

# CARI CAPTURES

OIL SERVICES RELOCATE FROM SINGAPORE TO MALAYSIA

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NATURAL DISASTERS MAY DISRUPT VIETNAM'S GROWTH

01 ASEAN


## ASEAN ECONOMIES FACING DISPARATE GROWTH




### MOODY'S RATINGS FOR ASEAN NATIONS

 - SINGAPORE (AAA STABLE)

 - MALAYSIA (A3 STABLE)

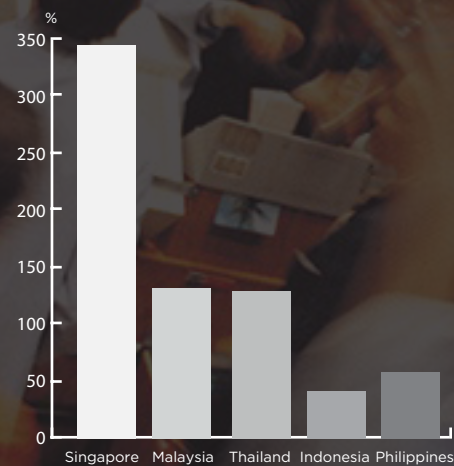
 - THAILAND (BAA1 STABLE)

 - INDONESIA (BAA3 STABLE)

 - PHILIPPINES (BAA2 STABLE)

\*Other ASEAN Member States not discussed in Moody's Report.

### TOTAL TRADE FIGURES AS A PERCENT OF GDP



Source: Moody

**The growth outlook for ASEAN economies is likely to be mixed in the next two years according to a press release by Moody's Investor Service.**

- ▶ The ratings agency cited the prolonged slump in global trade as the central reason as to why the outlook for Asia's export oriented economies was downgraded; in particular, Singapore, Malaysia, and Thailand are likely to see slowed growth if current trends continue
- ▶ On the other hand, domestically demand driven economies such as Indonesia and the Philippines are

expected to continue on previous projections due to their insulation against global trade trends

- ▶ An additional issue plaguing Singapore, Malaysia, and Thailand would be their high existing levels of household debt, which not only limits consumer flexibility in an economic downturn but also hampers the government's ability to shift monetary policies in a crisis

[dhakatribune \(24 March 2016\)](#)

## OIL SERVICES RELOCATE FROM SINGAPORE TO MALAYSIA

**As the crude oil price slump continues to plague the energy services industry multinational oil services companies have begun pulling staff out of Singapore and relocating them to Malaysia in a bid to cut costs.**

- ▶ The cost cutting initiative to relocate employees were further buffeted by sharpening difference in costs between the two nations caused by the depreciating Ringgit and increasing costs associated with living in Singapore
- ▶ Other reasons provided include the desire to

consolidate regional operations at a single base, creating a larger in-country presence for customers, and finding efficiencies in light of ongoing market conditions

- ▶ Whilst Singapore has suffered heavily at the hand of the slump in oil prices, Malaysia has not managed to go unscathed either; Malaysia's state owned Petronas has also made deep cuts in operating and capital expenditure, deferring projects, and retrenching part of its workforce

[next.ft.com](http://next.ft.com) (17 March 2016)

## PHILIPPINES INKS BILATERAL BANKING AGREEMENT WITH MALAYSIA

**As ASEAN member states continue to pursue integrating financial services under the ASEAN Banking Integration Framework (ABIF), the Philippines has signed a bilateral agreement with Malaysia allowing for Qualified ASEAN Banks (QABs) to access both markets.**

- ▶ A framework agreement introduced in 2014, the ABIF provided a guiding platform for the formation of bilateral agreements between member states concerning the banking industry; under the framework, Qualified ASEAN Banks (QABs), which

are defined by the individual bilateral agreements, will be given access to the markets of member states with the support of central banks

- ▶ According to the ABIF, ASEAN 5 nations are to have agreements with at least one other member state by 2018, whilst all member states are to have agreements with at least one other member state by 2020
- ▶ Following the completion of bilateral agreements, the ABIF stipulates a multilateral stage which will establish ASEAN-wide guidelines, thus standardising banking regulations in the region

[news.pia.gov.ph](http://news.pia.gov.ph) (24 March 2016)

## NATURAL DISASTERS MAY DISRUPT VIETNAM'S GROWTH

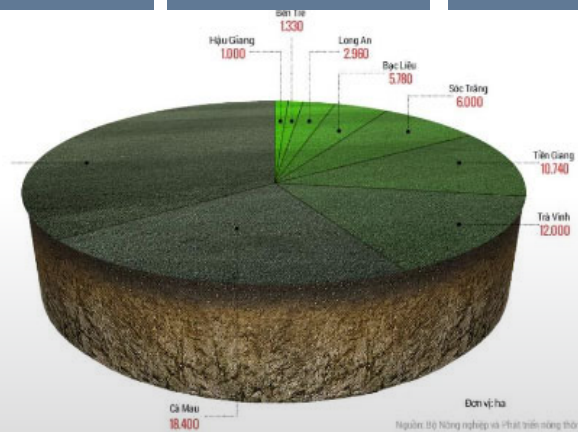
**According to the Vietnamese Minister of Planning and Investment Bui Quang Vinh at a regular cabinet meeting, natural disasters have pulled down the agricultural, forestry, and fishery production of Vietnam.**

- ▶ The Minister also stated that Vietnam's growth rate in 2016 was projected to be 5.45%, much lower than the earlier figure of 6.7% set forth by the country's National Assembly; this reduced growth rate was attributed to drought and saline intrusion, which has caused rice production in the country to drop by 700,000 tons year on year

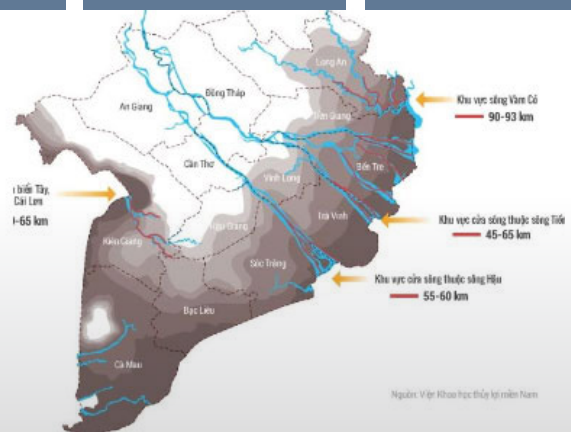
- ▶ According to the country's General Statistics Office (GSO), the growth in agriculture, forestry, and fishery industries is expected to decrease by 1.23% in the first quarter of 2016 year on year; meanwhile, Vietnam's agriculture ministry is attempts alternative cultivation and biological methods to ensure existing crops are able to survive

- ▶ The Minister of Agriculture and Rural Development Cao Duc Phat has called for the allocation of US\$24.1 million in funds for assisting the affected industries; similar measures have been implemented in Thailand and other countries in the region affected by the El Nino weather phenomenon

[ghanaweb](http://ghanaweb) (27 March 2016)



Rice production lost/affected due to drought and salinity in the Mekong Delta



Salt water intrusion mapping in Mekong Delta (as of end Feb 2016)

Source: Reliefweb.intl

## VIETNAM'S INVESTMENT IN LAOS UP TO US\$4.9 BILLION

**The combined capital Vietnamese investors had channeled into Laos has hit US\$4.9 billion so far, the ministry said during the 2016 Vietnam-Laos investment cooperation meeting in the central city of Da Nang.**

- ▶ According to Vietnam, Laos tops a list of 68 countries with business operations in Vietnam, whilst Vietnam ranks second amongst nations investing in Laos
- ▶ Prime investment projects from Vietnam to Laos include the setting up of venture banks by the Hoang

Anh-Gia Lai Group, telecommunication projects by Viettel, and the construction of distribution networks for oil and gas by the Vietnam Oil and Gas Group

- ▶ In addition, the projects have provided job opportunities for about 40,000 people in Laos, boosting local labor capacity, enhancing living conditions of Laotian citizens, and contributing to the nation's budget

[tuoitrenews \(27 March 2016\)](#)

## BNI SET TO ENTER ASEAN MARKETS

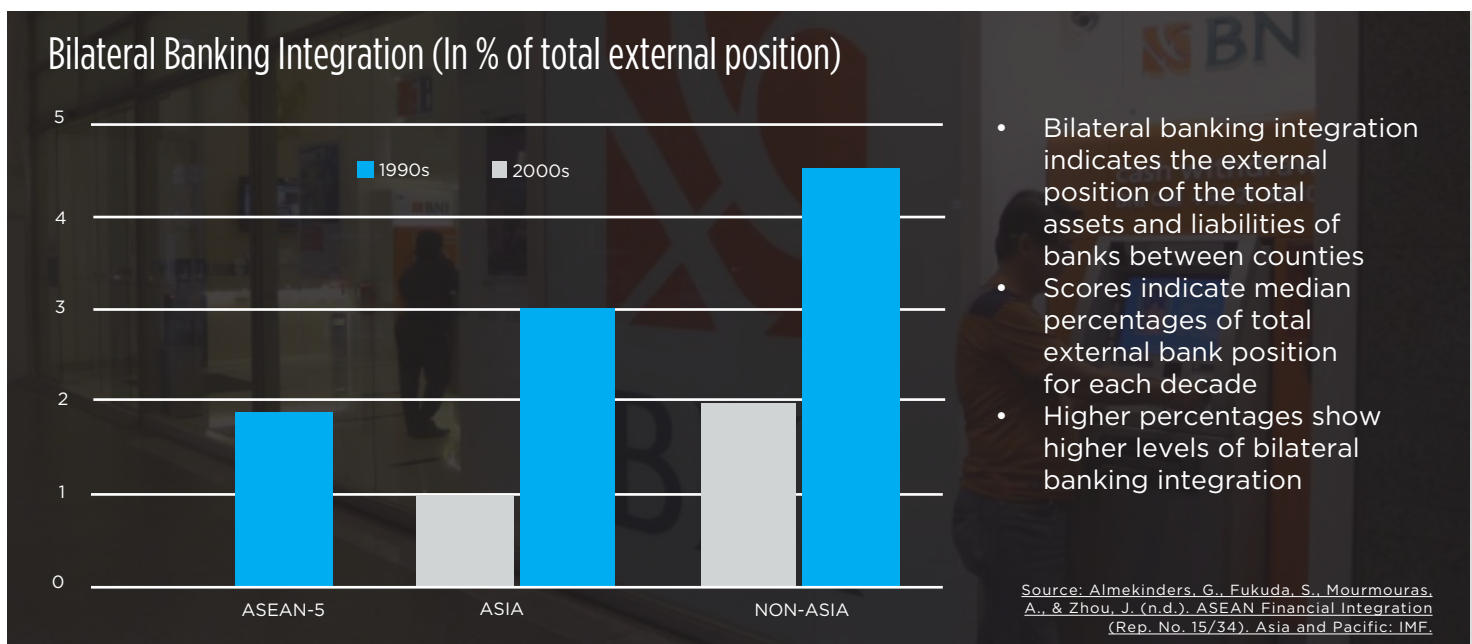
**Bank Negara Indonesia (BNI) has announced its intention to expand business across other Southeast Asian Countries.**

- ▶ BNI's expansion plan has omitted the naming actual countries and dates in the interest of maintaining their competitive edge; however, it was stated that BNI will enter Myanmar in addition to other ASEAN countries
- ▶ BNI and Bank Mandiri are preparing to expand their

businesses in the ASEAN market prior to Financial Services Authority's agreement signings with Central Bank of Myanmar and Bank Negara Malaysia

- ▶ BNI's announcement comes shortly after the announcement of the ASEAN Economic Community at the end of 2015; furthermore, with recent developments in the ASEAN Banking Integration Framework (ABIF), the BNI will likely capitalise upon existing synergies

[en.tempo.co \(18 March 2016\)](#)



## PHILIPPINES CREATES GOVERNMENT TASK FORCE FOR SOUTH CHINA SEA CONCERNS

**In a bid to consolidate various agency policies and actions in the South China Sea, the Philippine government has created a task force.**

- ▶ The task force will oversee military, coast guard, maritime police, and the Bureau of Fisheries and Aquatic Resources; the task force was created to address the country's national interest, policies, and evolving strategic landscape
- ▶ Currently, the Philippines is awaiting a ruling by a United Nations backed tribunal in the Hague to determine national rights in the South China Sea;

furthermore talks between Singapore on behalf of ASEAN and China regarding conduct in the South China Sea will most likely involve the Philippines' new task force

- ▶ More recently, China has increased its aggressive stance in the South China Sea, going so far as to encroach on contested Malaysian waters with around 100 Chinese registered vessels

[asia.nikkei.com \(23 March 2016\)](#)



**POLITICS**

▶ Htin Kyaw was sworn in as Myanmar's new president on 30 March, the first president in over half a century with no military ties. In a short address to the chamber, Htin Kyaw reiterated Suu Kyi's stance on the importance of changing the 2008 military-drafted constitution, which entrenches the military's powerful position in politics, and called for national reconciliation.

[Reuters \(30 March 2016\)](#)

▶ The plan for Aung San Suu Kyi to lead four of the 18 civilian ministries is only a temporary arrangement, according to newly appointed Minister for Religion and Cultural Affairs Thura U Aung Ko. The roster approved on 21 March awards the NLD leader control over the ministries of foreign affairs, education, electric power and energy, and the President's Office. "I assume that she will take control of all four ministries to guide them temporarily," he said.

[Myanmar Times \(29 March 2016\)](#)

▶ Myanmar's outgoing President Thein Sein lifted a state of emergency in the restive Rakhine state, a surprising move only one day before leaving office. The state of emergency was imposed after clashes between Buddhists and Rohingya Muslims in 2012. While there have been no major clashes in the state in the last two years, most of the 1.1 million Rohingya Muslims in Myanmar remain stateless and live in apartheid-like conditions.

[The Star Online \(29 March 2016\)](#)

**ECONOMY**

▶ The Yangon Stock Exchange officially started trading on 25 March, months after it opened in December. Only one company is listed on the exchange - First Myanmar Investment (FMI), one of the country's largest companies with investments in real estate, hospitality, healthcare and financial services. The firm's share price increased almost 35 percent in the first two trading days, climbing from a market capitalisation of K610 billion to K845 billion.

[Channel NewsAsia \(25 March 2016\)](#)

[Myanmar Times \(29 March 2016\)](#)

**FOREIGN AFFAIRS**

▶ The ASEAN-Korea Center, an international organization dedicated to boosting cultural and business exchanges between Korea and ASEAN, will send an economic mission of the nation's food importers to Myanmar and the Philippines in April. The delegation will visit Yangon and Manila for product development workshops and bilateral business meetings.

[The Korea Times \(29 March 2016\)](#)

▶ Four years after the US started lifting its sanctions on Myanmar, those that remain are crimping the scope of American companies to do business in the country. A few American brands are managing to find their way into the country, including fried-chicken outfit KFC, but many other US companies interested in investing in Myanmar find themselves falling behind competitors from places, including China and the European Union, that have already lifted their sanctions against the old military regime or never had any.

[The Wall Street Journal \(28 March 2016\)](#)

**MALAYSIA TO PROPOSE ASEAN FOOD SAFETY CERTIFICATION**

**Malaysia intends to push for common food safety certification system amongst fellow ASEAN Member States.**

- ▶ The announcement follows the establishment of the ASEAN Risk Assessment Centre for Food Safety (ARAC) in Malaysia; the ARAC provides independent risk assessment to analyse food safety issues of common interest in the region
- ▶ Currently, safety standards for food vary between member states which creates certification costs for the importing and exporting of foods; a central certification system would help to streamline regional food safety certification and reduce costs for ASEAN businesses
- ▶ Regional certification may even be recognised by foreign countries; most recently, 35 tonnes of Philippine bananas were destroyed by Chinese authorities due to "unsafe" levels of pesticide and chemicals, an issue which may be prevented in the future by centralised certification



[foodnavigator-asia.com \(24 March 2016\)](#)

**UBER AND GRAB TOLD TO PARTNER WITH TRANSPORT BUSINESSES**

**Ride hailing apps Grab and Uber have been told by the Indonesian government to partner with a transport business and register their cars by May 2016 should they wish to continue operations.**

- ▶ The proliferation of cheap taxis using ride-hailing apps Grab and Uber in gridlocked Jakarta has made the traditional pick-up and drop-off taxi services unprofitable, threatening the business models of the country's top taxi firms
- ▶ Indonesian cabbies clashed with drivers working for online apps on Tuesday, pulling them off their bikes and assaulting them as thousands of drivers took to the streets of Jakarta calling for a ban on ride-hailing apps like Grab and Uber
- ▶ The new requirements by Indonesia are a huge setback for ride hailing services in the country, and can even be viewed as a protectionist policy by the government

[cnbc.com \(24 March 2016\)](#)

|   | Countries Operating in ASEAN                                   | Founded on | Founded in               | Registered Drivers |
|---|--|------------|--------------------------|--------------------|
|  | Malaysia, Singapore, Thailand, Vietnam, Indonesia, Philippines | 2009       | United States of America | N/A                |
|  | Malaysia, Singapore, Thailand, Vietnam, Indonesia, Philippines | 2011       | Malaysia                 | 75,000             |

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