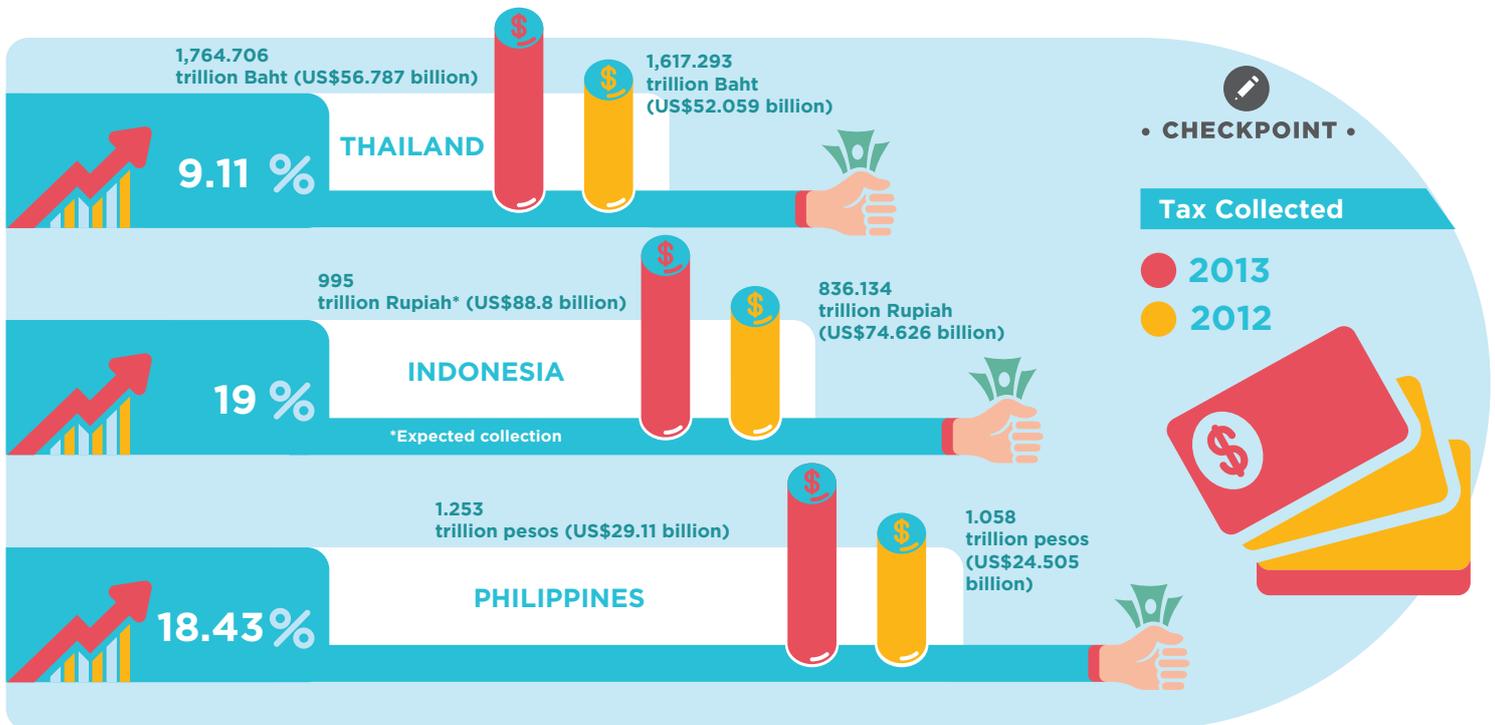


# CARI CAPTURES



## 01 HERE COMES THE TAXMAN



**Tax collections have increased by as much as 19% across Thailand, Indonesia and the Philippines as ASEAN Governments are lending more focus to taxes as revenues as they seek to continue their growth along the recovery path and to protect their momentum.**

Of the three countries that made announcements pertaining to tax collections, Thailand's state revenue grew the least with collections in fiscal 2013 totalling THB1,764.706 trillion (US\$56.787 billion), up by a respectable 9.11% from the last fiscal year, and 2.7% higher than their target

Data from the tax directorate generate at the Ministry of Finance in Indonesia shows total tax revenue collected being Rp995 trillion (US\$88.8 billion), being a year-on-year rise of 11%, with the full year target being 19% higher than last year's

With the country facing the macroeconomic concept known as a 'twin deficit anomaly' whereby a country has both a trade deficit and a budget deficit, the Indonesian Government raised a further Rp12 trillion (US\$1.09 billion) from the sale of bonds and bills with varying maturities and rates

on 22 October to go with tax revenue in tackling the national economic situation

In the Philippines, the Bureau of Internal Revenue has been tasked to step up tax collections, with next year's tax target having already been decided at being 12.38% higher than the PHP1.253 trillion (US\$29.11 billion) set for this year; the department is PHP30 billion (US\$697 million) off its target and must now collect PHP355.051 billion (US\$8.25 billion) from October to December to meet its 2013 target

In a rather unorthodox effort

to raise taxation awareness, encourage compliance, and discourage evasion, the Philippine Bureau of Internal Revenue has prepared and released a list of the richest individuals in the country and where they stood in the Bureau's own taxpayer roster, comparing the list compiled by Forbes with their own records

[Bangkok Post \(21 October 2013\)](#)  
[Jakarta Globe \(21-23 October 2013\)](#)  
[Business World Online \(20 October 2013\)](#)  
[Inquirer \(24 October 2013\)](#)  
[eHow Business](#)

## 02 FALLING RUPIAH HURTS RENTALS AND INVESTMENTS

### INDONESIA

**With the Rupiah national currency having depreciated about 15% this year, Indonesia is seeing its effects in terms of office-space rental markets in its CBD areas and in investment amid growing concerns that may persevere through 2014, raising fears of sluggish economic growth.**

- ▶ Investors and market participants are weary of the political uncertainty with the Indonesian legislative and presidential elections scheduled to be held in April and August of next year, and combined with the effects of the depreciating Rupiah due to massive outflows of foreign funds from the country's debt and equity markets, investors may be holding back for a while more
- ▶ CBD office space rental rates only grew 2% in Q3 as opposed to 6% in the previous quarter, and whilst rental rates in non-CBD areas grew at the higher rate of 5.5%, tenants were still opting to rent offices in non-CBD areas for their lower costs, with non-CBD landlords more able to raise rates; occupancy rates

for new office space was 93% in non-CBD areas vs. 92% for CBD areas

- ▶ This dampened sentiment were reflected in the level of investment in the Indonesian economy as well with the Indonesian Investment Coordinating Board (BKPM) noting that total investment in Q3 rose 23% Year-on-Year as opposed to 30% in the previous quarter, with the 2014 outlook forecasted to grow only 15%
- ▶ In the January-September period, total investment rose 28% Year-on-Year to a total of Rp293.3 trillion (US\$26.61 billion) with foreign investment accounting for Rp199.2 trillion (US\$18.09 billion), being mainly constituted by investment in manufacturing and services contributing 40.7% and 43% respectively; BKPM Chairman Mahendra Siregar adds perspective claiming the shift in investment from natural resources-based to value-added sector

[Jakarta Post \(21-23 October 2013\)](#)

## 04 BRUNEI INTRODUCES SYARIAH PENAL CODE

### BRUNEI MALAYSIA

**In its latest step towards conservatism, Sultan Hassanal Bolkiah of Brunei Darussalam announced the introduction of a new Syariah Penal Code, which had been gazetted last week and would "come into force six months hereafter and in phases."**

- ▶ The new law, referred to as "special guidance" from Allah, includes tough Islamic punishments such as death by stoning for crimes such as adultery, severing of limbs for theft, and flogging for violations ranging from abortion to consumption of alcohol
- ▶ In a 'titah' delivered on the eve of Hari Raya Aidil Adha, the Sultan

spoke out about the religion and its direction, urging Muslims to be firm and steadfast in defending Islam and to safeguard it from negative influences

- ▶ Neighbouring Malaysia has also made headlines recently with its Appeal Court ruling that implies that only Muslims can use the word "Allah" to refer to God, overturning a previous ruling that allowed a Malay-language Catholic newspaper to use the word

[Straits Times \(22-23 October 2013\)](#)  
[Brunei Times \(16, 22 October 2013\)](#)

## 03 US OUTLOOK DOWNGRADE NOT TO AFFECT ASIAN SOVEREIGN RATINGS

### ASEAN

**International ratings agency Fitch Ratings has come out and assured investors that the recent assignment of Rating Watch Negative on the US's AAA sovereign ratings is unlikely to lead to downgrades of any Asian sovereigns despite the large proportion of US debt they hold in reserves.**

- ▶ As at July 2013, Asian governments held in reserves 26% of the total marketable US Treasury debt instruments with China and Japan holding 11% and 10% respectively and 9 other Asian governments holding the remaining 5%

- ▶ International reserves are an important buffer against external shocks and underpin overall sovereign creditworthiness, lending to liquidity and sovereign credit profiles
- ▶ Despite the recent scare of a US default on their debt obligations, saved only by a deadline-day agreement to defer the debt limit until 2014, Fitch maintained that US Treasuries are likely to remain among the most liquid financial instruments

[Jakarta Post \(19 October 2013\)](#)

### CHECKPOINT

#### FITCH RATINGS

Long Term Rating/IDR

Short Term Rating/IDR



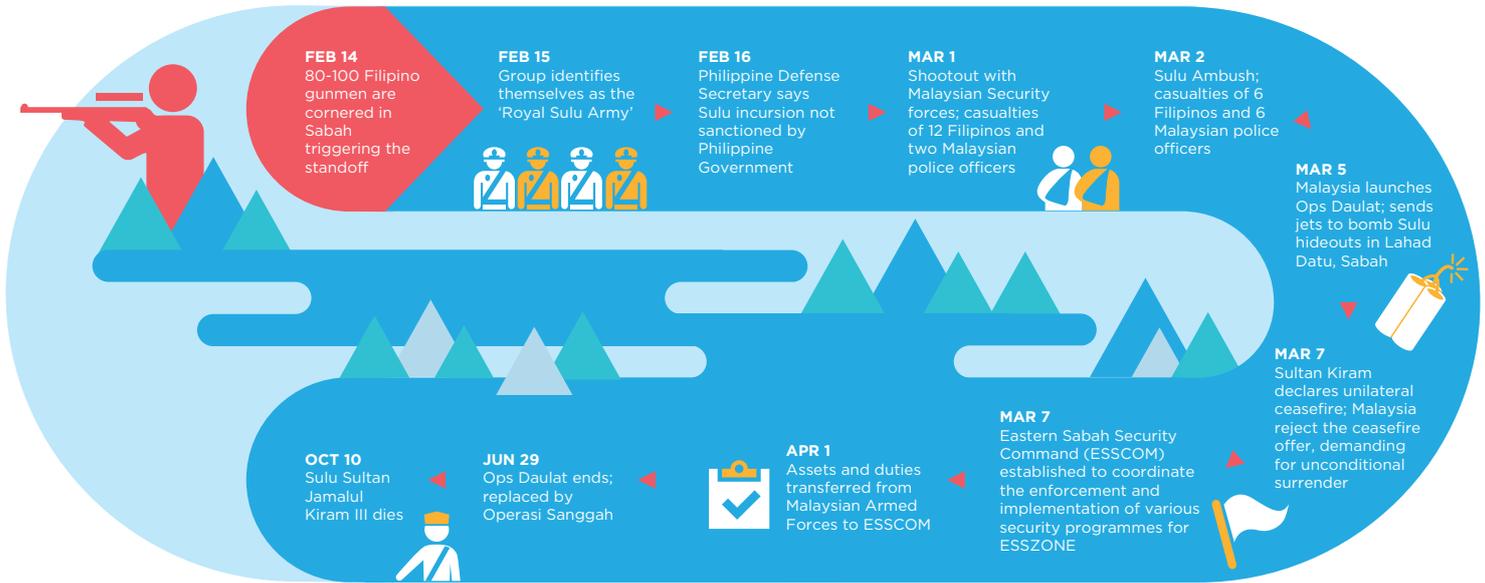
#### LT Rating/IDR

- AAA Highest Credit Quality
- AA Very High Credit Quality
- A High Credit Quality
- BBB Good Credit Quality
- BB Speculative
- B Highly Speculative
- CCC Substantial Credit Risk
- CC Very High Levels of Credit Risk
- C Exceptionally High Levels of Credit Risk
- RD Restricted Default
- NR Not Rated

#### ST Rating/IDR

- F1 Highest Short-Term Credit Quality
- F2 Good Short-Term Credit Quality
- F3 Fair Short-Term Credit Quality
- B Speculative Short-Term Credit Quality
- C High Short-Term Default Risk
- RD Restricted Default
- D Default
- NR Not Rated

# 05 SELF-PROCLAIMED SULU SULTAN PASSES AWAY



Source: GMA News Online, Bernama

**Self-proclaimed Sulu Sultan Jamalul Kiram III, the man who instigated the armed intrusion into the island of East Malaysia reclaiming the state of Sabah for the Philippines, passed away last week of multiple organ failure aged 75-years old at a government hospital.**

- ▶ Led by the Sultan's brother, Rajah Mudah Agbimuddin Kiram, an armed force of 200 men landed in Lahad Datu, Sabah to reclaim Sabah as a part of the Philippines, leading to deadly clashes with Malaysian forces
- ▶ Being one of the heirs of the Sulu sultanate, Kiram has pushed Philippines to pursue its historical claim on Sabah through the

International Court of Justice or United Nations, claiming that Sabah was merely leased to British North Borneo Co. and later transferred to Malaysia

- ▶ Currently, the Malaysian Embassy in the Philippines issues a cheque of RM5,300 to the heirs of the Sulu sultanate calling it 'cession' payments, whereas the Sulu are claiming it is rather to be viewed as lease payments
- ▶ Survived by his daughter, Princess Jacel Kiram has pledged to continue her father's work in reclaiming Sabah for the Filipinos

[The Nation \(21 October 2013\)](#)  
[Business World Online \(20 October 2013\)](#)

# 06 THAI NPLS GROW AMID SLOWING ECONOMY



**Outstanding Non-Performing Loans (NPLs) amongst 11 SET-listed commercial lenders rose by 6% in the first 9 months of the year, according to statements filed with the Thai Stock Exchange.**

- ▶ With the lacklustre economic conditions, worries are growing as to what the significant increase in NPL ratios could signify: a sign that borrowers are finding it increasingly difficult to satisfy their debt obligations
- ▶ The total outstanding NPLs for the 11 banks amounted to THB279 billion (US\$8.99 billion), however senior officials from within the financial industry have claimed that the rising ratio is not a cause for concern owing to the higher provisions

set aside by the financial intermediaries to counter any such event provisions set aside by the financial intermediaries to counter any such event

- ▶ It wasn't all doom and gloom for everyone though as pawn shop operators are benefitting from current economic conditions to book in higher profits and volume growth in customers; Easy Money, Thailand's largest pawn shop operator has seen a 20% increase in customers in recent months with SME owners still requiring working capital to keep afloat

[Bangkok Post \(24 October 2013\)](#)

# 07 NEW REVELATIONS IN THAI RICE DEAL



**New developments were revealed last week when Deputy Commerce Minister Yanyong Phuagrach was questioned in the House session after Democrat MP Phitsanulok Warong Detkitvikrom questioned him to clarify the Thai-China rice deal.**

- ▶ In a follow up piece to last week's article on the Thai-China Government-to-Government deal for China to buy one million tonnes of Thai rice annually, the Deputy Commerce Minister's answers to the questions posed to him could be interpreted as there being no formal arrangement signed as of yet
- ▶ In Mr. Yanyong's words, the Chinese leaders' words were more binding than a memorandum of understanding;

this potential admission of the government misleading the public with signed deals comes off the back of similar circumstances last November when it announced China would buy five million tonnes of rice annually from 2013 to 2015

- ▶ Former deputy prime minister and finance minister Pridiyathorn Devakula who had earlier in the month made claims that the government's rice pledging scheme was set to lose THB425 billion (US\$13.70 billion) has now revised his figure downwards, claiming that the scheme's losses could reach as much as THB466 billion (US\$15.02 billion) based on figures on rice release information from the Commerce Ministry

[Bangkok Post \(18, 22 October 2013\)](#)



## 08 MYANMAR MONITOR

### POLITICS

- ▶ Myanmar President Thein Sein will not seek a second term at the next election in 2015, USDP leader and parliament speaker Shwe Mann said on 24 October. [Strait Times \(25 October 2013\)](#)
- ▶ UN human rights special rapporteur said that the violence against Muslims in Myanmar poses a serious threat to the country's economic and political reforms. "More needs to be done by the government to tackle the spread of discriminatory views and to protect vulnerable minority communities," he told the UN General Assembly's Third Committee, which deals with human rights issues. [Reuters \(24 October 2013\)](#)

- ▶ The Myanmar government will proceed with the planned nationwide cease-fire agreement next month, despite failing to reach an agreement with the major rebel group Kachin Independence Organization and the smaller group Palaung. After the nationwide ceasefire agreement comes into effect, the government plans to hold a political dialogue with all the groups to discuss power sharing and national resource sharing, according to Aung Thein, deputy minister at the Presidential Office. [Global Post \(24 October 2013\)](#)

### ECONOMY

- ▶ A proposal for a Bangladesh-China-India-Myanmar economic corridor was included in a joint statement issued in Beijing during the visit of Indian Prime Minister Manmohan Singh. The move is considered to have the potential of changing the geo-political map of Asia and the world, but first India and China need to get the support of Bangladesh and Myanmar and explore various practical elements of such a corridor. [UPI Asia \(24 October 2013\)](#)
- ▶ Myanmar suffered a trade deficit of US\$ 443 million in the first half of the fiscal year 2013-14, from April to September, official media reported 18 October. During the half-year period, Myanmar's foreign trade totalled US\$ 10.649 billion, with US\$ 5.103 billion in exports and US\$ 5.546 billion in imports. [Mizzima \(25 October 2013\)](#)
- ▶ Most domestic banks are planning on providing mobile banking services at the upcoming SEA Games' venues after getting the green light from the Central Bank. Mobile units will include ATMs, point of sale terminals and currency-exchange counters. [Mizzima \(25 October 2013\)](#)

## 09 FUTURE BURNING BRIGHTLY FOR PTT



**Thai conglomerate PTT looks set for a bright future with subsidiary PTT Natural Gas Distribution Company (PTTNGD) set to see gas sales rise 5% in the next year to a total of THB8.4 billion (US\$270.79 million), amid talks of another PTT subsidiary PTT Global Chemical (PTTGC) entering into a joint venture with Indonesian national oil & gas company Pertamina.**

- ▶ PTTNGD is the country's sole industrial natural-gas distributor and is set to see sales volume growth of 5% to 85 million standard cubic feet per day with companies in the automotive, textile, glass, food-processing and rubber sectors are now expanding capacities to

serve growing demand at home and overseas; total power generation capacity is expected to more than double to 70,000 MW in 2030

- ▶ PTTGC expects to sign a JV with Pertamina for the construction of a US\$4 billion petrochemical complex in Java to jointly develop a world-scale project set to take 3 years to complete, with details including project costs yet to be finalised; PTTGC already has planned capital expenditure of THB14 billion (US\$451.32 million) for the next two fiscal years and is set to expand its second aromatics plant, third olefins unit and second phenol unit

[Bangkok Post \(15, 19 October 2013\)](#)

## 10 ASIA SET FOR BUMPER SEASON IN AIR TRAVEL



Source: United Nations World Tourism Organisation Tourism Highlights, 2013 Edition

**According to the latest market outlook report by US plane maker Boeing, Asia is set to go through significant growth in terms of air travel over the next two decades with the region expected to take delivery of 12,820 new aircraft worth US\$1.89 trillion, with Southeast Asia constituting a significant proportion.**

- ▶ Boeing Commercial Airplanes Marketing Vice-President Randy Tinseth projected Southeast Asia to have one of the highest passenger traffic growth markets in the world growing at 7.5% a year; Indonesia, Malaysia and Thailand were predicted to lead growth in Southeast Asia's aviation market and aircraft acquisition with the highest demand being for single-aisle twin-engine jets which will represent 70% of all aircraft delivered to the region
- ▶ Mr Tinseth's forecasts of ASEAN aviation expansion was backed up by the nine-month results report released by Changi Airport

Group which detailed a 5.6% growth in tourist arrivals and 5.5% increase in volume of aircraft take-offs and landings

- ▶ Malaysia is looking to capitalise on the increased tourist travel with its 'Visit Malaysia Year 2014' initiative targeting 28 million international tourist arrivals and RM76 billion (US\$24.18 billion) in tourist receipts; with tourism identified as one of the twelve National Key Economics Areas of the Economic Transformation Program, next year will see over 200 tourism events as Malaysia endeavours to retain or better its ranking of 10th most popular tourism destination in the world according to the United Nations World Tourism Organisation

[The Star Online \(9 October 2013\)](#)  
[The Edge \(21 October 2013\)](#)  
[Business Times \(24 October 2013\)](#)  
[Bangkok Post \(24 October 2013\)](#)

