

NEW

CARI CAPTURES

TERROR ATTACKS
ROCK JAKARTA

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01 INDONESIA

TERROR ATTACKS ROCK JAKARTA



TERROR ATTACKS IN INDONESIA IN THE PAST DECADE

1
OCTOBER
2005

Suicide bombers in Bali kill 23 in the popular tourist district of Kuta and Jimbaran Bay

31
DECEMBER
2005

Bomb kills seven on Sulawesi island

7
JULY
2009

Suicide bombers kill seven and wound more than 50 in the Ritz Carlton and JW Marriott hotels in Jakarta

14
JANUARY
2016

Attackers set off bombs at a Starbucks cafe in central Jakarta and engage police in gun battles. Police say five attackers and two civilians were killed

Source: Independent

A string of coordinated suicide bombings and shootings left eight dead whilst injuring 30 others in Jakarta's commercial district.

- ▶ Five militants, which were affiliated with the Islamic State, made up more than half of the body count; the first was killed when he detonated a bomb at a Starbucks cafe, with two more exploded devices at a small police traffic post, the final two died after a prolonged gun battle with police forces
- ▶ The militants were said to belong to an Islamic State linked group in Solo, a city on Indonesia's main island of Java; they had been in contact with terrorists in Syria, which was further evidenced by the fact that the Islamic State said it carried out the attacks in an Arabic language statement distributed on social media shortly following the attacks

- ▶ Since the attacks, Twelve suspected terrorists have been arrested in Central Java, West Java and East Kalimantan; the twelve were arrested after having received funding from Bahrun Naim, who is fighting for the Islamic State in Syria

[Wall Street Journal \(14 January 2016\)](#)

EXTERNAL RISKS CONTINUE TO PLAGUE ASEAN ECONOMIES

According to research from Standard Chartered Bank, economic growth for ASEAN economies in 2016 will not perform as well as the trends set between 2011 and 2014 due to external risks.

- ▶ On average, ASEAN economies collectively grew by 5.2% between 2011 and 2014, which slowed down to 4.6% in 2015 due to a variety of factors; falling commodity prices, a global demand slowdown, currency volatility, and the restructuring of macro prudential policies in the region were all cited as reasons for reduced growth
- ▶ Whilst current projections place the growth rate at 5.1% in 2016, analysis from Standard Chartered Bank states that a continuation of problems from last year will continue to depress growth; research also found that the drivers for growth in 2016 will largely be domestic demand and government initiatives
- ▶ Thailand is expected to recover from its poor performance in 2015, with Indonesia seeing slight improvements; meanwhile, growth in Malaysia is expected to ease, with flat growth in the Philippines
- ▶ Vietnam is expected to outperform the region, with Singapore also seeing marginal increases in growth

[The Star \(15 January 2016\)](#)

STAY CLEAR OF MALAYSIA, US FUND MANAGER TELLS INVESTORS

According to Peter Kohli, the CEO of DMS Funds, the unstable political environment and underperforming Malaysian economy couple to create a destination not suited for investment.

- ▶ According to Kohli, whilst Malaysia has taken steps to transition from a commodities based economy to a services centric one, it has not been enough to compensate for sliding global commodity prices; currently, 54% of Malaysia's GDP is generated by the services industry, whilst 25% of the GDP is sourced from manufacturing which also accounts for 60% of exports
- ▶ A figure used to highlight Malaysia's underperforming economy was the Purchasing Managers Index (PMI), an indicator of economic health in the manufacturing sector, Malaysia's PMI was 47.7 in the last quarter of 2015; this reflects a contraction in the mining sector as well as revenues from the oil trade which are detrimental to Malaysia's economy
- ▶ Another reason cited by Kohli as to why Malaysia is not a competitive enough investment destination relative to the region's other economies would be Malaysia's political environment; a key driver of investor confidence, Malaysia's political scene has been tarnished by claims that Prime Minister Najib Razak transferred 2.6 billion Ringgit to his personal account

[Malaysian Insider \(16 January 2016\)](#)

VIETNAM'S UPCOMING CENTRAL COMMITTEE ELECTIONS

Vietnam's ruling Communist Party is scheduled to convene its 12th national congress between 20 and 28 January in order to decide the future leadership of Vietnam.

- ▶ Under Vietnam's political system, delegates of the national congress elect the central committee, which in turn decides the party's general secretary and politburo members; this means that both the country's supreme leader and collective leadership are to be determined during the upcoming national congress
- ▶ office holder would continue to cling to power past his self-declared term
- ▶ State media have reported that the Central Committee of the Communist Party has reached "an overwhelming consensus" on the country's new leadership; unconfirmed reports indicated that the long time favourite to succeed as party boss, the two-term prime minister Nguyen Tan Dung, had been sidelined after a bruising political confrontation
- ▶ However, it should be noted that according to Thayer Consultancy, a coalition has emerged around the general secretary and state president to block Nguyen Tan Dung due to concerns surrounding his leadership; in recent times, opponents have criticised prime minister Dung's management of the economy, as well as allegations relating to corruption

[The Diplomat \(16 January 2016\)](#)

FRONT-RUNNING MINISTERIAL CANDIDATES AND LEADERS ACCORDING TO POSTS

PARTY CHIEF	Nguyen Phu Trong (Current Party Chief)
STATE PRESIDENT	Nguyen Thien Nhan (Current Front Chairman) or Nguyen Thi Kim Ngan (Current Vice Chairwoman)
DEFENCE MINISTRY	Ngo Xuan Lich (Present Head of The Army)
PUBLIC SECURITY MINISTRY	To Lam (A Deputy Minister)
FOREIGN MINISTRY	Pham Binh Minh (Current Foreign Minister)
PARTY BOSS OF HO CHI MINH	Tran Dai Quang (Current Public Security Minister)
PARTY BOSS OF HANOI	Dinh The Huynh (Current VCP Central Propaganda Commission)

THAILAND SEEKS CLOSER INTEL SHARING

Following recent terrorists attacks in Jakarta, Thailand has called for greater cooperation in intelligence sharing amongst ASEAN countries.

- ▶ With new information surfacing, including the fact that the militants may have sourced guns from the Filipino illegal arms trade, Deputy Prime Minister Prawit Wongsuwan has called for more integrated information sharing in order to foil the entrance of Islamic State terrorism in ASEAN

- ▶ National Security Council secretary general Prateep Naetniyom said the Jakarta attack was unexpected as there usually were warnings from allies about possible impending attacks; the incident showed that IS has increased its cells and presence in some Asean countries
- ▶ Meanwhile, Prime Minister Prayut Chan-o-cha said yesterday Thailand should avoid being "dragged into" any conflict and urged the public not to panic after the Jakarta terror attacks; according to Prime Minister Prayut, no terrorists have been found to have entered Thailand

[Asia Nikkei \(15 January 2016\)](#)

PRIME MINISTER HUN SEN GROWS ADVERSARIAL

Cambodia's Prime Minister Hun Sen has begun to step up against the largest opposition Cambodia National Rescue Party (CNRP) ahead of the 2018 general elections.

- ▶ Most recently on 5 January, the Cambodian police issued an arrest warrant for CNRP President Sam Rainsy on the grounds of slander against the government; the second arrest warrant issued since last year against Rainsy, it is widely believed that the warrants were levelled at the instigation of Hun Sen
- ▶ The antagonism was triggered as the CNRP poked its

nose into the border dispute with Vietnam, a sensitive issue in Cambodia; the situation drew popular attention in Cambodia as a CNRP lawmaker and fellow activities clashed with villagers in Vietnam's Long An Province in June 2015

- ▶ Currently, the CNRP has accused the ruling Cambodian People's Party of wrongful concessions in border negotiations with Vietnam; the claims carry no evidence, but have been used as a campaign tool to further the CNRP's political agenda

[Asia Nikkei \(15 January 2016\)](#)

BANK INDONESIA SLASHES RATES TO 7.25%

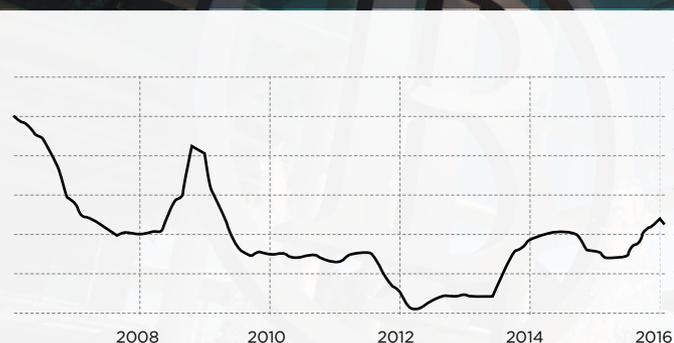
For the first time in 11 months, Indonesia's central bank has lowered interest rates by 25 basis points in order to address slowing economic growth and currency volatility.

- ▶ The move by Bank Indonesia was in line with previous policy moves such as the nation's macro prudential policy easing, and lower reserve requirement ratio; furthermore, a second measured rate cut may occur during the first quarter of 2016 should the market be amenable to the policy shift

- ▶ Reasons given for the rate cut were entered around China's economic slowdown and the Federal Reserve's rate-hiking cycle, both of which have affected Indonesia's economy negatively; on the domestic front, Indonesia's economy is currently growing at its slowest pace since 2009
- ▶ The rate cut was done on the same day as Indonesia's most recent terror attacks, thus blurring any clearcut assessment on its impact; Government bonds rose to 8.29%, whilst the Jakarta Composite Index closed 0.5% lower

[Bloomberg \(14 January 2016\)](#)

INDONESIA THREE MONTHS INTERBANK RATE



INDONESIA INTEREST RATE



Source: Trading Economics

FOREIGN AFFAIRS

▶ Myanmar employment agency chiefs say they will no longer send Myanmar migrant workers to Malaysia, as the recruitment industry has been monopolised by a newly instituted system that has changed the fee scheme. Malaysia's newly implemented "one-stop services centre" - now the only legal route to send Myanmar labourers to Malaysia - declared an increase in visa fees by adding a service charge that increased the price almost tenfold, from US\$6 to US\$57.

[Myanmar Times \(19 January 2016\)](#)

▶ The first US envoy to visit Myanmar since last year's landmark polls urged President Thein Sein to release all remaining political prisoners before the new government takes power next month. "It would be a fitting completion of that legacy [of reform] to release all political prisoners so that by the time transition is complete and the new government takes office, no-one is in prison for their political views," US Deputy Secretary of State Antony J. Blinken said on his visit on 18 January.

[Bangkok Post \(18 January 2016\)](#)

ECONOMY

▶ Over 500 Myanmar civil society organisations voiced deep concerns about a prospective EU-Myanmar investment protection agreement (IPA) in a letter to the European Commission. The CSOs question whether such an agreement was in the interests of Myanmar and criticised the EC for a lack of transparency and its consultation approach. The letter came in response to a questionnaire Myanmar CSOs received from the European consultancy firm Development Solutions, but the civil society groups questioned how they could form views without a clear idea of the IPA's contents.

[Myanmar Times \(19 January 2016\)](#)

▶ A delegation of UK government, business experts and academics will meet with Myanmar government officials, business and education leaders, on 18-22 January to support the development of the geoscience sector. The delegation will take part in a workshop hosted by Yangon University to share knowledge, identify areas of common research interests, build relationships and identify training, curriculum and teaching needs, while also exploring collaboration opportunities.

[Mizzima \(19 January 2016\)](#)

POLITICS

▶ Myanmar army chief Min Aung Hlaing nominated military officers, who hold a quarter of seats in parliament, to their posts, state media said on 19 January, another step in the so far peaceful transition. State media said that the election commission had confirmed the military lawmakers for both national and regional parliaments.

[Reuters \(19 January 2016\)](#)

PHILIPPINES MAINTAINS MONETARY POLICY

Despite the US Federal Reserve's ratcheting of interest rates and China's economic slowdown, the Philippines has made no move to shift central bank interest rates in the nation.

▶ According to the Filipino Central Bank's (BSP) Deputy Governor Diwa C Guinigundo, the interest rate shift in September 2014 was preemptively made to ensure that external volatilities wouldn't impact the nation's economy; the BSP has maintained a special deposit account rate at 2.5% since December 2015, with the overnight borrowing and lending rates standing at 4% and 6% respectively

▶ The BSP Monetary Board will revisit the issue on February 11 2016, with a potential rate shift to preemptively address the upcoming presidential elections on May 9; the presidential elections in the Philippines are likely to pose upward pressure on inflation, which may cause the BSP to hike to interest rate

▶ Currently, the Peso is expected to maintain its stable movement due to the country's strong macroeconomic position; additionally, the central bank is looking to issue seven and 28 day term deposits to be auctioned off under an interest rate corridor system

[Business World \(11 January 2016\)](#)

THAILAND'S AGING POPULATION PROBLEM

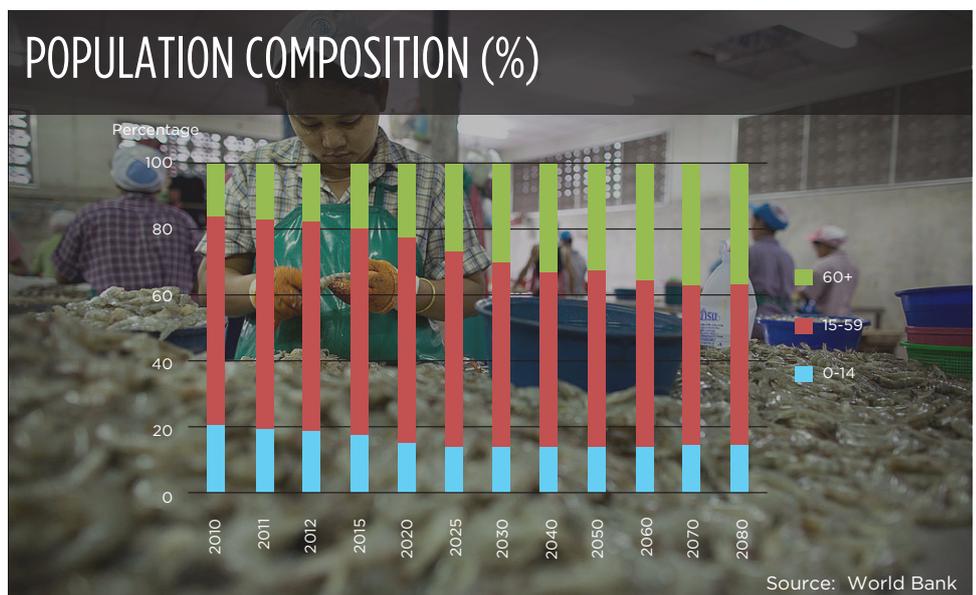
According to the World Bank, Thailand's working age population is expected to shrink by 11% by 2040 at current trends, making it the region's fastest aging population.

▶ In the present, Thailand has been grappling with a labour shortage which it has tried to address in the short term with its 1.3 million registered migrant workers; however, activists have cited the total number of migrants in then nation to be closer to 4 million in total

▶ People of working age now make up about 38.7 million, or more than half of Thailand's population of 66 million, the National Statistics Office says; as a manufacturing hub in the region, a shrinking work force would mean potential wage increases and a decrease in regional competitiveness

▶ The World Bank report stressed that the nation would need to focus on developing its workforce through education in order to combat the nation's upcoming shift in population and therefore, industrial focus; furthermore, the pension system may see reforms in the future as the nation attempts to address its aging population

[Reuters \(15 January 2016\)](#)



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