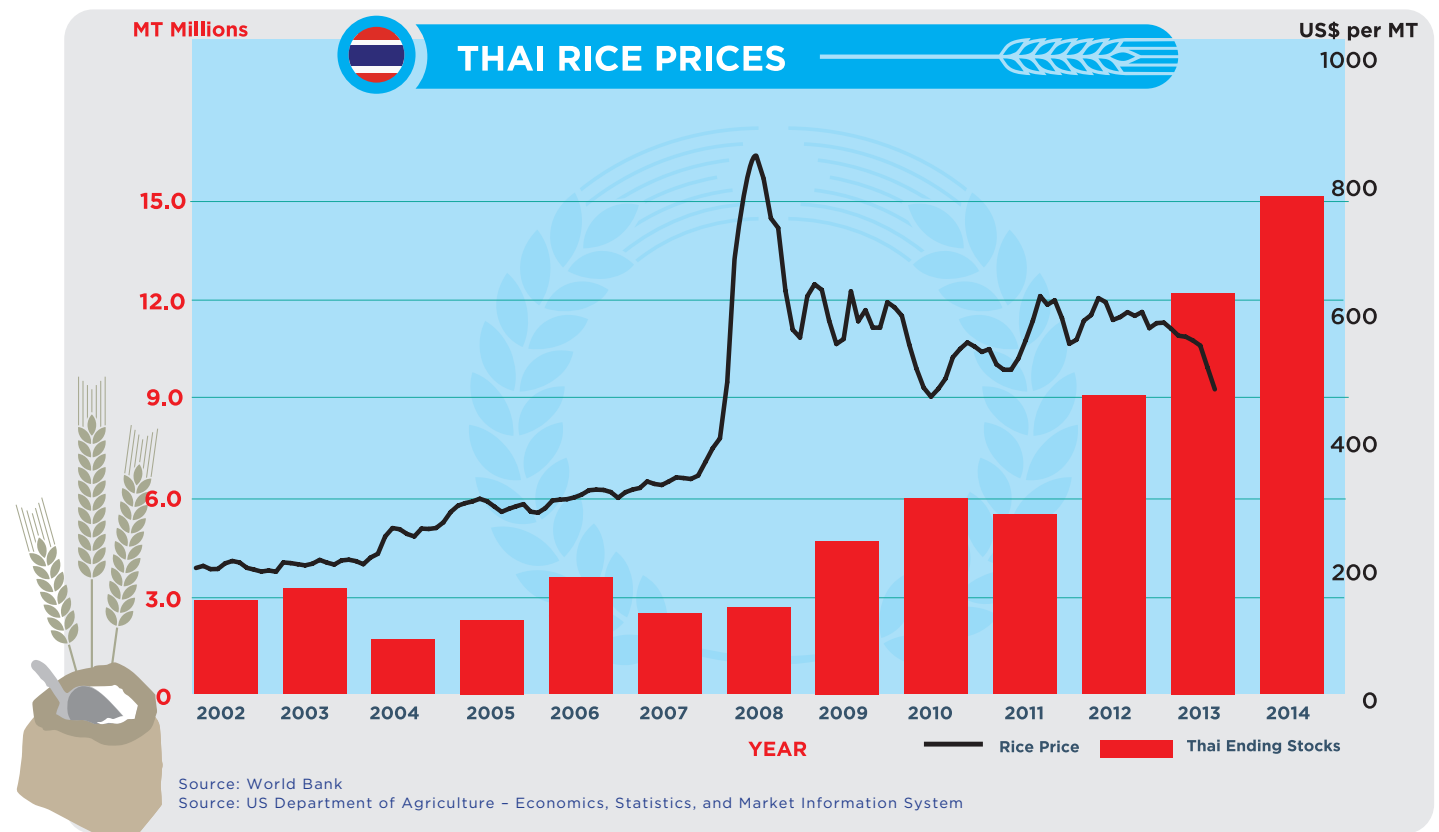


CARI CAPTURES



01 CHINA ADDS TO PLEDGE TO BUY THAI RICE



On the back of signing a Memorandum of Understanding (MoU) to buy one million tonnes of Thai rice over the next five years from Thai traders, the Chinese government has pledged to buy an additional 1 million tonnes of Thai rice annually through government-to-government (G2G) contracts, going some way to easing the burden on the Thai government and its burgeoning rice stocks.

▶ A report by the US Department of Agriculture forecasts that Thai rice stockpiles are expanding to

a record amount with reserves increasing 24% to 15.5 million tonnes in 2013-14 as global output rises 1.7%, being an all-time high of 476.8 million tonnes; this glut in Thai reserves is thought to be due to the Thai government pledging scheme which has spurred farmers to plant massive crops and has also coincided with a drop in the price of Thai rice by 24% to US\$445 this year

▶ Thai Prime Minister Yingluck Shinawatra announced at a press-conference after leading Chinese

Premier Li Keqiang through his 3-day visit of Thailand, claiming that the new deal, which will run indefinitely and will include China purchasing 200,000 tonnes of Thai rubber annually, will not affect the volume of rice Chinese companies would buy directly from Thai exporters

▶ This new deal is not without its controversy though, with former deputy prime minister and finance minister Pridiyathorn Devakula making claims of alleged corruption in the government's rice-pledging scheme with losses of THB425

billion; incumbent Deputy Prime Minister and Finance Minister Kittiratt Na-Ranong has leaped to the defence of the programme claiming that Mr Devakula's comments were inaccurate and that he was willing to listen to the former politician to clear the air

02 FITCH RATINGS REAFFIRMS CONFIDENCE IN INDONESIAN BANKS

INDONESIA

Fitch Ratings, a Big Three international ratings agency, has reaffirmed its BBB rating on Bank Mandiri, Bank Rakyat Indonesia, Bank Negara Indonesia and its AA (Idn) rating on Bank Tabungan Negara citing robust earnings in the face of high interest rates, lower commodity prices and the depreciation of the national currency, the Indonesian Rupiah.

► Fitch noted that the banks' earnings and asset quality have remained manageable despite slowing domestic economic growth, having already improved their credit risk management and diversified their credit portfolios, forecasting loan growth to range between 15-20%, with loans

growing 22% in the January-August period

- Fitch's stress tests show that the four state-owned banks have sufficient pre-provision profits to withstand loan losses of up to 5.5% for BRI, Mandiri and BNI and up to 3% for BTN whilst average credit losses from 2009 were less than 2% across the four lenders
- In an increasingly delicate global economic environment, Fitch noted that BTN would be the least affected lender by the Indonesian Central Bank's move to raise down-payment requirements for property purchases of second and third homes by a whopping 20%, to as high as 50%

[Jakarta Globe \(14 October 2013\)](#)

03 ANTI-CORRUPTION AGENCIES CALL ON THAILAND TO SHAPE UP

THAILAND

Transparency International, a Berlin-based international agency with expertise on transparency and anti-corruption, has called on, NGO organisations and society to pressure the Thai government to put some controls on middlemen and sales agents, calling for reforms where licensed operators would have to disclose relationships with ministries as well as terms and conditions of their contracts.

- Transparency International Co-founder Michael Hershman has proposed countries establish an Integrity Pact for third-party involvement enabling transparency in the bidding processes so as to so

as to counter corruption which subverts billions of dollars, adding to the cost of doing business

- The Anti-Corruption Agency of Thailand hopes the pact will be approved by the Cabinet later this year; Thailand ranks 88th out of 176 countries in terms of graft in the 2012 Corruption Perceptions Index



[Bangkok Post \(14 October 2013\)](#)

04 THAI CENTRAL BANK HOLDS INTEREST RATES AMIDST THREAT OF US DEFAULT

THAILAND

The Bank of Thailand opted to leave interest rates unchanged in spite of the looming possibility of a US Government default as American politicians scrambled to piece a deal together which only culminated in the eleventh hour, vindicating the Thai Central Banks decision.

- Thailand's Monetary Policy Committee unanimously decided to leave its benchmark interest rates unchanged for the third consecutive meeting, holding its one-day bond repurchase rate at 2.5%, in spite of Finance Minister Kittiratt Na-Ranong commenting earlier this month that the rate was "too high"

- The threat of a US government default added to growth risks of delayed government spending and weakening local demand, but the central bank held firm, with the earlier US Fed decision to delay tapering diminishing the risk of capital outflows from emerging economies
- Thailand's growth is estimated to

be at least 3% in the third quarter of this year as exports pick up, with its full-year growth forecast of 3.8-4.3% still intact, according to the National Economic and Social Development Board

[Bangkok Post \(16 October 2013\)](#)

05 FINANCIAL HOUSEKEEPING FOR VIETNAM FOR CAPITAL MARKET DEVELOPMENT

VIETNAM

Vietnamese banks are cleaning up their balance sheet with sales of Non-Performing Loans to the government Vietnam Asset Management Company (VAMC) as Vietnam is set to develop its capital markets with the introduction of a new set of indices created for Government bonds, municipal bonds and bond liquidity slated for the future.

- Bond issuances increased to a total of VND 421 trillion (US\$19.8 billion) as of September this year with the highest bidding session hitting more than VND2 trillion (US\$94.3 million), improving the proportion of bonds successfully finding buyers from 32% in 2010 to 52% in 2012
- Saigon Commercial Bank signed contracts to sell VND1.3 trillion worth of bad debts to the VAMC, bringing its total debt sold to

the government special purpose vehicle to VND1.8 trillion, bringing its NPL ratio to around 3%

- The VAMC has already bought VND 3.85 trillion worth of bad debts from four commercial banks, with up to VND35 trillion worth of bad debt expected to be tackled this year
- The VAMC buys bad debt through issuance of special bonds which can be used to

access refinancing loans from the central bank; local lenders were reluctant to do so as VAMC sought to buy debt backed by real estate, however, now that the barrier has been removed and mechanism made clearer, banks are seeking to clean up its balance sheet

[Business Times \(14 October 2013\)](#)

06 PHILIPPINE ECONOMY IN GOOD HEALTH



The Philippine economy remains in good health and is prepared to deal with any financial crisis that followed a failure by US lawmakers to reach a deal with Central Bank Deputy Governor Diwa C. Guinigundo claiming measures are in place to counter any ill-effects of a potential US Government default.

▶ Contingency measures similar to those deployed in the 2008-2009 global financial crisis are in place to safeguard the

Philippine economy should US lawmakers have failed (and this may happen again) to come to an agreement to raise the debt ceiling which would have led to a US government default, triggering global liquidity concerns

▶ Such measures mooted include “continuation of the US dollar repurchase facility to assist banks having US dollar liquidity needs; peso liquidity measures, which may include [a] reduction in the BSP’s reserve requirement

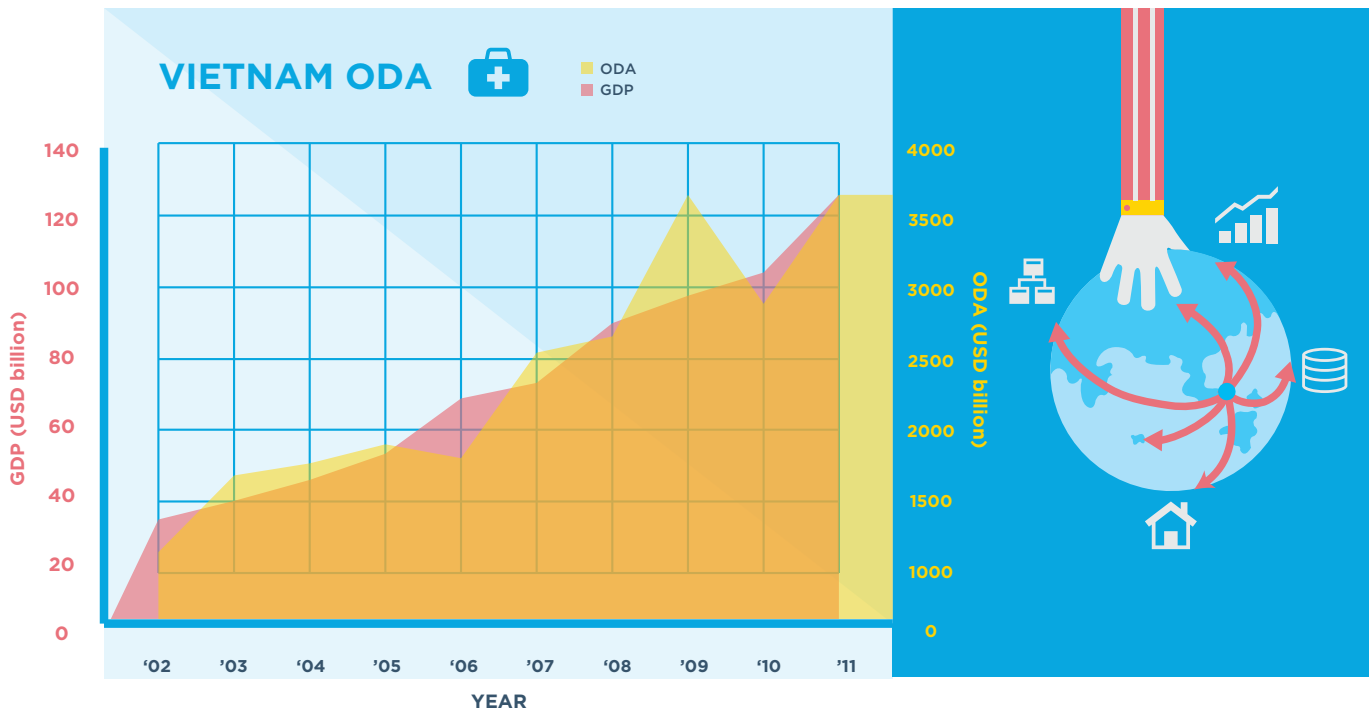
and lengthening of the maturity of BSP lending instruments; regulatory forbearance on banks; and the timely communication with financial institutions and market participants”

▶ The Philippines growth outlook upgraded by the World Bank earlier this month from an earlier forecast of 6.2% to 7%, even as other Asian developing economies face the very real prospect of slower growth; coupled with the country having its government debt upgraded to

investment-grade by Fitch, S&P and Moody’s for the first time earlier this year, capital flight from the Philippines is expected to be lesser than that as in May and June when investors were spooked by a potential US Fed tapering

[Business World Online \(13 October 2013\)](#)
[Philstar \(8 October 2013\)](#)

07 VIETNAM RECOGNISES OVERSEAS DEVELOPMENT AID



October 17 marked the 20th anniversary of development cooperation between Vietnam and its donors with Vietnamese Prime Minister Nguyen Tan Dung hugely grateful to governments of donor countries, international organisations and international non-governmental organisations for their continuing support in helping Vietnam grow from a poor and least developing country into a middle developing country at present.

▶ Donors provide around US\$3 billion annually in ODA to Vietnam, helping to stabilise their macro-economy and encouraging foreign investors to expand business and invest in Vietnam, with contributions of FDI-to-GDP growing from 2% in 1992 to 19% in 2012

▶ World Bank country Director for Vietnam Victoria Kwakwa put Vietnam’s success in turning the country’s fortunes around

down to the strong government ownership of its development vision and agenda, but stressed that the journey is far from over with the poverty reduction gains and equality in access to economic opportunities and social services susceptible to reversal

▶ Japan, being a significant contributor to Vietnam’s development to the tune of approximately US\$20 billion thus

far, plans to utilise ODA that includes technical cooperation in economic restructuring and human resource and infrastructure development in the years to come

[Business Times \(17 October 2013\)](#)



08 MYANMAR MONITOR

NATIONAL

▶ Several bombs exploded in north-eastern Myanmar on Thursday 17 October, the latest in a string of unexplained attacks that have killed at least two people in four different regions, including Yangon and Mandalay. Police said four suspects had been arrested.

[Reuters \(17 October 2013\)](#)

ECONOMY

▶ An internationally backed export support program will be implemented next month to help reduce the country's trade deficit, the Ministry of Commerce says. Later this month, Myanmar will hold a National Export Strategy Workshop called to discuss the export deficit Myanmar has run up over the past two years.

[Myanmar Times \(20 October 2013\)](#)

▶ Myanmar as a tourist destination will be the focus of a major international tourism conference in Singapore 23-25 October. More than 8,000 tourism-linked visitors are expected take part in the three-day gathering. Last year saw a record high of more than 1 million visitors to Myanmar, but the Ministry of Transport and the Department of Civil Aviation is forecasting annual visitors to reach 6 million by 2017.

[The Irrawaddy \(19 October 2013\)](#)

FOREIGN AFFAIRS

▶ The Thai cabinet has approved a bilateral agreement eliminating visa requirements for Thai and Myanmar citizens travelling by air and staying up to 14 days. Myanmar has yet to sign the agreement, but it will only come into effect once both countries have signed it.

[Bangkok Post \(22 October 2013\)](#)

▶ Aung San Suu Kyi on 22 October finally received the EU's Sakharov rights prize she won in 1990 at the height of a brutal military crackdown. European Parliament's President Martin Schulz presented the award and congratulated her on being a great symbol of freedom and democracy. "You demonstrate that people who fight for democracy will triumph in the end," Schulz said.

[The Star Online \(22 October 2013\)](#)

09 NATURAL DISASTERS TERRORISE ASEAN



PHILIPPINES



VIETNAM

Natural disasters continued to wreak havoc and turmoil on ASEAN and its neighbouring regions as the Philippines suffered the wrath of a magnitude-7.2 earthquake and Typhoon Nari swept through the South China Sea, bringing torrential rainfall, floods and leaving destruction in its wake.

- ▶ The death toll of a powerful earthquake which hit central Philippines rose to 99 and is expected to rise even higher, as centuries-old churches were destroyed and landslides were triggered that engulfed homes alongside coastal highways
- ▶ Typhoon Nari battered the Philippines displacing 43,000 people in 11 provinces and

leaving at least 13 people dead after ripping off rooftops, toppling trees and causing flash floods

- ▶ Vietnam was caught in its path of destruction and with winds of up to 140 km/h at its centre, much of the same was caused in Central Vietnam with more than 122,000 people evacuated to safe ground
- ▶ Vietnam is widely exposed to the sea and experiences 8-10 typhoons every year; Typhoon Nari was forecasted to be moving Westward at about 15 km/h and is expected to weaken into a tropical depression

[Reuters \(15 October 2013\)](#)
[Straits Times \(16 October 2013\)](#)
[Bangkok Post \(14 October 2013\)](#)



10 PHILIPPINES EMBRACES FREE TRADE AGREEMENTS



PHILIPPINES

Philippine Trade and Industry Secretary Gregory L. Domingo has praised the impact of Free Trade Agreements on the Philippine economy, attributing the improved quality of Philippine industries to the increased competitiveness.

- ▶ Mr. Domingo acknowledged that leading Philippine industries of transportation, telecommunication, electronics and services were not competitive until they were liberalised, and maintained that whilst protecting local industries may be politically favourable, the cost of less efficient firms was borne by consumers
- ▶ The Philippines' biggest export being electronics, accounting for 40% of the country's US\$44 billion exports in 2012, with 20% of total exports going to Japan and 13% to the United States
- ▶ The Philippines has expressed interest in entering the Trans-Pacific Partnership, a

regional free trade agreement encompassing Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam with the view that such trade agreements will open potential new markets, but may be disqualified on grounds of environmental standards, intellectual property rights and services

[Jakarta Globe \(14 October 2013\)](#)

" In general we think of trade agreements as a way to improve our industries. Only by introducing competition can we make them more competitive "

Gregory L. Domingo
 Philippine Trade and Industry Secretary

