the charter that has set political passions aflame deals with the method to petition the court under the 2007 constitution, which was drafted and approved while Thailand's last military government was in power. Government lawmakers argue that petitions to amend the constitution should be first submitted to the attorney general's office for scrutiny.

But the court voted in a three-to-two ruling in early April that it has the power to directly accept a case from the public regarding Article 68. That petition was filed by an appointed senator who belongs to the opposition faction in the Upper House.

The court's ruling came just as the administration of Prime Minister Yingluck Shinawatra took initial steps to push ahead with three bills

to amend the constitution. They deal with a call for a Senate where all members are elected and provisions to make it harder for courts to ban a political party owing to the faults of individual party leaders. The current attempts to change the charter article-by-article followed a ruling last year by the Constitutional Court that put an end to the Phue Thai party's plans to draft a new charter that reduces many of the undemocratic features of the current constitution.

Prime Minister Yingluck, in a speech delivered in late April at an international conference of the world's democracies in Mongolia, highlighted the underlying issues: "The (2007) constitution, drafted under the coup-leader's government, put in mechanisms to restrict democracy. Half (the Thai Senate) is appointed by a small group of people. In addition, the so-called independent agencies have abused power that should belong to the people."

The speech marks a break from the conciliatory tone of the Yingluck administration during its first 20 months in office. She may now be intent on targeting institutions that are standing in the way of a popularly elected government.

The Constitutional Court, in fact, has emerged as the primary offender for the political allies of Thaksin, who are still smarting from the court's decision in 2008 to ban two pro-Thaksin prime ministers from office, one of them for appearing on a television cooking show while in office.

"The Constitutional Court is the most politicised of all the judicial branches, with its rulings aimed at keeping the Thaksin camp from taking office," said Thitinan



Pongsudhirak, a political scientist at Bangkok's Chulalongkorn University. "It has interfered far and deep in trying to set the political direction of the country."

Such a turn by the judiciary to step into the legislative space of pro-Thaksin governments goes back to April 2006. The political gridlock saw the country's revered monarch, King Bhumibhol Adulyadej, deliver a speech imploring the judiciary to resolve the country's political deadlock.

Thai courts, which up to then had been apolitical, were soon taking on Thaksin and his allies, leading some analysts to describe the shift as the beginnings of a "judicial revolution." It was a turn that inflamed political

Red shirt protesters gather at parliament in Bangkok on May 8 to pressure the country's top judges to resign. The rally, organised by Thailand's "red shirt" group, formally known as the United Front for Democracy Against Dictatorship (UDD), is calling for Thailand's top nine judges to quit, citing bias towards the elite, ultra royalists and the opposition Democrat Party. The group is also calling for the cancellation of Article 309 of the Thai constitution which endorses a 2006 military-backed coup that ousted Thaksin Shinawatra. – Reuters

tensions even further, causing Thaksin supporters to lose faith in the judiciary following a string of verdicts that sought to crush successive, elected governments. These verdicts included canceling the results of an election won by a pro-Thaksin party, banning two parties linked to him, suspending the civic rights of over 200 parliamentarians for five years, sentencing Thaksin to a two-year jail term for corruption and seizing US\$1.6 billion of his assets.

The judges have even played an influential role away from the bench, with revelations that jurists aligned to the royalist, conservative and establishment elites helped plot the downfall of the 2006 Thaksin

government. Since the coup, judges who legitimised the coup and helped draft the new constitution have found a seat on the Constitutional Court.

The court's continuing support of Thailand's unelected power wielders has set the stage for greater political polarisation in August, when the government wants the constitutional amendment bills to be taken up during a new session of the parliament.

"We have not come out of the polarising environment," Thitinan said. "The Constitution Court's rulings since 2008 are not about checks and balances anymore. We have more checks, not enough balance."

Hun Sen, greed and land grabs

New report details abuses



A woman protests in front of the Cambodian People's Party (CPP) headquarters in Phnom Penh on April 29. Boeung Kak lake residents and other communities embroiled in land disputes in the capital, gathered and appealed for Cambodian Prime Minister Hun Sen's help after they were threatened with eviction to pave way for private luxurious property developments. They also appealed for the release of another resident, Yorm Bopha, from prison. – Reuters

By LUKE HUNT / PHNOM PENH

With less than three months to go before an election, Cambodian Prime Minister Hun Sen has been handed a damning report card, detailing allegations of massive land grabs by two prominent Vietnamese companies – Hoang Anh Gia Lai (HAGL) and Vietnamese Rubber Group (VRG).

The report, *Rubber Barons*, compiled by the London-based environmental watchdog Global Witness, urges Hun Sen to cancel economic land concessions (ELCs) granted to HAGL and VRG and prosecute both companies for land theft and illegal logging.

Global Witness also rebuked the International Finance Corp (IFC), an arm of the World Bank, and Deutsche Bank for holding investments in both companies that helped

bankroll the illegal expansion of their rubber interests in Cambodia and Laos, now covering more than 200,000 hectares.

“Corporate secrecy has been a critical factor enabling HAGL and VRG to hide their beneficial ownership of rubber holdings, which apparently allowed them to exceed Cambodia’s legal threshold on concession holdings by five and sixteen times respectively,” the 49-page report found.

“Government officials in Cambodia and Laos are a key part of the problem. They have licensed concessions in contravention of their own laws and have failed to take action when HAGL and VRG openly ignore these same laws.”

HAGL and VRG have declined to comment on the report while the IFC and Deutsche Bank said they were



Police officers push back women to prevent them from reaching Cambodian Prime Minister Hun Sen's house during a protest in Phnom Penh. – Reuters

examining its findings.

Land grabs have become a fierce issue across much of Indochina, in particular Cambodia, where protests occur daily and often turn violent, highlighted by the killing of well-known environmentalist Chhut Vuthy by security guards while he was investigating a company for illegal logging a year ago.

With the election looming, Hun Sen has assembled teams of youthful bureaucrats – mostly out of universities – and attempted to hand back some land and resolve thousands of disputes bought on by the massive scale of the concessions granted, about 2.6 million hectares, and confusion over land titling.

Thirty years of war have left Cambodia devastated. Impoverished farmers worked whatever land they had access to, while villages were formed around communal land for crops, fishing and cattle grazing. Formal land titles, however, barely existed, leaving many without any legal recourse when their rights to the land were challenged.

Global Witness estimates that 400,000 Cambodians had been affected by land grabs since 2003. It says illegal logging had become rife along the perimeters of the concessions, which were also being granted in national parks, wildlife sanctuaries and protected forests.

“Families affected are impoverished, face food and water shortages and get little or no compensation,” the report found.

“Indigenous minority peoples’ spirit forests and burial grounds have been destroyed. When they resist, communities face violence, arrest and detention, often at the hands of armed Cambodian security forces who are on the investors’ payroll.”

The report is also peppered with anecdotal evidence from farmers and villagers whose identities were kept secret due to fear of reprisals.

One villager said: “We were unhappy that the company would not talk to us, so we confiscated the keys of their bulldozers.” Another said he arrived home to find his land and the area around it completely cleared and no one could find the exact location where his farm once stood.

Referring to tactics allegedly used by VRG to coerce farmers into selling their land cheaply, the report said: “Sometimes the company asked Bachieng district

officials to accompany its officials during the visit and threatened villagers to give away their land.”

Many complained that security guards, often soldiers and police who were moonlighting, were deployed to intimidate and bully villagers into accepting low prices. One added: “Losing the forest is like losing life.”

Cambodia exports US\$200 million a year worth of rubber from 1.2 million hectares, making it the ninth largest natural rubber exporter in the world, with 14 per cent of these concessions owned by Vietnamese interests.

“Now there is no more forest and life is difficult. How can we respond? This is government policy and we have to follow it so as to develop the country,” another woman said. One-third of Cambodians live on less than US61 cents a day.

In the report, HAGL and VRG denied any wrongdoing, insisting they operated within the law. Their operations are conducted through a complicated web of companies -- VRG alone has at least 19 -- and Global Witness noted that the names of certain businessmen and politicians would routinely appear in their investigations.

They included Cambodia’s Minister of Land Im Chhun Lim, Vietnamese businessman Nguyen Van Minh, who is a senior HAGL employer in Cambodia and Laos, Leng Rithy, VRG’s representative in Cambodia, and tycoon Try Pheap.

The report said VRG was also linked to Seng Keang, her former husband Dy Chouch, a first cousin of Hun Sen, and her brother Seng Kok Heang, alias Mr 95. Together, Global Witness said, they formed a formidable logging syndicate.

The overlap between government and big business was also highlighted by Leng Rithy, who went so far as to praise Hun Sen, saying large rubber projects were possible because of the support from “the Prime Minister of Cambodia, the Ministry of Agriculture, Forestry and Fisheries and local authorities.”

Hun Sen is expected to win the upcoming election, albeit with a reduced majority in the National Assembly, but given the extent of Cambodian anger over land redistribution, primarily to big foreign corporate interests, it was praise the prime minister could do without.

Free Flipper

Activists urge Indonesia to free captive dolphins

By ISMIRA LUTFIA
TISNADIBRATA / Jakarta

As a kid, she watched dolphin circuses and dreamed of caring for a dolphin, teaching it to perform tricks. But

as a grown up, she realised that “humanising” wild animals means altering their place in nature.

“Young people are always into cool stuff. One of the coolest things I know is seeing dolphins in their natural habitat,” Riyanni Djangkaru, an animal welfare activist and diver, told *Khabar Southeast Asia*.

For her, the main message is about putting things back where they naturally belong.

“Would it be a virtue if we do that? I think the real caring is to let them be in their own nature,” said Riyanni, a former presenter on travel adventure programme *The Adventurer’s Track (Jejak Petualang)*.

Riyanni supports a campaign launched last year at social activism web site Change.org, urging Indonesia to ban travelling circuses from using dolphins in their shows. So far, the online petition has 93,000 supporters.

It is part of an initiative launched by animal rights group Jakarta Animal Aid Network (JAAN) in 2010 after it received reports of a dolphin that died during a circus performance.

Activists say that dolphins are still featured in travelling circuses in parts of Indonesia, even though it is illegal. They also say that dolphins kept in captivity for educational purposes are often supplied by poachers and loaned out for entertainment purposes.

In October 2010, JAAN signed a five-year memorandum of understanding with the Forestry Ministry’s director for biodiversity conservation to release 72 dolphins kept in captivity, and to rehabilitate them in a 90-square-metre sea pen built for this purpose in Central Java’s Karimun Jawa National Park, before returning them to the open sea.

The first three captive dolphins were set to be rehabilitated in March 2011. But the plan was cancelled at

the last minute for unspecified reasons, JAAN spokesman Pramudya Harzani said. The plan has been in limbo since and the rehabilitation pen sits unused. Related agencies declined to comment on why they have made so little progress in fulfilling the agreement.

“It is the most beautiful dolphin sanctuary in the world,” renowned dolphin activist Richard O’Barry said in an interview in Jakarta recently. “It is the

In travelling circuses, they are confined to small pools where they urinate and defecate. High doses of chlorine used to kill the resulting bacteria hurts their eyes and burns their skin.

“They are swimming in their own toilet. It is cruel and should be abolished,” he said.

During a discussion on dolphin protection in Jakarta in February, Forestry Minister Zulkifli Hasan vowed to protect the wild sea mammals, saying using them in travelling circuses is “intolerable” and illegal.

“If there is such a travelling dolphin show, we would confiscate the dolphins and release them back to the sea,” he said.

Dolphins are protected under a 1999 government regulation on animals and plants conservation, he said. There are very strict legal requirements for keeping dolphins in captivity for educational purposes, Zulkifli said.

Only three institutions, the Wersut Seguni Indonesia in Kendal, Central Java, Taman Safari Indonesia in Bogor, West Java, and Ancol Dream Park in Jakarta, have permits to do so.

only one in the world, but it sits there empty.”

‘DOLPHIN CIRCUSES INTOLERABLE’

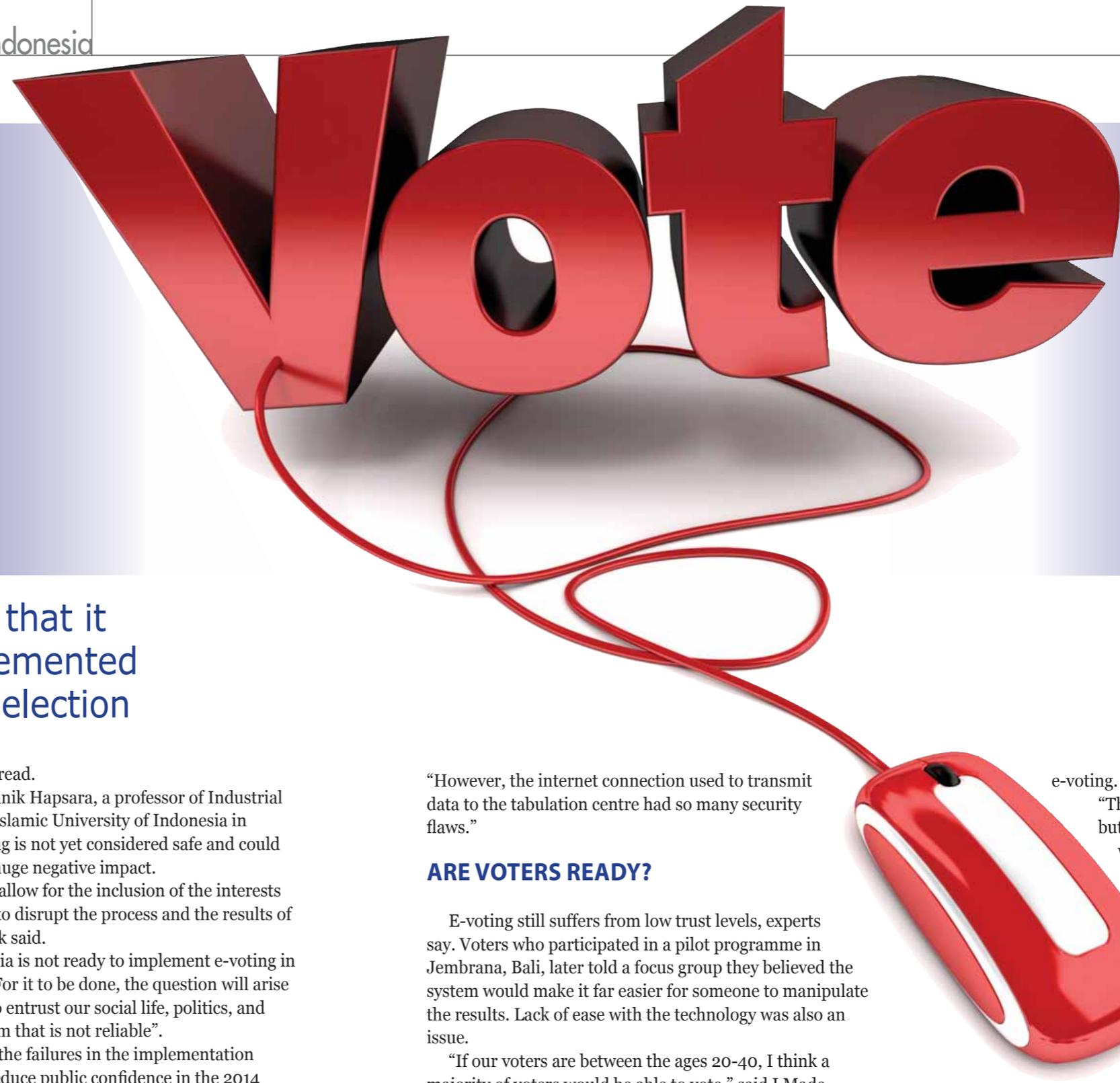
Once a dolphin trainer himself, O’Barry said the mammals are not like dogs that do tricks for owner approval. The highly intelligent sea mammals are controlled by food deprivation and do tricks to survive.

Syahid Ramli, a lecturer at Sekolah Tinggi Agama Islami Al Falah, an Islamic college in Banjar Baru, South Kalimantan, said that Islam permits the proper use of animals to support human life.

“But it should be done by ensuring respect for the animals and treating them humanely in accordance with their respective basic nature,” Syahid said. This includes providing them with a proper and clean space to live, he added.

Khabar SEA

Concern over e-voting



By OKKY FELIANTAR / Yogyakarta

Many doubt that it can be implemented in the 2014 election

Though it's been tested on a small scale in local elections, many commentators believe it's too soon to implement electronic voting nationwide in Indonesia's 2014 election.

The technology has been tested in local elections in Pandeglang, Banten, West Java; the Jembrana Regency of Bali; and the Bantaeng Regency in South Sulawesi – but the experience was mixed, according to politicians and academicians.

Idrus Paturusi, rector at Hassanuddin University in Makassar, praised what he said was efficiency and accuracy of e-voting tested at selected polling stations during the April 17 election in South Sulawesi.

Another positive review came from Muhammad Alhamid, chairman of the Election Supervisory Committee (Bawaslu), who said e-voting could save money and eliminate potential violations during ballot counting.

But scepticism about relying on the system nationwide

next year is widespread.

According to Manik Hapsara, a professor of Industrial Technology at the Islamic University of Indonesia in Yogyakarta, e-voting is not yet considered safe and could potentially have a huge negative impact.

"E-voting could allow for the inclusion of the interests of those who want to disrupt the process and the results of the election," Manik said.

"I think Indonesia is not ready to implement e-voting in the 2014 election. For it to be done, the question will arise whether we want to entrust our social life, politics, and economy in a system that is not reliable".

He warned that the failures in the implementation of e-voting could reduce public confidence in the 2014 general election result and lead to a costly repeat of the polling.

The General Election Commission (KPU) evaluated e-voting in local elections as successful, Manik said.

"However, the internet connection used to transmit data to the tabulation centre had so many security flaws."

ARE VOTERS READY?

E-voting still suffers from low trust levels, experts say. Voters who participated in a pilot programme in Jembrana, Bali, later told a focus group they believed the system would make it far easier for someone to manipulate the results. Lack of ease with the technology was also an issue.

"If our voters are between the ages 20-40, I think a majority of voters would be able to vote," said I Made Agung Sudhira, a 38-year-old resident of Denpasar. "Unfortunately, elections have quite a wider range and many of the voters are still not familiar with the use of the internet. This is one of the bigger challenges in applying

e-voting.

"This applies not only in Bali, but also in many other places where the internet is not always available or where the voters are not ready," he said.

Though he applauds the effort, Agung cautions that it will take time for those uncomfortable with technology. In some places, internet access

remains a novelty. In the future, it will be the best way, he said.

KHABAR SEA

Stirring the pot

Extremists out to exploit anger
over Myanmar unrest

By OKKY FELIANTAR / Jakarta

A bomb plot, coinciding with a noisy rally by the Islamic Defenders' Front (FPI), has rattled nerves in Indonesia, where extremist groups appear to have found a new pretext for violent jihad. The target this time is Burma, where Muslim communities have come under increasing attacks by local Buddhist mobs.

Religious leaders, meanwhile, are urging Indonesians not to let anger over events in Myanmar feed the agenda of militant groups whose activities are contrary to Islamic teachings.

On May 3, officials said that they had foiled a plot to bomb the Myanmar Embassy in Jakarta in retaliation for attacks against Muslims. "We are very certain that they would have launched the attack if we did not stop them," said Ansyad Mbai, the head of Indonesia's anti-terrorist agency.

Thirteen suspects have been detained in connection with the alleged conspiracy, and seven others were killed by counter-terrorism police in a series of raids last Thursday.

Abu Bakar Bashir, the jailed spiritual mentor of the hardline Jemaah Islamiyah, is thought to be encouraging campaigns for violence against Myanmar. According to Indonesian media reports, he addressed a letter to the Myanmar government last August and warned that Islamists would bring about Burma's destruction.

Myanmar Muslims, however, have staunchly rejected such threats, saying that jihadist violence would do nothing to help their community.

"This is not the solution. We totally reject this call for violence," All Myanmar Muslim Federation spokesperson Ko Ko La said in comments quoted by *The Irrawaddy*.

Abdullah Sahidi, a 57-year-old Islamic cleric living in Jakarta, agreed. Muslims, he said, would do better to focus their efforts on providing humanitarian assistance.

"Muslims along with the Indonesian government can continue their effort in improving health and education for Rohingya Muslims here (Indonesia) and in Myanmar. It will have a better impact than killing people under the name of jihad," he continued.

Extremist violence is contrary to Islam, he stressed.



Members of Indonesian Muslim hardline groups protest near the Myanmar embassy in Jakarta on May 3. Indonesian police tightened security following the arrest of two men suspected of planning an attack on the embassy in support of Muslims in Myanmar. – Reuters

"We need to make sure everyone knows that doing 'jihad' by killing other people is not jihad; it is wrong. We should remind all of our Muslim fellows that the act of killing people by using bombs is not Islamic, and it is not what Muhammad, our prophet, teaches us," Abdullah said.

Even as the bomb plot was being uncovered, protesters gathered last Friday in front of the Myanmar embassy to demand an end to the anti-Muslim violence.

For some, the rally was an opportunity to press the Myanmar government to intervene and protect the rights of the Muslim minority.

"They had five demands: for the Myanmar government to stop the ethnic cleansing of Rohingya Muslims, to return the Rohingya Muslims' rights, grant citizenship to them, ensure the welfare of Rohingya Muslims, and specifically for the Indonesian government, to put pressure to help Rohingya Muslims," said Puspita Sari, a 24-year-old student who witnessed the protest.

But with hundreds of FPI militants showing up, however, the mood threatened to escalate into violence.

"They were calling for jihad, tearing pictures of President Thein Sein, and ripping up the Myanmar flag. They can do unpredictable things, including harm people. I told my family to stay away from the location. Thank goodness we saw thousands of police there to secure the location," said Arif Asrudin, a 55-year-old Jakarta resident.

"Actually, even local people in the area were scared of the FPI movement," he added.

Conflict resolution expert Rizal Panggabean said the Myanmar situation can have serious consequences for Indonesia.

"The Rohingya ethnic conflict in Myanmar needs to be resolved soon to avoid any bad situation involving radical groups, including Muslim hardliners and extremists," he said.

Indonesia has had long and bitter experience with intercommunal strife, he said.

Asked for answers on how to solve the problem in the Rakhine state, Rizal said, "The Myanmar government needs to accept Rohingya Muslims as citizens."

Third time lucky?

Pakistanis elect Sharif again in watershed poll

By TERRY FRIEL

Nawaz Sharif has already ruled Pakistan twice, but never for a full term. Now he has won a record third term as prime minister in the country's bloodiest election.

Voters turned out in record numbers for the May 11 poll, despite the violence and the threat of more by the Pakistani Taliban, in what is the first democratic transition in the country's largely military-ruled 66-year history.

But the 63-year-old steel magnate inherits a flagging economy, widespread violence and troubled relations with neighbours India and Afghanistan.

Despite some allegations of vote rigging, the election is being hailed as a watershed.

"It sent a message in a very, very clear and loud way that this is a democracy," former Army general-turned-analyst Talat Masood told The Edge Review.

"It's a triumph against the militants."

More than 100 people were killed across the country in violence in the lead-up to the poll, which the Pakistani Taliban pledged to derail.

Sharif, who is pro-business and seen as a fiscal conservative, espouses a free market and is likely to use privatisation and deregulation to help revive the economy. He has tapped a former finance minister, Mohammad Ishaq Dar, to return to the post ahead of a budget due within weeks. He has also indicated he may seek to revive a stalled multi-billion bailout from the International Monetary Fund (IMF).

Pakistan's stock market, which surged 49 percent last year, jumped on Sharif's victory in a sign that investors, including Goldman Sachs and Mark Mobius of Templeton, are betting on further market gains on the back of a stable government.

But foreign affairs and relations with India – with which Pakistan has fought three wars, two over Kashmir – and Afghanistan remain largely under the influence of the powerful military, which has ruled for half the country's history.

Sharif was ousted in a coup by then army chief General Pervez Musharraf in 1999.

"Sharif has widespread support, but the civilian government still has little control over the military, especially in foreign relations such as India and Afghanistan," Brahma Chellaney, professor of strategic studies at the New Delhi-based Centre for Policy Research, told The Edge Review.

"The problem with Pakistan is that it has the most skewed military-civil relations in the world. The biggest challenge is to recalibrate the civil-military relationship."

It's a triumph against the militants

It is still the military that has ultimate control over Pakistan's nuclear arsenal.

Chellaney said another military coup was possible if the new government repeated the mistakes of the outgoing government of President Asif Ali Zardari of the Pakistan People's Party (PPP).

"If they try to cross the line, the military will bring them under control," Chellaney said. "It's not pessimism, it's realism."

But army chief and former intelligence head General Parvez Kayani has been careful to keep the military largely out of politics since taking over in 2007. Television footage of him casting a vote like everyone else was beamed around the world.

The election shows the main rivalry for control remains between the right-of-centre PPP and Sharif's Pakistan

Muslim League-Nawaz (PML-N), but a third force has emerged.

Former international cricket star Imran Khan's Pakistan Tahreek-e-Insaf (PTI) fared about as well as the PPP and, critically, has taken control of the state assembly in Khyber Pakhtunkhwa, where an intense jihadist insurgency is being waged in the badlands bordering Afghanistan.

This is likely to lead to some conflict between Peshawar and Islamabad: Khan has taken a much tougher stand – part of the reason for his popularity, especially among young, first time voters – against U.S. drone strikes on Pakistani soil than has Sharif.

The PPP was punished heavily for falling living standards and rising militant violence – it's left with about 30 seats from its previous 125 in the 272-seat lower house.

But the poor economic performance stems from failing infrastructure – electricity is often out 15 or 16 hours a day, for example – and the insurgency.

"Sharif and his team's reputation for liberal economic policies likely will help Islamabad renegotiate a US\$11.3 billion loan from the International Monetary Fund that has been suspended for three years in response to the previous government's inability to enact agreed-upon reforms," says US-based strategic analysis group Stratfor.

"That Sharif will likely form Pakistan's first non-coalition government since he last came to power in 1997 will help him carry out his economic agenda.

"That said, security will continue to be a major hindrance to economic survival," Stratfor adds.

Unlike the PPP, Sharif has said he will negotiate with the Pakistani Taliban. But he has not put forward a coherent policy for dealing with the insurgency.

Nor has he put forward a roadmap for improving relations with India to the east and Afghanistan to the west, although Indian Prime Minister Manmohan Singh and Afghan president Hamid Karzai were both quick to welcome his victory.

Singh has already invited Sharif for talks to help improve often testy relations between the two nuclear-armed countries, which came close to war a decade ago.

Sharif starts his record third term with a healthy mandate and the support of his neighbours, and a military that has shown it wants to stay out of politics, at least for now.

But he also remains a symbol of Pakistan's entrenched patronage system.

He faces a tough task in reconciling the two.

By MELY CABALLERO-ANTHONY
AND GIANNA GAYLE AMUL

Ten years after South-east Asia's experience with Severe Acute Respiratory Syndrome (SARS), the region's capacity to respond must be re-assessed.

With increasing global travel, rapid urbanisation and the world's growing population, the threat of re-emerging infectious diseases looms large.

In Asia, in particular, the health crises brought on by SARS in 2003 and bird flu in 2005 are reminders that infectious diseases have grave impacts that extend to the economy and political stability.

The recent outbreak of H7N9 flu in China — first reported on March 31 — has again heightened global concern over pandemic risks. This is compounded by the novel SARS-related coronavirus that emerged in the Middle East last year. As new uncertainties unfold, there is no room for complacency, nor can "pandemic fatigue" be allowed to set in.

INCREASING VIRULENCE

The virulence of SARS-related virus and H7N9 is certainly worrying, given that these new iterations are more often than not resistant to current vaccines.

In this regard, the efforts by China to deal with H7N9 have been encouraging. Despite initial complaints about delays in notifying the public when the first cases were diagnosed, the World Health

Is region ready for a new pandemic?

Organisation (WHO) has praised China for its cooperation in sending virus samples to laboratories worldwide for identification and the development of new vaccines. WHO experts were also invited to visit H7N9-affected areas to provide guidance on disease prevention and control.

The Chinese authorities have also moved fast to prevent the virus from spreading: They ordered the mass culling of thousands of birds and livestock, banned live poultry trade and shut down wholesale markets for live poultry.

Despite these efforts, the spectre of a pandemic hovers. In the Middle East, the new SARS-related coronavirus has been responsible for 18 deaths out of the 30 cases reported since April last year.

With new cases still being reported, the risk of virus spread warrants increased surveillance.

While the WHO has yet to issue travel advisories, the virulence of the new viruses has already prompted warnings of a possible pandemic from the US Centers for Disease Control and Prevention.

HOW READY IS ASEAN?

Efforts by the Association of Southeast Asian Nations (Asean) to strengthen the Regional Multi-sectoral Pandemic Preparedness Strategic Framework are, thus, timely.

This follows on from collaborative regional arrangements — which included information sharing, situation updates and national disease control activities — that were put in place by the Asean Highly Pathogenic Avian Influenza Taskforce (2004–2010).

The task force brought together animal and health authorities in the region, providing them with a platform to develop a multi-sectoral, multi-agency approach to pandemic preparedness. This is particularly important given that the new flu strains are known to be transmitted from animals to humans.

The framework developed by Asean takes a distinctive approach: It combines collaborative pandemic preparedness with multilevel disaster management. Compulsory reporting of disease outbreaks is integrated with a virtual, centralised regional health emergency infrastructure.

This approach allows Asean to leverage on the disaster and emergency management role of the Asean Coordinating Centre for Humanitarian Assistance. More international support and funding, however, are needed to fully operationalise the Asean pandemic preparedness and response framework.

Transparency and timely information can go a long way in dealing with uncertainties brought on by disease outbreaks, and the region should take advantage of the established channels available through the Asean Risk Communication Resource Centre to strengthen capacity in this area.

Asean could also draw on disease surveillance and information-sharing arrangements under the Asean Plus 3 Emerging Infectious Diseases Programme, to address the threats that could arise should a new flu strain become capable of human-to-human transmission.

The expertise of the Asean Plus 3 Field Epidemiology Training Network in joint disease surveillance and clinical management can also be tapped.

VACCINE STOCKPILE STILL VALID?

In 2006, Asean with the help of Japan established a regional stockpile of vaccines aimed at improving access to vaccines in times of pandemic outbreak. The question is whether the stockpile can be utilised to respond to a possible new pandemic.

Because vaccines take time to develop, the utility of the current stockpile may need to be reassessed in light of the emergence of new variants of the influenza virus. At the same time, the Asean Minimum Standards on Joint Multi-sectoral Outbreak Investigation and Response needs to be operationalised soon, to enable the sharing of treatment protocols that can adequately respond to global public health emergencies.

International institutions and governments must step up research efforts and funding for the development of new vaccines and to enhance cooperation in disease surveillance. The International Severe Acute Respiratory and Emerging Infection Consortium — which has a regional hub in China — should be utilised to facilitate access and sharing of clinical research protocols to rapidly respond to a pandemic in the making.

At the same time, countries need to think beyond pandemic-specific plans and responses, and focus on strengthening health systems to support pandemic efforts.

Mely Caballero-Anthony is Associate Professor and Head of the Centre for Non-Traditional Security Studies at the S. Rajaratnam School of International Studies. Gianna Gayle Amul is a Research Analyst with the centre

Low costs lure US students abroad

UK, Canada, Australia, Germany and France are popular destinations, but China, India, Malaysia and the UAE are increasingly on students' radar

By KATHLEEN KINGSBURY / Boston

Looking for a low-cost college option? Consider learning German.

Patrick Finger, a high school senior from Southern California, did just that. He applied to a dozen or so colleges this year, including several state schools. In the end, he chose a less conventional path, opting to perfect his German language skills over the next year and then enroll at the University of Cologne. Tuition at German universities proved irresistible – it's free.

"State campuses here can cost as much as US\$35,000 per year and private colleges more," Finger says. Even with the extra year of study plus living and travel expenses, the 18-year-old recognises a bargain when he sees one.

He estimates his total expenses in Germany will amount to what he would spend in less than one year in the United States. "My family doesn't believe in graduating with hundreds of thousands of dollars in debt."

Finger isn't alone. Shaving thousands of dollars off their tuition bills is a prime motivation for a growing number of American students to study abroad.

About 46,000 US scholars – or four per cent more than

in 2011 – are enrolled in full-degree programmes outside the country, according to a report that will be released in May by the Institute of International Education's Project Atlas.

Nearly three-quarters are studying in English-speaking countries, such as the United Kingdom, Canada and Australia. Germany and France are also popular destinations, but countries such as China, India, Malaysia and the United Arab Emirates are increasingly on students' radar.

"The world is getting smaller, and going abroad just isn't as daunting for students and their families," says Gavin Bradley, head college counselor at Atlanta's Pace Academy, which currently has four students enrolled at Scotland's St. Andrew's University. Plus, he adds, "You can often attend a higher-quality school at a lower price."

Foreign universities are also wooing American recruits. For example, Bradley says, college fairs now often host booths for schools from across Europe, Asia, and Canada, many of which have recruiters visit top high schools or have set up US-based offices. Other nations, such as



Students throw their mortarboards into the air after the graduation ceremony at the Hamburg School of Business Administration (HSBA) in Hamburg. – Reuters

Denmark, Spain or Japan, have dedicated staff for easing the transition for American students, including financial aid workshops.

Many non-Anglophone nations have rapidly increased the number of courses and full-degree programmes offered in English, more than doubling over the past five years. The continental European Union hosts about 6,000, while Germany alone has more than 1,000.

International students frequently pay more than local classmates, but tuition and fees are still generally well below American norms. Australia and China, among others, offer specific scholarships for foreign students, and Canada allows them to work off-campus.

Most importantly, some US financial aid programmes can still be tapped if the host school has the code used to administer federal financial aid programmes. This includes most Canadian colleges and universities.

To be sure, for students considering a foreign school, there are some important differences to consider.

For one, while foreign universities increasingly accept the Common Application so popular in the United States, applicants often need to apply directly to an academic department, requiring them to choose a major before going into college. That is, for example, if you want to study philosophy, philosophy professors will review

your application.

Programmes usually last only three years, and law and medical degrees (for undergraduates) are often among the options. Grades plus AP and SAT scores are the main criteria for admission, rather than being the well-rounded student American campuses tend to want.

"Candidates will find they are expected to be more independent and adults right away than perhaps back home," says Chris Payne, head of the Virginia-based office of King's College London, which costs about US\$22,000 a year. "With only 10 to 12 hours of class time each week, there's simply less scheduled time."

Teddy Woodhouse, a 22-year-old from Radford, Virginia, did a college tour of both the Ivy League and Europe before settling on St. Andrew's. He points out that studying in a foreign country yields lessons outside the classroom every day, such as how to drive on the left and what competitive lifeguarding is. Now in his last year, the international-studies major believes the experience will boost his employment prospects.

"I've travelled all over Europe, lived and studied with students from all over the world," Woodhouse says. When jobs can be anywhere today, he adds, "What employer won't value that qualification?"

Reuters

Adrian Cheng

Updating a Hong Kong family empire for a changing China



By FARAH MASTER / Hong Kong

He has trained on Broadway and been a Wall Street banker. Now, Adrian Cheng, 33-year-old scion of the world's largest jewellery retailer and one of Asia's leading property developers is gearing up for his latest challenge – modernising his family's US\$25 billion empire for what he calls a “new era”.

The grandson of Hong Kong billionaire Cheng Yu-tung, who built up jeweller Chow Tai Fook and real estate titan New World Development, Cheng is one of a new generation of business leaders in Asia who are taking over the corporate reins from their aging rags-to-riches forebears.

He and contemporaries including Martin Lee, vice-chairman of Henderson Land, Victor Li, deputy chairman of Cheung Kong (Holdings), and Melco Crown Entertainment boss Lawrence Ho bring an international education and a digital savvy to family-owned empires that have been run along traditional lines for decades.

A former Goldman Sachs and UBS banker, Cheng says he is trying to change the corporate culture by removing boundaries and hierarchy within the group. “Change is a big word that everyone is using. (United States President Barack) Obama uses it, but you have to actually feel it,” he says, laughing.

Ranked by Fortune as one of the world's youngest billionaires, Cheng's business challenges are a far cry from those of his grandfather, who began as a trainee at Chow Tai Fook after the Second World War, when the retailer sold others' products on consignment.

The young tycoon, who studied at boarding school in the United States, Harvard University and then took an arts and culture programme in Japan, says his mission is to equip the family business to cater to diverging retail trends in a rapidly changing Chinese market.

“Back then the demographics were very different. It was more simple minded. These days China is so big, it has become a really melting pot market,” says Cheng, dressed fashionably in a charcoal grey jumper and black jacket.



Customers, mostly from mainland China, crowd a Chow Tai Fook jewellery store at Hong Kong's northern Sheung Shui district near the Hong Kong-Shenzhen border. – Reuters

MORE ENTREPRENEURIAL

With his father, Henry, as chairman of Chow Tai Fook and New World, Adrian is becoming more involved in the group's overall strategy. He was appointed joint general manager of the property arm last year in line with his grandfather's succession plans, and is an executive director of the group's jewellery arm.

Chow Tai Fook, which listed in Hong Kong in 2011 and is now valued at US\$14 billion, has more than 1,800 outlets throughout China. The jeweller focuses on three areas: the VIP segment, entry-price buyers and e-commerce, which is growing at a rapid pace. Sales were HK\$25 billion (US\$3.2 billion) in May-September last year.

New World Development, valued at US\$11 billion, has a property network that extends from first-tier cities such as Beijing and Hong Kong, where it operates the Renaissance Harbour View and Grand Hyatt hotels, to fast-developing industrial cities such as Anshan in Liaoning province.

Cheng says his business approach is more entrepreneurial than that of large corporates. An advocate of developing arts and culture, he is expanding his own K11 brand, developing 'art malls' across China. Hong

Kong's K11, located in a busy shopping district in Kowloon, has playful ceiling installations and prominent statues, including a winged neon-pink pig, to interact with visitors.

A key priority is to position brands internationally, says Cheng, who sits on the Tate Modern's Asia-Pacific Acquisitions Committee in London. Parties and exhibitions in European cities like Paris are regular events, while annual auction dinners in Hong Kong aim to grow the base of high net worth VIP customers.

"They (VIP customers) have been abroad and seen the most expensive stuff. Now it's not about how big the jewellery is. They care more about the design, the subtle sophistication and they want more craftsmanship," Cheng told Reuters in his understated office 32 storeys above Hong Kong's central district. His family owns the entire building, known as New World Tower, one of Hong Kong's larger skyscrapers.

Chow Tai Fook's products range from gold bars and diamond rings for China's burgeoning mass market to million dollar custom-made pieces such as the Carmine Flight, a pink flamingo neckpiece with fuchsia sapphires.

The group has more than one million VIP customers in mainland China and 100,000 in Hong Kong – so many that it has had to sub-categorise them into the "really

high-end honourable VIPs, mid-range VIPs and lower-tier VIPs."

"Younger generation management revamping family businesses has been quite prevalent in Hong Kong and China recently," said Aaron Fischer, head of Asia consumer and gaming research at CLSA. "Adrian Cheng is one of the prime examples, revolutionising the corporate culture at the family business with fresh ideas and introducing international best practices."

CHANGING MINDSETS

The move to target specific types of customers across China is reshaping the company internally to help it deal with what Cheng calls a tipping point.

"Changing corporate culture, changing people's mindsets and motivating them to follow your vision is the hardest because that needs a lot of granular commitment," said Cheng, who was trained in classical singing, opera and Broadway music from the age of 12.

Sophisticated e-commerce platforms are being rolled out, with a 24-hour support team to react swiftly to any complaints seen on mini-blog sites. Some new collections are only sold online. "It's getting more competitive because

everyone's going in (e-commerce)," said Cheng, adding the group expects to triple online sales each year for the next five years.

Amid all the change in a fast-growth China and online, Cheng holds on to some of his grandfather's basic business tenets – such as understanding what the customer wants, having confidence and liking what you do, and, most importantly, creating a stable ship, he says.

"You need to make sure everything is very stable and is going towards the right direction. Sometimes you need to go back," he adds, noting some firms dive into China too quickly.

Straddling the family's two main business pillars, Cheng sees potential cross-benefits between the jewellery and property arms for Chinese VIP customers. A regular jewellery buyer, for instance, could be offered a small discount on real estate.

"Things are changing so intricately and suddenly it (demand) will just explode and grow exponentially," says Cheng.

"If you don't see the wave underneath that is growing and catch the trend, you will miss the boat."

Reuters

(US\$1 = 7.7607 Hong Kong dollars)

Asian petrochemical firms risk high-end chemicals deluge

- Asian firms shift to more expensive chemicals to offset deluge
- US to add over 10 million tpy ethylene plants by 2016-17
- Gas-based cracking costs up to 60 per cent less than naphtha

By MEEYOUNG CHO and SENG LI PENG

Petrochemical firms risk creating a glut of high-end products in Asia as they invest billions of dollars to move up a value chain threatened at the bottom end by cheap US ethylene.

Firms including Taiwan's Formosa Petrochemical Corp, South Korea's Lotte Chemical Corp and Royal Dutch Shell PLC are building large capacities of speciality chemicals near main demand growth centres such as China. The strategy makes sense for one firm but could be self-defeating if adopted by the majority.

"The problem is that people have assumed that demand will recover, so they have carried on building plants on expectations new supply will be needed," said Paul Hodges, chairman of consulting firm International eChem. "Instead, demand is flatlining."

But Asian petrochemical producers, facing slower demand growth as economies falter, are caught between a rock and a hard place.

Cheap US ethylene – a basic building block for plastics and textiles – means Asian plants have to rethink their output mix. Shale gas crackers in the United States can produce ethylene at less than half the cost of the naphtha-

fed crackers typical in Asia.

But moving up the value chain is not without its own set of challenges. Asian plants have to earn enough from the high-end grades, currently twice as expensive as ethylene, to compensate for selling the ethylene that makes up about a third of their output at a loss. And the spread is likely to narrow as supply of high-value grades rises.

Global capacity addition of paraxylene, produced from aromatics and a key raw material in synthetic fibres, is set to more than double to 5.98 million tonnes per year by 2015, far exceeding demand growth of 4.2 million tpy, according to senior Hyundai Securities analyst Baek Young-chan.

That compares with capacity addition of 2.3 million tpy in 2011 versus demand growth of 3.07 million tpy, said Baek.

"Overall, we estimate that paraxylene is currently at the beginning of its downturn and over the next couple of years, producers will face capacity expansion far exceeding demand growth," said Ashish Pujari of petrochemicals consultancy IHS Chemical.

He expects global paraxylene capacity will more than double by 2015-16 and average operating rates fall to around 75 per cent, from about 82 per cent in 2013.

FLOOD OF ETHYLENE

Over the next three to four years, as many as 16 shale gas-based plants are expected to start up in the United States, including some built by Asia-based firms.

These new plants will produce more than 10 million tonnes a year of ethylene, versus growth in demand of around five to six million tonnes, according to Kim Kwang-jo, head of the planning department at SK Global Chemical, a South Korean petrochemicals producer.

However, ethane from shale gas does not yield the range of high-end chemicals like paraxylene and butadiene that are produced from naphtha.

"We will prepare countermeasures against shale gas by producing high value added products," said Jay Suh, director at the management strategy department for petrochemicals at No. 3 Asian petchem producer LG Chem Ltd.

"We are now preparing to achieve cost competitiveness equivalent to or better than that of shale gas-based products," Suh said in an emailed interview.

Asian petrochemical firms have started setting up crackers in the United States and elsewhere to gain access to cheap ethylene.

Asia's top three – Formosa Petrochemical, Lotte Chemical and LG Chem – plan to build ethane crackers with a combined annual capacity of two million tpy of ethylene by 2017 in the United States, Uzbekistan and Kazakhstan. The

crackers turn ethane derived from natural gas into ethylene.

Hanwha Chemical, which operates Asia's third-largest privately-run petrochemicals maker YNCC with Daelim Corp, is in talks with a potential partner to build an ethane cracker in the United States.

BIG vs SMALL

Large and modern plants in South Korea, Taiwan and Singapore capable of quickly reconfiguring their product mix to produce speciality chemicals are processing ethylene into higher-value downstream products rather than selling it.

Shell is expanding its facility in Singapore to use the ethylene produced in its 800,000 tpy cracker to make ingredients for brake fluid, cosmetics, and high quality foam found in cars and furniture.

Smaller plants look less likely to cope, and a lot of those are in Japan, where the average size of crackers is about 480,000 tpy, Reuters data shows.

Already Mitsubishi Chemical Holding Corp and Sumitomo Chemical Co Ltd have announced the closure of plants of less than 450,000 tonnes a year.

"Be more competitive than Asian peers," said Steve Zinger, principal analyst, chemical research at Wood Mackenzie. "Only the least competitive Asian suppliers will struggle to survive."



Google+ struggles to attract brands, some neglect to update

By ALEXEI ORESKOVIC / San Francisco

To mark the Cinco de Mayo holiday this year, Domino's Pizza festooned its Facebook page with a string of posts, including an image of a Mexican-themed guacamole pizza that garnered over 2,000 "likes". But visitors to Domino's companion Google+ page on that day found less festive fare: The most recent post was from October 2012.

Two years after introducing its social network, Google Inc is struggling to win over the brands and businesses that have been its most loyal customers in the Internet search market.

For Google+ to thrive, it is vital to draw in household names, not just to lay the groundwork for potential future business, but also because users of the site have come to expect being able to follow, comment on or even vent

about their favourite brands.

Progress has been slow. Rival services from Twitter to Amazon.com Inc are increasingly competitive in vying for corporate attention and marketing budgets, while technical shortcomings of Google+ have put off some companies accustomed to the flexibility of Facebook, marketing and corporate executives say.

The biggest problem for Google+ is that many more consumers use Twitter and Facebook – and they log in to Facebook for much longer periods.

A Google spokeswoman said Google+ has been used by millions of brands and businesses, and that the benefit of the service extends beyond Google+ Web pages, by providing brands with social capabilities that enhance Google's other products.

Google+, which was first introduced in June 2011, has roughly 135 million users that it says actively use its website news stream, and about 500 million that have set up Google+ accounts at some point, according to the company. Still, Facebook has 1.1 billion users who engage with the service at least once a month, while Twitter has 200 million.

The average US visitor to Google+ spent six minutes 47 seconds on the site in March, versus more than six hours on Facebook.com, according to Nielsen Media Research, though the data does not include activity on the social networks' mobile apps.

"The main reason we are more active on Facebook than Google+ is because that is where our customers and our target demographic are spending their time," said Dave Gilboa, the co-founder of online eyewear company Warby Parker.

Many businesses do build outposts on Google+, eager to benefit from its integration with Google's popular Internet search service. Some corporations have even used its online video feature for splashy product launches.

But the flurry of commercial activity common on other social networks – from restaurant promotions to movie trailers – is harder to spot on Google+, raising questions about its ability to rival Facebook or Twitter as a thriving online community.

Google does not provide detailed information on user activity. But the level of consumer engagement on other social services, such as Facebook, Twitter and Pinterest, is "orders of magnitude higher" than on Google+, Gilboa says.

Still, he noted that a key benefit of Google+ for Warby Parker is the way it adds social capabilities to other Google services, such as YouTube videos his company produces.

An informal survey by Reuters showed that of the 100 most valuable global brands in 2012 ranked by Millward Brown, a media research firm owned by ad giant WPP, 72 have a presence on Google+, compared with 87 on Facebook.

However, roughly 40 per cent of the brands with pages on Google+ have either never posted any content, or do so infrequently. Seventeen brands, including Nike and Pepsi, had not posted to their Google+ page in more than a week.

The McDonald's Google+ page did not have a single posting. A spokeswoman for the fast-food chain said only that the company was "not active" on Google+.

"In my personal network, I have very few people



who are actively using Google+," said Dan Nguyen-Tan, vice-president of sales and marketing for San Francisco-based bicycle company Public Bikes, which does regular promotions on Facebook but has not created a Google+ page. "That could be a reason why I haven't thought about it as an effective tool."

CREATIVE CONSTRAINTS

Some also complain that Google+ is too restrictive a canvas.

Its profile pages are more limited than on Facebook or Twitter because they don't support iFrame, a Web standard that allows multiple Web pages to be embedded within a main page.

"I don't think that Google+ has enough creative options for brands to be able to marshal a lot of resources and activity around it," said Vince Broady, the Chief Executive of Thismoment, which develops social marketing campaigns and Web pages for brands such as Coca Cola and Intel.

Gretchen Howard, Google's director of global social solutions, said the company was working its way down a "wish list" of features that businesses have been asking for.

Over the past year, it has rolled out a tool that allows software developers to connect with a brand's page, though that has so far been offered only to a limited group of partners.

That's not to say Google+ hasn't had its share of success stories.

Howard points to examples such as automaker Fiat's launch of its new Panda car using "Hangout" video conferencing, and the 40,000-member baking community page created by chocolate company Cadbury. According to Google, more than 100 brands on its social network have amassed more than 1 million followers.

And Google's search engine, the most popular in the world, is a big draw. Businesses who have registered with Google+ often get extra visibility in search results, with a portion of the results page displaying information from their Google+ profile.

Search ads that incorporate Google+ information – such as the number of users who follow a brand – have a five to 10 per cent better click-through rate than regular search ads, said Howard.

"Right now, the value isn't in the network itself, it's in what it can do for the search results," said Greg Finn, director of marketing at search engine optimisation firm Cypress North.

Google has never articulated how, or even if, it intends to make money off its social network. But analysts say the goal is to prevent migration of Internet users to Facebook and other social networks, while improving its core search advertising business and possibly providing a new source of income.

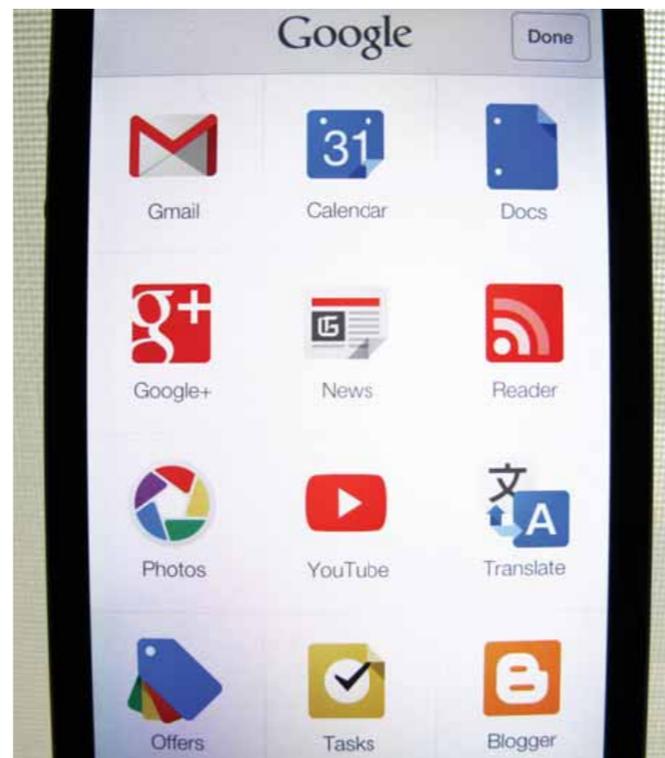
While Google+ does not feature any ads now, Pivotal Research Group analyst Brian Wieser said attracting major brands could be the first step to an important, high-margin revenue source.

New ad space inside Google-owned websites is particularly valuable because it doesn't need to share revenue, as Google must do when its network places ads on other websites.

"If you're Google, you really want to have more owned and operated properties," said Wieser. "That's a wonderful, high-margin piece of inventory."

Google+ is a means to that end, he said.

Reuters



To hedge inflation, property trusts are the new gold

By NISHANT KUMAR AND ELZIO BARRETO / Hong Kong

As central banks print cash to boost moribund economies, investors in Asia wanting to hedge against rising prices are dumping gold and doubling down on property.

They are driven by the search for yield as surprisingly benign inflation dims the appeal of bullion, but it's a risky play given lofty valuations for real estate.

The trend is most visible in the frenzy around real estate investment trusts (REITs) in Asia, where issuance ex-Japan more than quadrupled to US\$4.33 billion through early May from the same period last year and valuations are at their highest since before the 2008 financial crisis.

"I have been saying for the last two years that REITs are a good inflation hedge," said Charlie Chan, one of the best-known hedge fund managers in Asia, who made a killing by betting on them in 2012.

"They are easier to value, you get what you see and you own the building and if there is inflation, the building price will just go up," added Chan.

His US\$200 million hedge fund returned 63 per cent last year and is up a further 35 per cent in 2013. Asia hedge funds, by comparison, returned 10 per cent last year and are up about nine per cent this year, according to EurekaHedge figures.

REITs such as Cambridge Industrial Trust made up more than half his portfolio at one point last year, Chan said.

Since REITs hold various kinds of properties, from factories to shopping malls and hotels, they benefit from higher rents when economies boom and prices rise.

Unlike gold, which doesn't pay any dividend, REITs also provide a steady flow of income. Yields for REITs in Asia stand at 4.4 per cent on average, according to data from StarMine.

Spot gold fell 13 per cent this year to May 7. By comparison, the MSCI Asia Pacific REITs index rose 14 per cent, according to data from Thomson Reuters Datastream.

"Yield-hungry investors are increasingly being squeezed out of the sovereign bond markets by central bankers everywhere," said David Baran, co-founder of hedge fund Symphony Financial Partners in Tokyo. "REITs are an increasingly compelling asset class."

NEW OFFER FLOOD

REIT indices in Singapore and Hong Kong rose 13 per cent and 17 per cent respectively year-to-date, with both reaching all-time highs in the past two weeks.

In response to the red-hot demand, companies are flooding the market with new offerings.

Mapletree Greater China Commercial Trust is a prime example, raising US\$2.06 billion in Singapore's largest ever REIT IPO in February. The

5.6

per cent yield offered saw institutional investors bid nearly 30 times the units on offer.

Issuance of REITs in Asia ex-Japan has more than quadrupled so far in 2013 from the same period last year to US\$4.33 billion, according to Thomson Reuters data, and there is no sign of a slowdown given a US\$4 billion pipeline in the coming two to three months from IPOs alone.

Assets under management at real estate funds investing in Asia and Japan rose to a record US\$55 billion and US\$20 billion respectively at the end of March, data from Lipper showed.

With billions more expected from follow-on deals, 2013 looks to be the biggest year for REIT issuance since at least 2007.

"Suddenly, you see a lot of REITs coming on to the market and we are seeing a lot of companies that are in the radar because they are paying better yields," said Jalil Rasheed, a Singapore-based investment director at Invesco Asset Management.

COSTLY PROPERTY

Investors are stretching valuations, with the Bank of Japan adding fuel to the fire, with the purchase of 133.8 billion yen (US\$1.35 billion) of REITs since its asset buying scheme began in December 2010.

As much as 92 per cent of the REITs listed in Asia have gained over the last year, with Japan Hotel Reit Investment Corp and Industrial & Infrastructure Fund more than doubling, buoyed by Prime Minister Shinzo Abe's aggressive fiscal and monetary expansion policies.

The IBES MSCI AC Asia Pacific REITs index now trades at 1.3 times book value, its highest since February 2008,

meaning investors are paying 30 per cent more than the value of the underlying property.

The biggest REIT in the region by market value and trading volume, Westfield Group, trades at a record 1.6 times forward 12-month book value, 71 per cent above the five-year median, according to data from StarMine. The second-most liquid, Nippon Building Fund, trades at 1.8 times or nearly 80 per cent above its five-year median value.

Investors hope to tap into hotel room rates and rental rates on buildings and shopping malls that continue to soar.

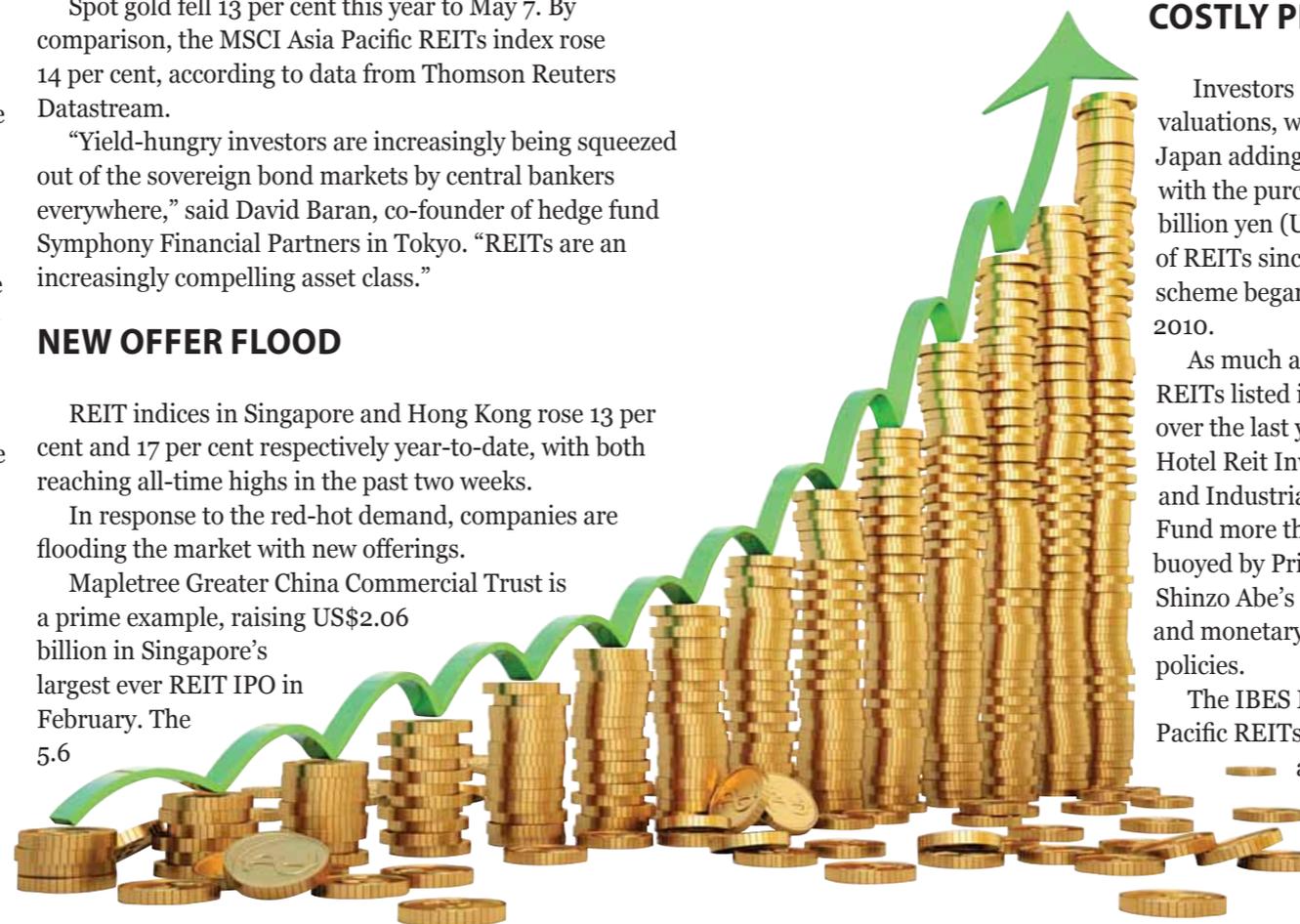
Hong Kong's Swire Properties said it increased rents by up to 82 per cent in the three months to March on properties such as One Island East and Cityplaza as supply remains tight.

"Regulatory measures have largely targeted the residential market. The commercial space – office buildings, shopping malls and hotels – remains buoyant," said Michael Smith, head of real estate investment banking in Asia ex-Japan at Goldman Sachs in Singapore.

"The beauty of these REIT structures is that it's a very pure exposure to commercial real estate."

Reuters

- Demand for REITs, business trusts soar as gold drops
- Commercial real estate seen insulated from property regulations
- Singapore, Hong Kong REITs at record highs



(US\$1 = 98.9400 Japanese yen)

'Dead money' for shareholders a pall over investment hopes

By NATSUKO WAKI / London

A growing trend for companies to return some of their huge cash piles to shareholders rather than using the money to expand their businesses could spell trouble for the global economy.

Their reluctance to invest – which hasn't affected profits in recent years, breaking a historic link – reflects a lack of confidence in future demand for their products and suggests sustainable private sector-driven growth is still some way off.

It chimes with a preference among investors for income-bearing stocks and bonds over securities whose returns are tied to future economic performance, indicating they also expect the world economy to remain reliant on central bank support.

Thomson Reuters data shows companies worldwide hold US\$6.7 trillion of cash and equivalents on their balance sheets, more than double the amount a decade ago. US and European companies account for nearly two thirds of the total. (<http://link.reuters.com/zat87t>)

But this cash buffer – which incoming Bank of England Governor Mark Carney has called “dead money” – is coming back to the market in the form of share buybacks or dividend payouts, rather than capital spending or mergers and acquisitions.

Globally, share buybacks jumped to US\$168 billion in the first quarter from US\$100 billion in the final three months of 2012, according to JP Morgan data. The value of

buybacks for the first four months is 50 per cent higher than a year ago, with estimates for the whole year standing at US\$590 billion.

In the short term, buybacks and dividend payments will certainly please investment funds desperate for income in a world of low yields depressed by central bank money-printing.

But there is a downside.

“What companies are trying to do is keep profits as high as possible by cutting costs, and boost earnings by returning cash to shareholders. That can help for some time, may boost earnings for 1-2 years but won't for (the) long-term,” said Philipp Bartschi, chairman of the investment committee at Bank Sarasin.

“If you are always returning cash, you will destroy yourself in the end. If no one is investing, productivity is slowing. You are probably slowing your earnings growth in

the medium term.”

SLOW CAPEX

Capital spending has been slow to pick up following the 2008 financial crisis and recessions that followed around the world.



According to Bank of America Merrill Lynch, investment as a share of GDP has fallen to 13 per cent in the United States from 17 per cent in 2007 and to 18 per cent in Europe from 23 per cent. In absolute terms, European capex is at its lowest since 1999.

Political hurdles already hinder investment for utilities, transport and telecoms, which are the top cash hoarders in Europe. Investment by energy or materials firms is likely to take place in the emerging economies, not those in the

developed world which are in most need of a boost.

“There is ongoing austerity, pressure on cash flows and a profound lack of confidence. Given this (companies) are likely to remain cautious with capital expenditures,” said Gareth Williams, sector economist at Standard & Poor's. “Returning cash to shareholders is an easier choice because it keeps investors happy and you don't have to justify the risks of investment.”

Many companies rode out the financial crisis by cutting costs, delaying investment and repairing balance sheets, and some now boast better credit ratings than their home countries.

Returning cash to shareholders is not seen as risky but it does suggest firms may be starting to re-gear balance sheets.

UNSUSTAINABLE TREND

One phenomenon is that a strong historic relationship between investment and corporate profits is breaking down (<http://link.reuters.com/nev87t>).

Between 1929 and 1986, capital investment and profits had a correlation of 0.75. Between 1987 and 1999 this eased to 0.43, but in the past 12 years the relationship has actually reversed to -0.48, according to data from US money manager GMO.

This means companies have increased profits while their capital investment has been falling – largely because of higher government spending to support the economy at a time when households, another engine for profits, are deleveraging.

But as governments tighten their belts, profits are likely to fall – which may spur firms to resume investment.

“Corporations are making plenty of money – profits are just off their all-time high relative to GDP – but investing less than at any point since the Great Depression,” Ben Inker, GMO's co-head of asset allocation, said in a note to clients.

“Can profits stay high forever? They could, but there would be implications that might not be sustainable.”

A Cambodian mother struggles against Western influences like McDonalds which are wanted by her child. - Painting by Oeur Sokuntevy



A Cambodian family enjoys a traditional dinner. - Painting by Oeur Sokuntevy

Tripping on Cambodia's contemporary art scene

By LUKE HUNT / PHNOM PENH

Cambodian art had for centuries been dominated by one-dimensional landscapes depicting pleasant village scenes. The artists were celebrated at home while painting postcards for tourists, but their work failed to leave a mark on the international art scene. Then, amid war and ensuing peace, impressionists like You Khin and Vann Nath, one of the few survivors of the dreaded S21 extermination camp, emerged with an understandable focus on Pol Pot, the Khmer Rouge and the atrocities that led to the deaths

of more than two million people in the mid to late 1970s.

Their work has been shown around the world. A retrospective of You Khin's collection was recently exhibited in California. Vann Nath also became a common sight around the Khmer Rouge Tribunal, where he had hoped to find some kind of justice for Pol Pot's victims.

However, both men have since passed on and a new generation of Cambodian artists is emerging and transforming their world into a genuine contemporary art



Artist Sokuntevy Oeur



Artist Chhim Sothy

scene, one that is more in tune with a rapidly normalising society. In the process, they are winning acclaim both here and abroad.

Among them is Oeur Sokuntevy, or Tevy, who enjoys taking on traditional Khmer values that maintain a strong hold over women, dictating a code of strict morals, marriage and children.

Tevy, 29, has been described as the “trippiest” artist in the Kingdom, using animals to depict human behaviour — in particular, that of Cambodia’s wealthy, often dubbed the Khmer Riche. One painting depicts a muscle-bound gay elephant as a hairdresser tending a monkey, Tevy’s satirical take on middle class women and their abundant appetite for stylists, jewellery, fashion and make-up — indulgences spurned as Western vices by Cambodia’s former communist leaders.

She began as a child by drawing her family and friends. She later added animals because “we are all related and we all live in the same community,” she says.

Her paintings fetch-up to US\$3,000 apiece and will go on exhibition in Singapore next month. Included will be two paintings, one of a mother desperately trying to fend off unwanted outside influences by driving a spike into a hamburger, juxtaposed with a typical

Cambodian family dinner.

“It’s about what influences children,” she says. “They want Western influences like KFC and fast food, which we have in Cambodia, and it’s bad for you. We don’t have McDonalds, but I have seen this in Europe and nobody says they like it. It’s about a mother trying to remind her children what’s good for them.”

Cambodia’s art community has also splintered between Phnom Penh and the Royal University of Fine Arts (RUFA), on one side, and Battambang, on the other, where the Phare Ponleu Selpak (social centre and art school) has harboured outside influences, adding an unprecedented edge to the broader art scene.

Artists in residence from France, the United States and China are not uncommon, and Nico Mesterharm, director of the Meta House Art Gallery in Phnom Penh, also says Cambodian art has moved on from artists who did little more than depict traditional motifs.

“Not only is the art being shown, but the artists are travelling,” he says. “They’ve learned English and can communicate and are leaving this nutshell that was Cambodia in the past. They’re opening up.”

That change gathered pace in 2005 when about 25 local artists initiated a project called Visual Arts Open. All

encompassing, it prompted a push away from landscapes, portraits and the Khmer Rouge. Painters, sculptors and performers of all types moved into the arms of contemporary arts.

“People are finally trying new things, leaving the traditions behind and also working a lot with photography, video, and live performances,” Mesterharm says. “After three years of affordable Internet, the young can see there’s more to it than what their teachers in school taught them.”

“They’re also getting exposure. There is a Cambodian art festival currently on in New York called Seasons of Cambodia and another in Berlin. After Berlin, it’s Stuttgart,” he adds.

Chhim Sothy, another prominent artist, has exhibited across Asia, Europe and the US and says the atrocities of the Khmer Rouge dominated his early work alongside Buddhism. But his tastes have changed and he now looks to Pablo Picasso, William Kooning, Paul Gauguin and Vincent van Gogh for inspiration.

While likening his work to a monk in search of wisdom, the 43-year-old father of three boys adds: “I’ve changed a lot. My work is more about the family, about the people around me.”

His work is a mix of the abstract and the realistic, mixing the mythical characters of Hindu poems with humanity as an exploration of life. Like Tevy, he paints

oil on canvas, but his work, he admits, is more mundane, especially his nudes, which are more urbane than erotic. Mother and child are constant themes.

“I have developed a lot,” he says, “and that makes me happy.”

Others have upset the establishment, in particular Koke Lor. With a dash of colour, a smile and a relaxed pose for the ladies who adorn his portraits, he attempted to revisit the Khmer Rouge. In doing so, the Khmer-American artist breathed some fresh air into the local art scene, but for his efforts he received an inbox full of hate mail — which turned him into something of a recluse.

His women are Khmer Rouge soldiers and traditional Apsaras often in topless poses — verging on soft porn. Before he died in September 2011, Vann Nath told this correspondent: “We are not happy with these kinds of paintings. They affect the feelings of the victims and do not reflect the truth of that era.”

Koke Lor’s response is blunt. Referring to a depiction of a young Khmer Rouge girl baring her breasts, he says: “Yes, I did that one ... it’s my way of dealing with atrocity.”

“I’ve been through the ordeal and it’s been a painful childhood. When it comes to the Khmer Rouge, all you’ll hear is bloodshed and the Killing Fields. I’ve just thrown in a ‘what if’ question.”

He has a point. After all, that’s what more and more Khmer artists are doing these days.

Longer Iron Man version

The execs behind the mega-successful Iron Man 3 went to great lengths to make the movie more appealing to the growing Chinese audience – including toning down the ethnicity of the lead villain.

Iron Man's legendary nemesis, The Mandarin, was changed from a Chinese-born villain to a man who is certainly not Chinese at all and not really evil at all. He is played by British actor Ben Kingsley.

President of Marvel Studios Kevin Feige says their goal was to alter the background of The Mandarin from the strictly Chinese heritage from the comic books.

While Kingsley's villain was the same for all audiences, an additional four minutes of Chinese scenes were included for viewers in that country giving a minor plot twist and a few shots of female heartthrob Fan Bingbing and another local Chinese star, Wang Xueqi, against a Chinese background.

In addition, director Shane Black shot scenes in Beijing and used famous Chinese actors who do not appear in the International version. He even signed product placement deals with Chinese companies.



Hollywood's first US\$100 million man

Robert Downey Jr, who has played the role of Iron Man/Tony Stark in the superhero trilogy and *The Avengers*, could soon become the best-paid actor in the history of Hollywood if a two-film deal is reached to reprise the part in sequels to the comic book blockbuster.

Downey's agents are said to be meeting with Marvel bosses to negotiate a new deal in the coming weeks, with the 48-year-old actor's representatives saying he "may consider" a guaranteed US\$100 million deal, plus an increase on the seven per cent of box office receipts he already receives.

The actor admitted this month Marvel Studios were already embarrassed after he confirmed he received US\$50 million for his role in *The Avengers*.

He told *GQ* magazine: "Isn't that crazy? They are so p***ed. I can't believe it either. I'm what is known as a strategic cost."

Kevin Feige, president of the studios, is said to want Downey to reprise his part as the superhero – and his billionaire playboy alter ego Tony Stark – but insisted he would be willing to look into cheaper alternatives, while the actor claimed he could quit just nine months before filming starts for *The Avengers 2*.



Jam room for Pitt

Brad Pitt has an entire room just to store jam.

The actor is a huge fan of Christine Ferber's artisan fruit preserves – which cost US\$18 a jar – so he and eldest son Maddox, 11, recently flew to her base in Alsace, France, and stocked up on 100 pots to keep at the home he shares with partner Angelina Jolie and their six kids in Los Angeles and the South of France.

The 49-year-old actor – who also has children Pax, nine, Zahara, eight, Shiloh, six, and four-year-old twins Knox and Vivienne with Angelina – now wants to try his hand at making his own jams, the *Daily Mirror* says.



Snoop Lion was a real pimp

Snoop Lion has shockingly revealed that he was an actual pimp. During an interview for the new issue of *Rolling Stone*, the hip-hop artiste admitted that his image didn't come out of nowhere and before he was slinging tracks, he was peddling women to athletes, the *New York Daily News* reported.

The rapper, 41, said that he had put a whole organisation together.

The, *Ashtrays* and *Heartbreaks*, hit maker didn't shy away when he disclosed the reason why he got into the scene.

He asserted that pimping was never about the money, but about the fascination of being one.

"As a kid I dreamed of being a pimp. I dreamed of having cars and clothes and b-----s to match," Lion said.

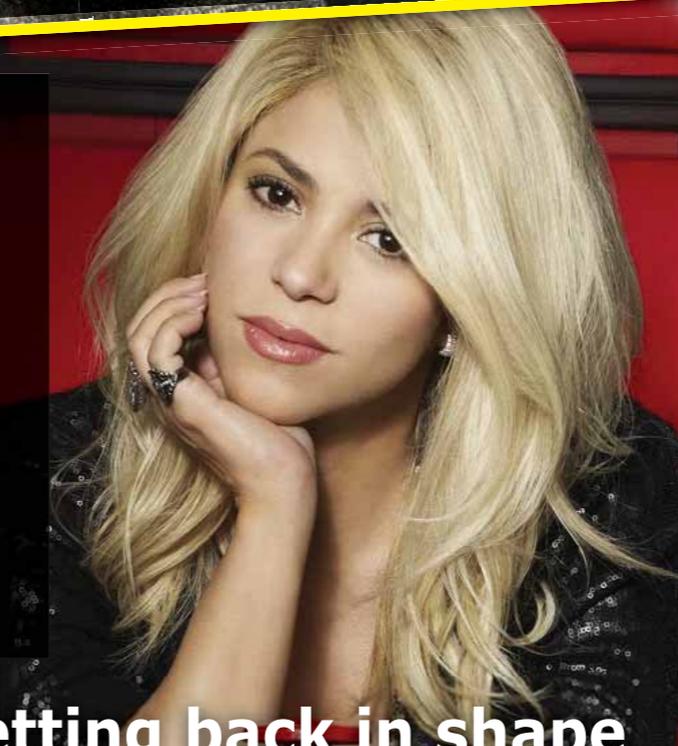
Singer Shakira, currently seen judging American singing reality show *The Voice*, says she looks decent post delivery.

She delivered a baby boy in January and has lost some weight. "I look decent," said the 36-year-old singer about her post-baby curves. "I still have a long way to go. I still have a few pounds over to lose," *The Sun* quoted her as saying.

She and her boyfriend Gerard Pique are smitten with their son Milan.

"He's great. He's so mellow, but he's very alert too. It's like he knows what's going on around him. He knows when someone comes in the room or comes out. He's something," she said.

Shakira getting back in shape



Rod's shrunken manhood

He's famed for bedding some of the world's most beautiful ladies during the height of his womanising ways.

But Rod Stewart has revealed an addiction to steroids in the late 80s left him with a shrunken manhood.

The 68-year-old rocker admitted he started abusing the medication in the hope of soothing his strained vocal chords before gigs.

And while the steroids offered a temporary aid in terms of his performances, they played havoc with his body – and even shrivelled up his penis, he told *Mojo* magazine.



Douglas on kissing Damon

Michael Douglas was "comfortable" shooting love scenes with Matt Damon in *Behind the Candelabra*.

The 68-year-old actor portrays late American pianist Liberace in the film which focuses on the musician's secret homosexual relationship with his chauffeur Scott Thorson – played by Damon – and although he was very nervous about their romantic scenes once they got the initial kiss out of the way everything was fine.

Douglas told *New York Magazine*: "Once you get that first kiss in, you are comfortable. Matt and I didn't rehearse the love scene. We said, 'Well – we've read the script, haven't we?' The hardest thing about sex scenes is that everybody is a judge."

Douglas was originally offered the role of Liberace in 2010 but had to put his career on hold after being diagnosed with stage four throat cancer later that year and he admits he was so weak from the illness he couldn't do anything other than rest.

Behind the Candelabra is based on Scott Thorson's 1988 memoir and is scheduled to premiere on HBO on May 26.

Vin Diesel has jokingly said that Facebook owes him billions of dollars for the millions of fans he has on the social media site.

The *Fast and Furious* star has over 41 million likes on his page on the social media site, Contact Music reported.

He said that when he started his page, the only person that had a million fans was Barack Obama. He believes that the key to his popularity is interacting with his followers.

"So, when I started talking to the fans, I became the No. 1 page in the world. Over Coca-Cola, over huge companies. And it was only because I said, 'Hi, guys, I love you,'" he told *Entertainment Weekly*.

The 45-year-old actor insists that he updates his Facebook page himself and admits the social network giant was shocked by how many followers he has gained.

Diesel: Facebook owes me billions



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