

# CARI CAPTURES



## 01 ASIAN DEVELOPMENT BANK WARNS OF AEC 2015 TARGET MISS



According to the latest Asian Economic Integration Monitor report by the Asian Development Bank (ADB), achieving the target of the ASEAN Economic Community (AEC) by 2015 is “highly improbable” with recent economic and financial challenges further slowing efforts to meet their commitments by the December 2015 deadline.

- ▶ The ADB has cast doubt on the ASEAN Economic Community Scorecard, the mechanism used to monitor the 13 measures needed in attaining the AEC, which reports around 67.5% of AEC Blueprint targets had been achieved under Phase 1 and 2
- ▶ Being a self-assessment tool, the ADB has warned of overestimation by countries in their self-evaluation of progress towards 2015; the ADB rates the Philippines, Singapore, Thailand and Vietnam as the four countries that have implemented the most measures indicated in the Scorecard
- ▶ The ADB is sceptical of the progress of reaching said target, and considers the efforts to implement the measures to be uneven and not efficiently recorded, exacerbated by the financial turmoil that will affect several ASEAN countries, namely the capital outflows in anticipation of the US Federal Reserve’s tapering on quantitative easing
- ▶ The Manila-based multilateral developmental bank was also critical of the information provided of the Scorecard being too general to give a country-specific picture of where the true bottlenecks lie, glossing over country-specific challenges, with words and phrases such as “strategic schedule,” “minimal,” “where appropriate and possible,” “establish good practices,” and “possibly” commonly used in the Scorecard

[Business Mirror \(24 October 2013\)](#)  
[The Nation \(29 October 2013\)](#)

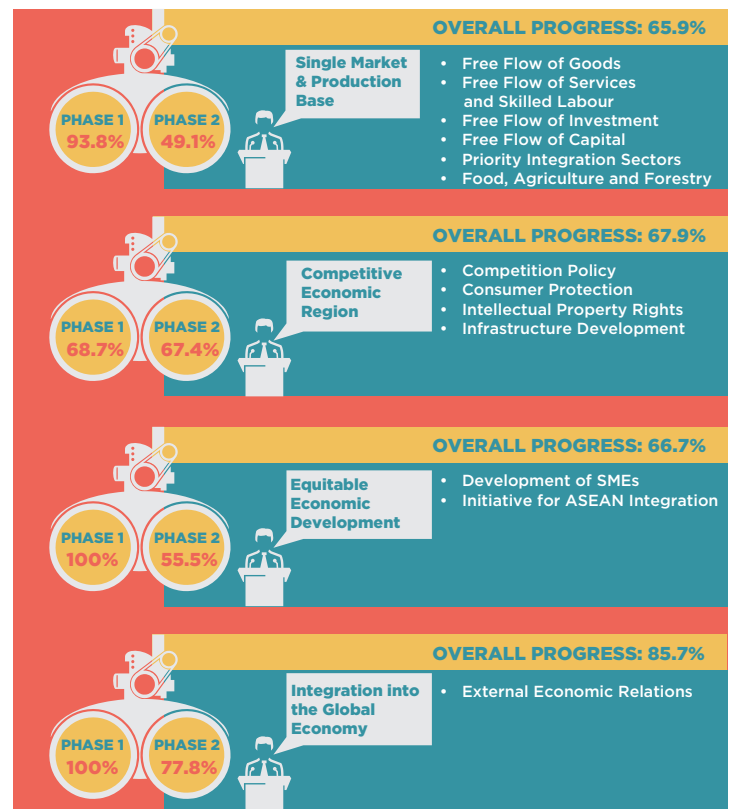
## 02 BRUNEI HOSTS ASEAN EXPO 2013



The ASEAN Expo 2013 served to provide a platform for potential trade opportunities among ASEAN member countries and their associate partners, giving local entrepreneurs the opportunity to interact with international exhibitors to expand their business networking during the five day exhibition held at Bridex International Hall in Jerudong.

- ▶ The inaugural Expo saw more than 100 local and international exhibitors come together under one roof to create awareness and facilitate opportunities in business networking in terms of distribution, partnership and joint venture with the international market
- ▶ With the theme “Towards Building a Sustainable Trade Community”,

### AEC scorecard 2012 - progress report on ASEAN economic integration



the Expo was strategically scheduled to coincide with the recently concluded ASEAN Summit, also held in Brunei, so as to contribute a business platform to all of ASEAN’s business communities

- ▶ This platform allows Small-Medium Enterprises to explore the possibilities that will be opened up with the regional bloc working towards the goal of becoming the ASEAN Economic Community by 2015

[Brunei Times \(28 October 2013\)](#)  
[Philstar \(26 October 2013\)](#)

## 03 THAILAND REVISES GROWTH OUTLOOK



THAILAND

The Bank of Thailand has trimmed its growth forecast for the country for 2013 to 3.7% from the 4.2% forecasted in July this year on the back of contracting exports and declining domestic consumption.

- ▶ The Bank of Thailand also downgraded its forecast for the 2013 current account, now expecting it to run a deficit of US\$6.8 billion, 1.8% of the country's GDP, as opposed to its prior expectation of a US\$1.7 billion surplus
- ▶ This comes off the back of a contracting exports sector which saw value of exports for September shrink 7.09% to US\$19.3 billion; concurrently, the Thai National Shippers Council (TNSC), which represent almost



3,000 exporters and shippers, has also cut its full-year export growth estimate from 2.5% to only 1% in light of uncertain global sentiment, having already trimmed it from 4% earlier in September

- ▶ Despite these worrying signs, accounting and consulting firm Deloitte Thailand still believes the Thai economy is growing at a moderate pace with foreign investor confidence still being strong, singling out the country's

competitiveness in relation to its neighbours

- ▶ The Bank of Thailand held interest rates at 2.5% for the third consecutive meeting but there has been much pressure to lower interest rates from its currently high levels to stimulate the sluggish economy
- ▶ Deputy Prime Minister and Finance Minister Kittiratt Naranon has gone some way to ease the pressure, claiming the high rates of interest are 'acceptable' so long as the currency remains near current levels; the shift in tone came after the national currency dropped 8% since reaching a 16-year high in April of this year, being a suitable level for exporters to grow

[Bangkok Post \(26 October 2013\)](#)  
[Bangkok Post \(25 October 2013\)](#)  
[Bangkok Post \(30 October 2013\)](#)  
[Bangkok Post \(31 October 2013\)](#)  
[Bangkok Post \(28 October 2013\)](#)

## 04 COMPETITION FORCES THAI SET TO MAKE IMPROVEMENTS



THAILAND

**Alternative trading network Liquidnet's recent entry into Thailand has forced the market leader and default trading platform operator Stock Exchange of Thailand (SET) to make rapid upgrades to its trading system and improve its competitiveness so as to protect its market share.**

- ▶ Having been founded in 2001 as a wholesale electronic marketplace

where institutional investors trade large quantities of equities, Liquidnet deals with market participants whose combined assets, trading and investment are worth approximately US\$12 trillion

- ▶ Liquidnet has significant competitive advantages over major bourses by being able to offer services without investors being required to disclose their

transactions to regulators, avoiding the cost of multiple currency trading, and also not needing to pay local brokerage fees

- ▶ The SET already runs a competitive trading system but its room for improvement comes in the form of speed, even though the SET already processes trade orders at speeds 10 times those of

Japanese exchanges; a fast multiple currency trading system is also expected to be in place by early next year

[Bangkok Post \(28 October 2013\)](#)

## 05 MALAYSIAN BUDGET UNVEILED



MALAYSIA

**Malaysian Prime Minister Najib Tun Razak unveiled his government's 2014 Budget with the much anticipated Goods and Services Tax (GST) set to be implemented along with a bevy of other changes; the budget was received by a chorus of lukewarm-positive sentiment by ratings agencies, calling the budget potentially fiscally prudent and responsible.**

- ▶ The GST of 6% will be implemented in April 2015 while tax rates were lowered by 1-3% to increase disposable income and the income threshold for the top tax rate raised from RM100,000 to RM400,000, also giving middle-income earners a RM2,000 tax relief for this year; all these changes are expected to be revenue neutral for the

government, at least for the first few years according to an analyst at Standard & Poors

- ▶ The budget aims to reduce the fiscal deficit from 4% of GDP down to 3.5% meeting previously-set targets, whilst economic growth was forecasted at 5-5.5% in 2014, up from a previous prediction of 4.5-5%; total federal government debt

is expected to climb to RM541.3 billion, 54.8% of 2013 GDP, up from 53.3% of 2012 GDP

- ▶ The subsidy bill is expected to decline to RM39.4 billion from its 2013 figure of RM46.7 billion; the sugar subsidy of 34 sen per kilo was withdrawn with immediate effect

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# 05 MALAYSIAN BUDGET UNVEILED



▶ Ratings agencies are approving of the measures contained within the Budget, with Malaysian Rating Corp Bhd (MARC) saying it meets the competing needs of fiscal consolidation while

attempting to address the people's aspirations; S&P was less enthusiastic, saying that the Budget 2014 would have no impact on sovereign ratings or the country's outlook

▶ Fitch noted there to be measures which are potentially constructive for the sovereign credit profile while Moody's said that the fiscal consolidation measures and reforms would,

if fully implemented, be credit positive for the government's finance

[Jakarta Post \(28 October 2013\)](#)  
[Borneo Post \(29 October 2013\)](#)  
[Borneo Post \(28 October 2013\)](#)  
[Jakarta Globe \(26 October 2013\)](#)

**1** Real Property Gains Tax: 30% for sale in first 3 years, 20% in 4th year, 15% in 5th year

**2** RM4.6 billion allocated to BRIM – Households earning less than RM3,000 get RM650 while single individuals earning less than RM2,000 get RM300; households earning RM3,000-4,000 get RM450

**3** Goods and Services Tax (GST) set at 6%, starting April 1, 2015; sales tax and service tax abolished

**4** Tax rebate of RM2,000 for those earning up to RM8,000 income earned in 2013

**5** Sugar price to go up to RM2.84 following cut of entire subsidy of 34 sen

**6** RM300m MyHome Scheme: Subsidy of RM30,000 to private developer for each unit of low- and medium-cost houses built

**7** Corporate and SME tax rate reduced 1%; Personal income tax rate reduced by 1-3% for all taxpayers

**8** To ensure federal debt level does not exceed 55% GDP

# 06 INDONESIAN BUDGET 2014 TO TACKLE DEFICIT



**The 2014 Indonesian Budget has seen a stark drop in spending as the government aims to address its widening budget deficit and rely on investments to support moderate growth, showing the government's seriousness in tackling the current account deficit issue as the gap widened to US\$9.8 billion in the second quarter of the year, constituting 4.4% of GDP.**

- ▶ Government spending in 2014 has been set at Rp 1,842 trillion (US\$167 billion) which is an increase of only 6.7% from the 2013 budget; this is the smallest increment in government spending in the last three years, over which the increments average 17% annually
- ▶ One of the strategies the government is using to cut its deficit is by reducing its energy subsidies on fuel and electricity which totalled Rp 300 trillion in 2013 by Rp 17.7 trillion (US\$1.6 billion) but this has been seen to run the risk of having a budget overrun as the country's fuel policy remains unclear with a lack of legal enforcement and poor supervision system leading



to the government regularly exceeding subsidy budget

- ▶ Despite the lower government spending, the government has still forecasted economic growth of 6.3% in the state budget, coming off the back of growth of 6.23% last year in ASEAN's biggest economy
- ▶ The current account deficit level of 4.4% of GDP is a record high level that underscored the string of deficits which stretched back seven consecutive quarters

[Jakarta Globe \(28-29 October 2013\)](#)

# 07 POLITICS AND POLICIES SPARK CIVIL UNREST



**Tens of thousands of people protested on the streets of Cambodia seeking UN help to back their demand to scrutinise the hotly disputed results of the election held earlier this year with government and opposition claiming victory. Meanwhile in Indonesia, workers staged a nationwide two-day strike to demand higher salaries.**

- ▶ The Cambodian National Rescue Party (CNRP) hopes to gain support from as many as 3 million people who put their name and thumbprint on a petition to instigate the UN to look into the outcome of their election as people from all walks of life gathered in Freedom Park in Phnom Penh
- ▶ CNRP leader Sam Rainsy has sought support from various elements of the international community in his push for an investigation into polling irregularities, going so far as to ask various global powerhouses to suspend business dealings with the incumbent Cambodian government
- ▶ In Indonesia, employees and unions are making a push for

a greater share of the profits from stellar growth with union estimates putting the number of workers taking part in the actions at 3 million

- ▶ The Riau branch of the Indonesian Chamber of Commerce and Industry has estimated that the two-day province-wide strike resulted in a revenue loss of Rp 220 billion (US\$19.8 million) to the business sector in Batam as workers walked off their jobs to join the strike, forcing factories to suspend operations
- ▶ In Thailand, there were renewed protests and clashes as rallies protesting the imminent passing of the controversial Amnesty Bill took to the streets, already affecting the Thai stock market with the SET tumbling 1.7% in one trading day
- ▶ The bill is aimed at giving amnesty to people convicted of crimes linked to political incidents since the 2006 coup that ousted former Prime Minister Thaksin Shinawatra, and if passed, could potentially see Thaksin return home a free man

[Straits Times \(31 October 2013\)](#)  
[Jakarta Post \(30 October 2013\)](#)  
[Bangkok Post \(28,31 October 2013\)](#)



## 08 MYANMAR MONITOR

### ECONOMY

▶ Myanmar was ranked one of the worst places in the world to do business in the World Bank's annual Doing Business report. Myanmar, which was included in the report for the first time, ranked in 182 place out of 189 countries. The country ranked last in the category of ease of starting up a business, largely due to the high cost. Myanmar also ranked poorly for investor protection and contract enforcement.

[The Irrawaddy \(29 October 2013\)](#)

▶ Myanmar will spend more than US\$58 million for a nationwide census in 2014, said the union minister for immigration and population in a press conference on 28 October. The census, which will be conducted in March-April next year, is the first one in 30 years.

[Asia One \(29 October 2013\)](#)

▶ The agreement between Myanmar Thilawa SEZ Holding (MTSH) and Japan Thilawa SEZ Company (JTSC) is to be signed at the end of October, but Japanese investors are said to be worried about the proposed chairman's presence on the US's sanctions blacklist.

[The Irrawaddy \(26 October 2013\)](#)

### NATIONAL

▶ A boat with about 70 Rohingya Muslims heading to Bangladesh capsized off the coast of western Myanmar. Only eight survivors have been found so far.

[Aljazeera \(3 November 2013\)](#)

### FOREIGN AFFAIRS

▶ Aung San Suu Kyi returned to Myanmar on 2 October after a two-week Europe trip to Belgium, Luxembourg, France, Britain and Italy. In Belgium she met with EU leaders and accepted honourable PhD from Louvain-la-Neuve University. In Rome she collected an honorary citizenship, 19 years after being awarded the honour.

[PhilStar \(3 November 2013\)](#)

### POLITICS

▶ Ethnic armed groups in Myanmar signed a nine-point framework agreement at the end of a four-day Ethnic Armed Groups Conference in Kachin state on 2 October. The agreement calls for political dialogue with the government to reach a nationwide cease-fire in a few months.

[Global Times \(3 November 2013\)](#)

## 09 SINGAPOREAN HOUSING MARKET SEES FIRST DIP SINCE 2009

### SINGAPORE

**Resale prices of Housing & Development Board (HDB) flats fell in Q32013 for the first time since 2009 as more sellers continued to offload their flats below valuation, being a surprise in the hotly contested real estate market in the island state of Singapore.**

▶ Third quarter sales are typically strong but this year saw a 13% drop in the number of deals done with property analysts saying this is a result of stricter controls on home loans, the attractiveness and availability of new Build-to-Order offerings, and regulatory changes that see singles able to purchase new flats directly from the Housing Board while new Permanent Residents have to wait three years before they can buy a resale flat

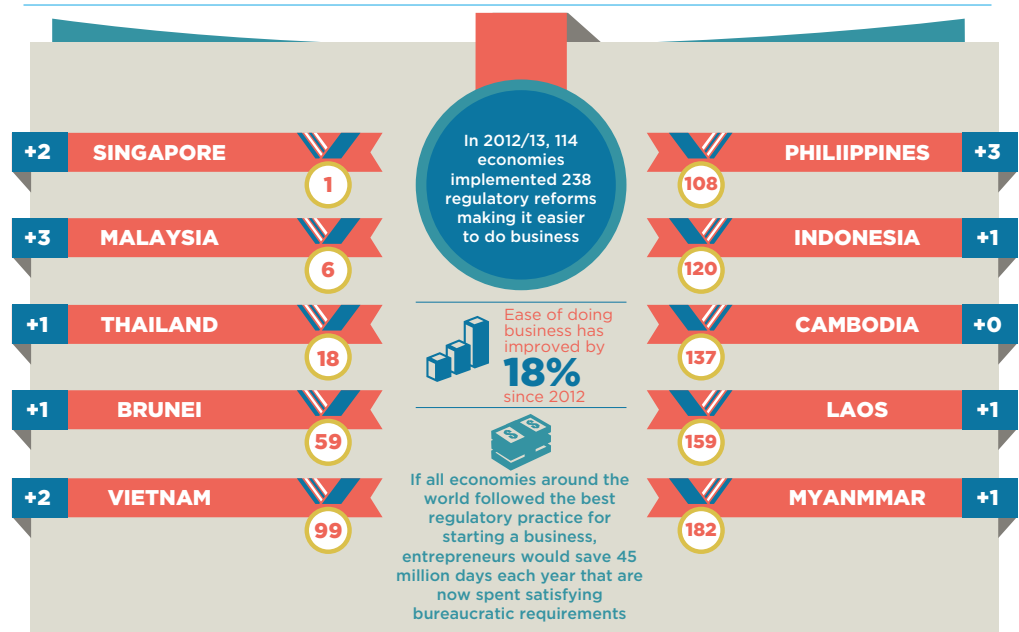
[Asia One \(28 October 2013\)](#)

▶ This comes amidst news that there will be a projected number of 204,461 new homes that will be built by 2016, an increase of 3.5% driven solely by more private homes and executive condominiums set for completion, thus offering more choice in the market and unlikely to drive HDB resale volumes or prices

▶ The fall in resale HDB's could also be put down to a growth in focus on refurbishment and renovation; interior designers estimate that it would cost at least S\$30,000 (US\$24,159) to renovate a new home and about three in ten home owners will take a renovation loan to get the work done

## 10 ASEAN IMPROVES SCORE IN EASE OF DOING BUSINESS SURVEY

### ASEAN



Source: World Bank, 2013. Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises

**The World Bank released their 2014 Doing Business Report, an annual survey that measures the ease of doing business in various countries around the world, with ASEAN being strongly represented by Singapore topping the charts, Malaysia being in the Top ten and the Philippines being one of the most improved over the last year**

▶ The survey covers 189 countries and measures against a benchmark of ten indicators: starting a business, dealing with construction permits, getting electricity, registering property, paying taxes, trading across borders, getting credit, protecting investors, enforcing

contracts and resolving insolvency

▶ Thailand was ASEAN's next highest scorer, coming in at a respectable 18th position, unchanged from last year's rankings with the two areas in which they perform well being providing electricity and protecting investors

▶ The other members of the ASEAN regional bloc were placed across the rankings, ranging from Singapore and Malaysia in the Top Ten, to Myanmar, in which data collection took place for the first time, placing 182nd of 189 overall

[World Bank \(28 October 2013\)](#)  
[Bangkok Post \(30 October 2013\)](#)