

agencies. The armed forces will experience modest expansion in terms of personnel while concentrating on increasing professionalization. This will be achieved partly through cooperation and training with neighbouring countries as well as traditional partners like Australia, Great Britain and the United States. The major defence focus for Brunei is its vital maritime economic zones, home to lucrative offshore energy resources. Non-traditional security issues — including illegal immigration, smuggling and narcotics trafficking — are other issues the armed forces are tasked with addressing. As Bruneians enjoy a higher per capita income than their immediate neighbours, and have access to subsidized commodities like rice, sugar and petrol, there will be continual attempts to smuggle those items out.

Internal security issues such as political opposition, civil unrest or religious and ethnic disturbances are absent in Brunei. Religious propagation and practice, and the strong adherence in the approved Suni tradition, provides the overarching influence for a society built on the Malay Islamic Monarchy ideology. For any disturbance to the status-quo there is always the Internal Security Act that can be used to punish or “rehabilitate” wrongdoers.

As a small political unit sandwiched amongst larger neighbours, it is necessary for Brunei to integrate itself with the political and security policies of ASEAN, while maintaining its cherished bilateral and multilateral linkages outside the Association, including, for example, its long time ally Britain. ASEAN will be its major source of collective engagement as evidenced by the fact that Brunei was one of the first countries to ratify the ASEAN Charter barely three months after its signing at the 2007 Summit. Brunei will maintain its usual warm relations with its external partners, notably Malaysia and Singapore, and will settle its territorial disputes through diplomacy, even if this entails protracted negotiations.

Cambodia

Coming on the heels of an overwhelming National Assembly (NA) victory (90 out of 123 seats — an increase of 17 seats over 2003) in

CAMBODIA

Land Area:	181,040 sq. km.
Population:	14 million
Capital:	Phnom Penh
Type of Government:	Parliamentary democracy with constitutional monarch
Head of State:	King Norodom Sihamoni
Prime Minister:	Hun Sen
Next Election:	January 2011 (Senate)
Currency Used:	Riel
US\$ exchange rate on XX December 2008:	US\$1 =

the 27 July 2008 elections, the ruling Cambodian People's Party (CPP) will govern Cambodia in the next five years with little-to-no-effective political opposition. The political landscape in 2009-10 is likely to be an extension of business as usual: the CPP will control a political system absent checks and balances with an increasingly marginalized free press; Prime Minister Hun Sen will continue to consolidate power politically and with the help of his 4,000 strong personal bodyguard unit, Brigade 70; and the opposition Sam Rainsy Party (SRP) will be further marginalized having increased its electoral margin by only two NA seats to twenty-six. Progress on the new government's five-year plan — announced at the first cabinet meeting held on 26 September 2008 — which includes the promotion of the rule of law, protection of human rights and democracy, and an increase in the effectiveness of public services, is unlikely to be impressive given the government's long-standing record of poor governance and lack of political will.

While double-digit economic growth in recent years may suggest the rise of developmental state, the government has little incentive to move forward on combating corruption and addressing civil service

reform given continued inflows of foreign aid and Foreign Direct Investment (FDI), especially from South Korea and China. In particular, the ruling CPP's commitment and capacity to address the effectiveness of public services — indeed national development itself — in the next two years are predicated on improvement in domestic revenues, especially tax revenues, which have stagnated despite tremendous growth since 2002.

The average civil servant's salary remains extremely low — less than garment workers who currently make a minimum of US\$55 per month — and is insufficient to cover basic living expenses, forcing civil servants to moonlight or resort to corruption. But progress on the National Programme for Administrative Reform, approved by the government in 1999, has been rudderless given an entrenched patronage system that has permeated every aspect of the bureaucracy since its inception. Indeed, there is a general lack of incentive by the CPP to effect reforms as this would require it to dismantle the lucrative patronage system that has flourished in the last decade and a half.

The long-awaited anti-graft legislation has been in draft form for more than a decade and there is little indication that a meaningful and enforceable bill will be passed in 2009. Consequently, corruption, the canary in the mineshaft of effective governance in Cambodia, may in fact worsen in the short-to-medium term as FDI grows. In 2008, the country ranked 166th out of 180 on Transparency International's Corruption Perception Index, placing it in the bottom 10th percentile, but in 2005, the first year in which it was ranked, Cambodia was near the 18th percentile. Thus, perceptions of Cambodian corruption have worsened over the past three years.

Human rights concerns will continue to be a source of social instability in 2009–10 and a focal point of contention with the international community. The issue of land grabbing, whereby tycoons and government officials illegally expropriate public and private land, has long simmered. Due to the unprecedented increase in the value of real estate in Phnom Penh, Siem Reap (the gateway to Angkor Wat), and the coastal city of Sihanoukville, this trend will only increase in the foreseeable future. Hundreds if not thousands of peasants, some

travelling hundreds of kilometres by foot, have converged on Phnom Penh and the Prime Minister's residence seeking redress. While Hun Sen has repeatedly and very publicly demanded that land grabbing cease, these activities have continued unabated. The capacity of the government to address the issue is questionable given a thoroughly captured judicial system and an environment of impunity for well-connected elites. It is highly likely that land grabs will continue.

The government's commitment to improving human rights is questionable and will further generate contention with the international community. The September 2008 resignation of Yash Ghai, the UN's special envoy for human rights to Cambodia, after three years of strained relations with Hun Sen, underscores the confrontational approach the government has taken towards the international body and NGOs over this issue. This relationship will most likely worsen in the next two years due to the government's perennial desire to shutdown the Office of the High Commissioner for Human Rights (OHCHR). While it has agreed to retain the OHCHR for an additional year, the government may yet succeed in achieving its goal.

As has been the case since Cambodia's transition to a parliamentary democracy in 1993, the role of the opposition will remain nominal. With the implosion of the royalist Funcinpec Party which lost twenty-four of its twenty-six NA seats, the SRP, led by the outspoken former Funcinpec Finance Minister Sam Rainsy, remains the primary bulwark against the CPP. But the SRP and other smaller opposition parties such as the Human Rights Party, which has three NA seats, have very little leverage in a political system dominated by Hun Sen's CPP. A concentration in urban areas and a reliance on charismatic leaders rather than a coherent strategy impedes the opposition's ability to garner widespread support. Tremendous gains by the CPP in Phnom Penh suggest the erosion of urban support for the SRP in the July 2008 elections.

Several pressure points will prove a challenge for the ruling party in 2009. First, while border tensions with Thailand have provided a boost to the popularity of the CPP by inflaming nationalism, deteriorating relations with its neighbours does not serve the country's interests

in the long term. Nationalism on both sides of the border over the disputed ownership of Preah Vihear temple and surrounding lands has the potential of escalating into armed conflict. The selection of Somchai Wongsawat as Thailand's new Prime Minister and the potential for political stability in 2009 in Bangkok may serve to calm tensions.

Second, unchecked inflation, officially 20.94 per cent between January and July 2008, in addition to a slowdown in the global economy, may trigger social instability. The price of rice has nearly doubled in the past year, and anecdotal reports suggest that villagers have had to ration their food supply and consume lower-grade food items. Moreover, with a predominantly young and restless workforce, a cooling economy and an inevitable slowdown garments and tourism — Cambodia's top two sectors — may result in social unrest. It remains to be seen how the ruling CPP can adapt to these challenges in the coming years.

Despite these challenges, one thing will remain constant: Hun Sen's grip on power. Indeed, the strongman, who became the world's youngest prime minister in 1985 at the age of 33, stated last year: "If I am still alive, I will continue to stand as a candidate until I am 90." Short of a fundamental change in the political system such as regime change, unchecked social instability, or ill health, there is little doubt as to who will run Cambodia through 2010 and far beyond. As such, the prospects for political stability in Cambodia in the next two years are excellent.

Indonesia

In 2009 Indonesian politics will be dominated by parliamentary and presidential elections that will result in another coalition government though with a slightly different vote allocation among the leading parties.

Two likely differences can be anticipated. First, the PDIP (Indonesian Democratic Party of Struggle), led by Megawati Soekarnoputri, may well replace Golkar, led by Jusuf Kalla, as the largest party in parliament (DPR). An indication for this was given by Golkar's defeat in a number of polls in 2008 in regions that were formerly party strongholds. A second