

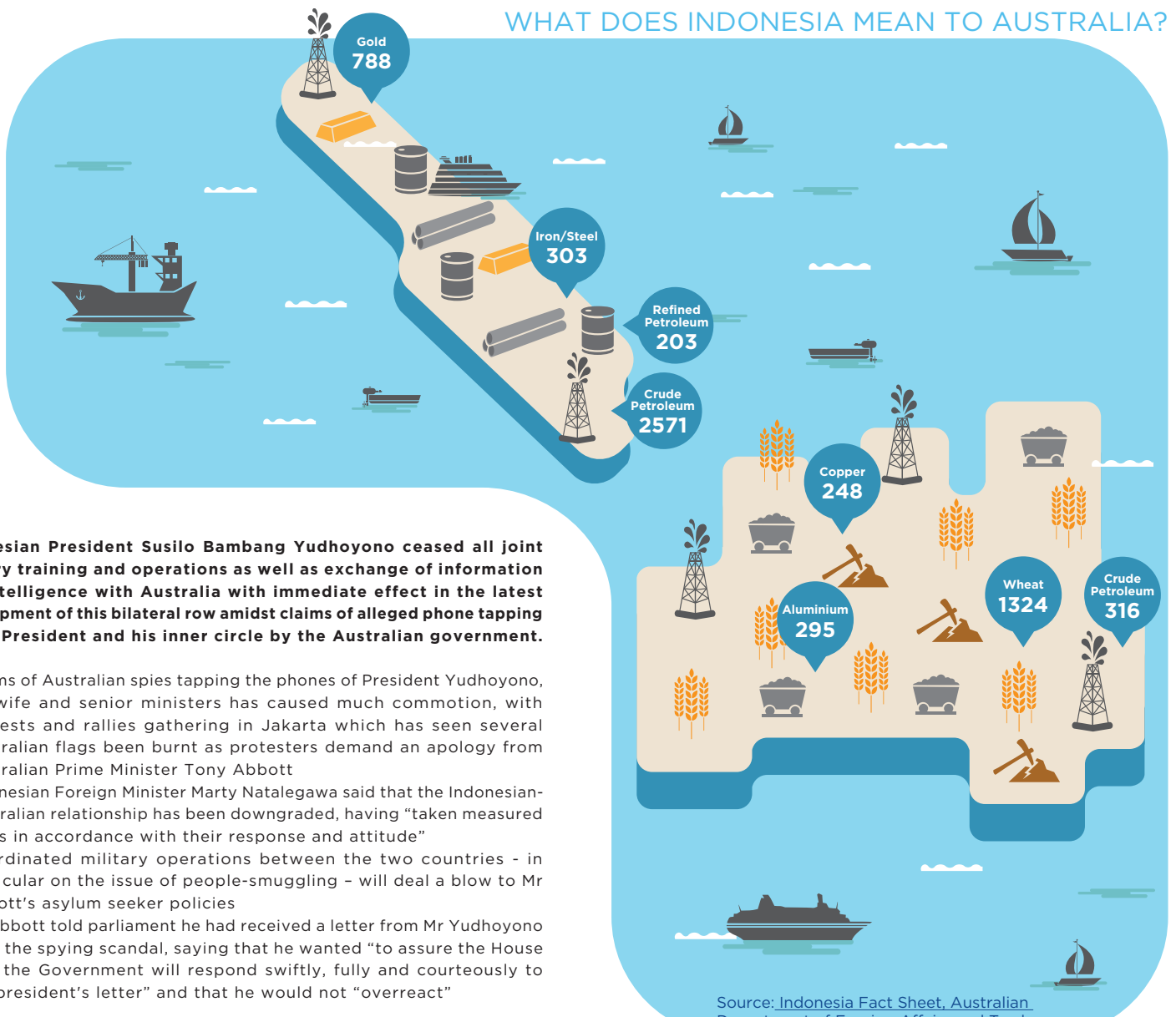
CARI CAPTURES



01 INDONESIA SUSPENDS TIES & DOWNGRADES RELATIONSHIP WITH AUSTRALIA AMIDST SPYING CONTROVERSY

INDONESIA

WHAT DOES INDONESIA MEAN TO AUSTRALIA?



Indonesian President Susilo Bambang Yudhoyono ceased all joint military training and operations as well as exchange of information and intelligence with Australia with immediate effect in the latest development of this bilateral row amidst claims of alleged phone tapping of the President and his inner circle by the Australian government.

- ▶ Claims of Australian spies tapping the phones of President Yudhoyono, his wife and senior ministers has caused much commotion, with protests and rallies gathering in Jakarta which has seen several Australian flags been burnt as protesters demand an apology from Australian Prime Minister Tony Abbott
- ▶ Indonesian Foreign Minister Marty Natalegawa said that the Indonesian-Australian relationship has been downgraded, having "taken measured steps in accordance with their response and attitude"
- ▶ Coordinated military operations between the two countries - in particular on the issue of people-smuggling - will deal a blow to Mr Abbott's asylum seeker policies
- ▶ Mr Abbott told parliament he had received a letter from Mr Yudhoyono over the spying scandal, saying that he wanted "to assure the House that the Government will respond swiftly, fully and courteously to the president's letter" and that he would not "overreact"

Source: [Indonesia Fact Sheet](#), [Australian Department of Foreign Affairs and Trade](#)

[Straits Times \(20 November 2013\)](#)
[News.com.au \(20 November 2013\)](#)
[ABC News \(21 November 2013\)](#)

02 PHILIPPINE SUGAR INDUSTRY VULNERABLE TO ASEAN INTEGRATION



Trade Secretary Gregory L. Domingo admitted that more investments in the sugar industry to help ensure the competitiveness of the industry once the Philippines opens up to freer trade with the nine other member-states of ASEAN in two years' time.

- ▶ Using the sugar industry as an example, Domingo conceded that certain industries in the agriculture sector remain unprepared and are threatened by the upcoming establishment of the ASEAN Economic Community (AEC), which will see the reduction of tariffs across goods
- ▶ Former chair of the Philippine Sugar Millers Association Jose Maria Zabaleta took this opportunity to stress the need to repeal certain laws deemed a

hindrance to the sugar industry's competitiveness, such as the Comprehensive Agrarian Reform Program (CARP) Law

- ▶ Passed in 1987, CARP mandated the distribution of plantations in excess of 25 hectares to workers and beneficiaries; with some sugar plantations now averaging five hectares in size, these reportedly faced difficulties in terms of economies of scale, not being able to compete with the bigger and better-financed firms in Thailand
- ▶ Furthermore, the introduction of the AEC may also make it more difficult for sugar farmers as they will no longer be protected by tariffs slapped on imported sugar; presently, tariffs on imported sugar stand at 18 per cent and will go down to only 5 per cent by 2015

[Inquirer \(18 November 2013\)](#)

03 LAOS LOOKS TO THAILAND FOR GREEN REFORMS



A delegation from the Institute of Renewable Energy Promotion of Laos' Energy and Mines Ministry travelled to Thailand last week to observe their plans for conserving energy on a week-long study tour in hopes of learning from Thailand's efforts in terms of sustainable and renewable energy.

- ▶ Led by Head of the Office of the Ministry of Energy and Mines Bountheung Phengthavongsa, the delegation turned its focus to its ASEAN neighbour owing to the success and developments that Thailand has been achieving in renewable energy in the last few years
- ▶ With its economy expanding rapidly with more people able to afford cars, Laos is seeking sustainable and environmentally-friendly practices, especially

considering it currently imports 100% of its fuel

- ▶ This comes as the Lao government reformed local fishing practices, no longer allowing destructive fishing practices or the placement of traps along the various Mekong channels near Don Sahong in the Siphandone area of Champassak province, to preserve fish stocks and migration routes
- ▶ Overfishing, destructive fishing practices, pollution, a growing population and climate change have led to a declining fish population which has concerned officials, leading to the government partnering with the local hydropower project to provide skills training for local people and set up fish breeding centres in the region

[The Nation \(19-20 November 2013\)](#)

04 ASEAN REMAINS OPTIMISTIC ON AEC AVIATION TARGET



• ASEAN Multilateral Agreements for Aviation •

2009 Multilateral Agreement on Air Services (MAAS): Protocol 5

Unlimited third & fourth freedom between capital cities (a's carriers between a's capital and another capital) E.g. Thai Airways' (TG) Bangkok-Hanoi & vice versa

All except Indonesia and the Philippines

2009 Multilateral Agreement on Air Services (MAAS): Protocol 6

Unlimited fifth freedom between capital cities (a's carriers from a's capital to C's capital via B's capital) E.g. TG's Bangkok-Kuala Lumpur-Singapore & vice versa

All except Indonesia and the Philippines

2009 Multilateral Agreement on Air Services (MAAS): Protocol 1-4

Limited impact: covering mainly secondary cities in growth areas (sub-regions) straddling borders of neighbouring states. E.g. Cambodia, Laos, Myanmar and Vietnam (CLMV) Agreement

All 10 member states

Source: [Aviation Preliminary Paper, Network ASEAN Forum, CIMB ASEAN Research Institute](#)

A consultation paper on the proposed policy for the establishment of a regional aviation service in Brunei done by the Ministry of Communications reports that the Declaration of the ASEAN Single Aviation Market (ASAM) is still on track to be signed by December 2015.

- ▶ The ASAM is expected to fully liberalise air travel between member states in the ASEAN region, allowing ASEAN countries

and airlines operating in the region to directly benefit from the growth in air travel around the world, and also freeing up tourism, trade, investment and services flows between member states

- ▶ According to the consultation paper, Brunei is currently studying policies to allow the establishment of a new regional airline including low-cost carriers that would service the BIMP-EAGA (Brunei-Indonesia-

Philippines - East ASEAN Growth Area) routes

- ▶ The establishment of a task force to monitor and promote the implementation of the ASEAN Single Shipping Market (ASSM) and the progress of ASAM shows progress in transport cooperation amongst the ten-nation bloc that recognises the need to strengthen intra-ASEAN maritime and shipping services
- ▶ The plan for a single aviation market in the ASEAN is not

without its critics though, with the CAPA Centre for Aviation trade publication saying that single market is unlikely to be realised in substance by 2015, detailing the various aviation 'freedoms' that are unlikely to see reform

[Brunei Times \(21 November 2013\)](#)



05 CONCERNS ON WHETHER INDONESIA CAN KEEP UP POST-AEC

INDONESIA

Experts worry that Indonesia might not be ready for the ASEAN Economic Community scheduled to come into effect in December 2015, as the country needs to improve the competitiveness of its manufacturing sector and also its people's financial literacy.

- ▶ Experts at an ASEAN Integration seminar hosted by an Indonesian law firm commented that the Indonesian government should direct its policy with the aim of improving the competitiveness of the nation's manufacturing sector ahead of the ASEAN economic integration
- ▶ Simon Tay, chairman of the Singapore Institute of International Affairs, commented that Indonesia's neighbouring rivals Singapore and Malaysia have been preparing their economies to serve as hubs for production of manufactured goods, including electronics and that Indonesia's economy will no longer be able to rely heavily on exports of natural resources
- ▶ A survey by the Indonesian Financial Services Authority (OJK) revealed that most Indonesians have very little understanding of financial products and services with 75.69% of Indonesians not having sufficient literacy on financial products and services and only 57 out of 100 Indonesians opting to use banking products and services
- ▶ Separately, Commissioner of OJK Nurhaida observed that investors in Indonesia account for only 0.2% of the country's total population, the lowest in the region; this lack of domestic investors leaves Indonesia vulnerable to negative sentiments among foreign investors

[Jakarta Post \(19 November 2013\)](#)
[Jakarta Globe \(19 November 2013\)](#)

06 PHILIPPINES FINALLY UNVEILS 2013 INVESTMENT PRIORITIES PLAN

PHILIPPINES

The Philippine Government has released the 2013 Investments Priorities Plan (IPP) which identifies industries entitled to state incentives with just over 6 weeks remaining in the year despite the plan having been approved by the Malacanang in November of last year through Memorandum Order No. 59.

- ▶ This year's long-delayed IPP retains all sectors covered by the 2012 list -- agriculture/agribusiness and fishery; creative industries/knowledge-based services; shipbuilding; mass housing; iron and steel; energy; infrastructure; research and development; "green" projects; motor vehicles; strategic projects; hospital/medical services; as well as disaster prevention, mitigation and recovery projects
- ▶ When asked to explain the delay, the Trade department constantly referred to consultations with state agencies and sectors affected by the IPP; nevertheless, the 2013 IPP will be in effect until the release of the 2014 IPP, according to Trade and Industry Secretary Gregory L. Domingo
- ▶ The 2014 IPP will be different from its predecessors as Trade Undersecretary Adrian S. Christobal telling reporters that the department was looking for the 2014 version of the IPP to be more focused and will be in effect for three years instead of just one year currently, reflecting a streamlining of the fiscal incentives system

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

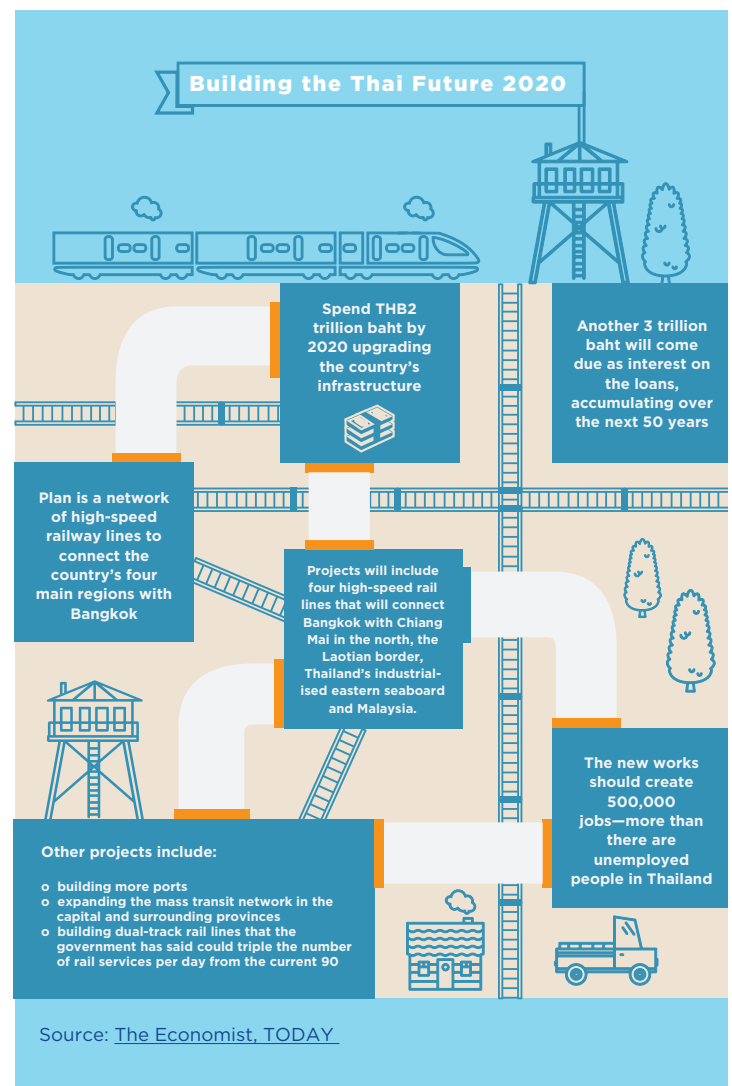
07 THAI SENATE PASSES THB2 TRILLION INFRASTRUCTURE BILL

THAILAND

The Thai Senate passed the bill authorising the Government in its THB2 trillion (US\$62.8 billion) borrowing, the single largest amount a Thai government has ever borrowed, agreeing to maintain the version passed by the House of Representatives, paving the way for Prime Minister Yingluck Shinawatra to forward the loan bill to His Majesty the King for approval.

- ▶ The Pheu Thai Party-led administration intends to use the borrowings to finance transport infrastructure development, especially the high-speed trains and the double-track railways, with approximately THB100 billion (US\$3.1 billion) expected to be allocated next year
- ▶ The Senate sat until 3am giving the bill full consideration, with the vote on the third and final reading coming in at 63-13 with three abstentions
- ▶ The politicians were put under pressure to pass the bill as Transport Minister Chadchart Sittipunt made it clear one day before that the Transport Ministry will press ahead with the projects even if the bill is delayed

[Bangkok Post \(20 November 2013\)](#)



08 MYANMAR MONITOR

POLITICS

▶ The Ministry of Science and Technology has completed a draft law protecting intellectual property (IP) that will cover copyright, trademarks and industrial design. The draft has gone through 11 rounds of discussion and amendments, with input from the World Intellectual Property Organisation (WIPO) and the Japan International Cooperation Agency (JICA).

[Myanmar Times \(17 November 2013\)](#)

ECONOMY

▶ Myanmar's central bank said that it now holds 7.15 tons of gold in reserve, plus foreign cash reserves worth US\$8.19 billion, state media announced. The Myanmar government does not often disclose details on its financial status, which has led to speculation about where revenues from its lucrative gas projects have gone.

[The Irrawaddy \(23 November 2013\)](#)

▶ The government plans to invite local private firms to upgrade and run 32 of the 69 airports across Myanmar in a bid to spruce up its poor record on air safety, officials said on 19 November. Myanmar has an air accident rate nine times the world average, a figure that aviation authorities fear will increase with increased air traffic to the country.

[Reuters \(19 November 2013\)](#)

▶ Poor infrastructure, internet penetration and low mobile phone ownership will continue to hinder the spread of banking in Myanmar, banking officials said during a seminar in Yangon on 12 November. Challenges include the need to upgrade capacity, to build customer satisfaction with their procedures, to create new products, and to provide branches and ATMs in convenient locations, said U Zaw Lin Htut deputy managing director of Kanbawza Bank. Customer satisfaction in banking is currently the lowest in the region, he added.

[Myanmar Times \(17 November 2013\)](#)

FOREIGN AFFAIRS

▶ Myanmar rejected on 21 November a UN appeal to make Rohingya Muslims citizens in Myanmar. The UN General Assembly's human rights committee had on 19 November passed a resolution urging Myanmar to give the stateless Rohingya minority equal access to citizenship and to crack down on Buddhist violence against them and other Muslims in the country.

[Mizzima \(22 November 2013\)](#)

▶ Myanmar and Switzerland held the first round of economic dialogue in Naypyidaw, state media reported on 20 November. Switzerland pledges to support Myanmar's sustainable economic development and will raise its aid to Myanmar to US\$20 million, from the US\$8 million committed last year.

[Mizzima \(22 November 2013\)](#)

09 MALAYSIA'S ECONOMY GOING STRONG



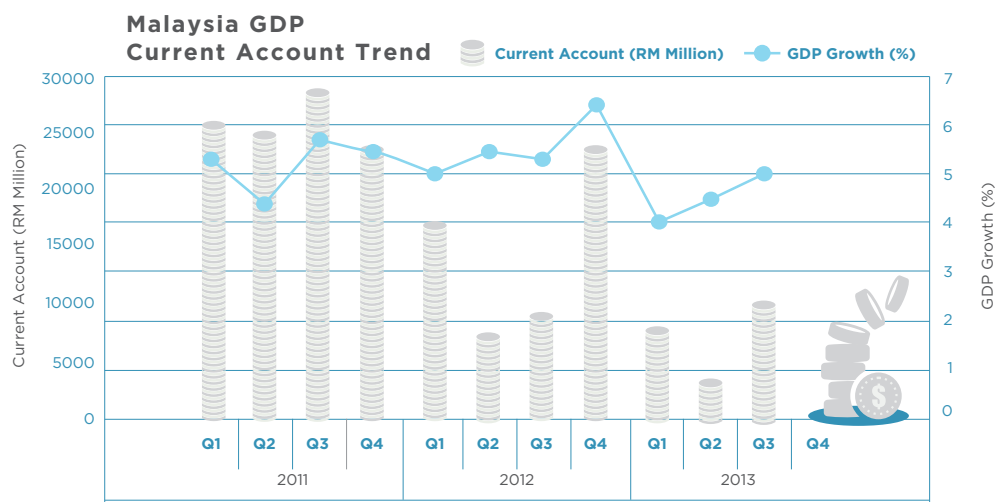
Recently released economic data out of Malaysia shows encouraging signs with a current account surplus of RM9.8 billion (US\$3.1 billion) in the third quarter, also registering GDP growth of five per cent; coupled with state oil company Petronas awarding a major 13-package, five-year offshore hook-up, commissioning and maintenance services contract with a total work value of about RM10 billion (US\$3.1 billion) to six local providers, the Malaysian economy looks to be going strong.

- ▶ The nation's current account balance in the third quarter of RM9.8 billion compares to the RM2.6 billion (US\$809 million) registered in the previous quarter and the RM8.7 billion (US\$2.7 billion) in the first quarter of the year
- ▶ On the back of this encouraging news, Minister in the Prime Minister's Department Abdul Wahid Omar said that Malaysia was

safe from falling into a 'twin-deficits' situation, and that the government's deficit targets were achievable especially with the increase and broadening of the revenue base via the newly-introduced Goods and Services Tax

- ▶ Malaysia's strong performance in GDP growth was driven primarily by domestic demand, expanding 8.3 per cent while exports rebounded to grow by 1.7 per cent, propelling growth of five per cent as opposed to the 4.4 per cent in the previous quarter
- ▶ Domestically, the Petronas contract involves hook-up, commissioning, maintenance services for offshore facilities and manpower requirements for the execution of the respective work scope being awarded to Kencana HL Sdn Bhd, Dayang Enterprise Sdn Bhd, Petra Resources Sdn Bhd, PBVJ Sdn Bhd, Carimin Engineering Services Sdn Bhd and Sigur Ros Sdn Bhd for five years beginning this year

[Borneo Post \(16, 19 November 2013\)](#)



Source: [Department of Statistics](#)

10 SINGAPORE STREET NAMED WORLD'S FIFTH MOST EXPENSIVE



Paterson Hill, just off Orchard Road, has been named the fifth most expensive street in the world by Billionaire.com with homes on the high-end residential street having an average price of S\$53,800 (US\$43,046) per square metre.

- ▶ Being just off the shopping district of Orchard Road, Paterson Hill is said to be home to some of the richest people in Singapore, including Facebook co-founder Eduardo Saverin and former Miss Singapore Universe Rachel Kum
- ▶ Luxury apartments on the street are also

highly sought-after with their excellent location, breath-taking views and posh-nosh facilities, with The Marq on Paterson Hill named the sixth most expensive in the world last year with prices of S\$6,606 (US\$5,286) per square foot

- ▶ This year's most expensive list, compiled based on Knight Frank statistics, was topped by Hong Kong's Pollock's Path, a luxury residential estate on The Peak with homes averaging at \$150,000 (US\$120,018) per square metre

[Asia One \(20 November 2013\)](#)

