

# CARI CAPTURES



## 01 THE PRICE TAG OF THAILAND'S POLITICAL UPHEAVAL



### EFFECTS OF A COUP ON



Source: espnfivethirtyeight

Thailand's most recent coup has set its economy back even further, with GDP growth forecasts falling to 1.6% for 2014, and a long term effect of capital flight for the country.

▶ Thai stocks have been predicted to under perform for the next one to three years, as per their current political climate according to Credit Suisse; meanwhile, the Goldman Sachs Group reiterated its lack of holdings in Thai equities due to low growth and relatively more lucrative emerging markets in the region

▶ Whilst both the Philippines and Malaysia have managed to sport better-than-estimated GDP growth rates of 6.4% and 6.2% for the year, Thailand's GDP has shrank by 0.6% over Q1 of 2014; the Baht is also currently amongst the worst performers over the past 6 months, as per Bloomberg analysis

▶ Historically speaking, Thailand has consistently managed to recover from its coups in the long term; in 2006 after its last military intervention, growth rates increased by 0.5%, however Thailand's current economic fundamentals are at its weakest

## 02 PHILIPPINES' RESURGENCE HIGHLIGHTED AT WORLD ECONOMIC FORUM IN MANILA



The Philippines' successful hosting of the World Economic Forum (WEF) on East Asia opened the world's eyes to the country's renaissance amid challenging global and regional developments.

- ▶ About 600 delegates from 30 nations attended The 23rd World Economic Forum on East Asia (WEF-EA) in Manila from 21-23 May to discuss important regional issues ranging from political stability to infrastructure investment
- ▶ President Aquino took advantage of the event to highlight the country's economic turnaround anchored on governance reforms as well as the nation's resilience following the devastation caused by Typhoon Haiyan
- ▶ Foreign delegates were upbeat about the country's economic revival due to strong fundamentals
- ▶ In the same event, Philippine Finance Secretary Cesar Purisima expressed optimism on the establishment of AEC in 2015 and its benefits for the country but stressed that it would be a challenging process

[Businessinquirer.net \(27 May\)](#)  
[BusinessMirror.com.ph \(28 May\)](#)

## 04 PHILIPPINES PRESIDENT WARNS ON CHINESE EXPANSION



Philippines President Benigno Aquino has warned that Beijing may seek to repeat its tactic of exploring for oil in disputed areas of the South China Sea, this time in waters close to its coastline.

- ▶ In an interview with the Financial Times, Mr. Aquino said China was playing a "dangerous game of brinkmanship and gunboat diplomacy" that could spiral out of control
- ▶ The president added that he received reports about the recent intrusion by a Chinese research ship near the Philippine oilfield of Galoc about 60 miles off the coast of Palawan
- ▶ Stressing that he did not want to provoke anger, he urged Beijing to avoid unilateral actions that contravened a 2002 declaration of conduct it had signed
- ▶ Following reports that Vietnam might follow the Philippine route of taking China to the International Court of Justice to resolve its territorial disputes, Mr. Aquino said his administration would welcome such a move and provide assistance to Vietnam should it choose to mount a legal challenge

[Financial Times \(26 May\)](#)

## 03 ELECTIONS PLACE SPOTLIGHT ON INDONESIA'S INFRASTRUCTURAL ISSUES



As the upcoming presidential race in Indonesia comes to a head, the government's budget has been singled out as this elections most important issue; subsidies in particular have been the centre of debate, with economic fundamentals and public support coming into question.

In 2013 alone, US\$16.5 billion of the total US\$95 billion Indonesian budget was allocated towards fuel subsidies; due to fluctuating oil prices and growing structural demand, Indonesia's budget in 2014 has projected a US\$2 billion increase in expenditures related to petrol subsidies alone, making Indonesia's largest budget item an even bigger issue

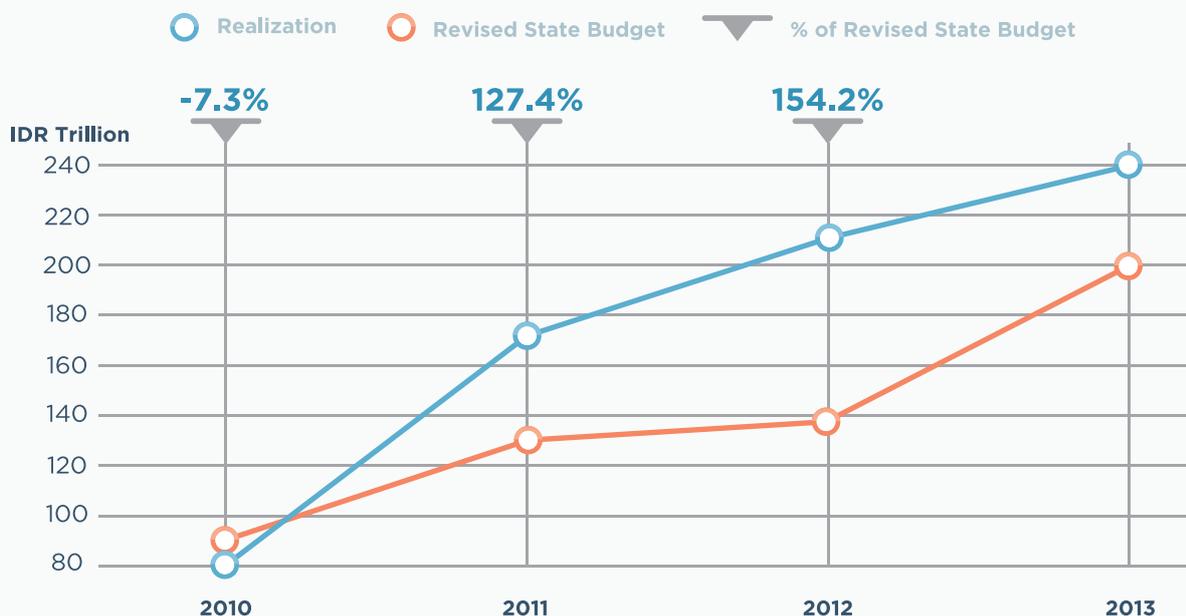
Along with a budget deficit of 2.2% in 2013, Indonesia's fuel subsidies also helped to contribute to a 3.3% current account deficit; this has become a source of concern among investors particularly given a backdrop of a slowing economy, which grew 5.2% on year in the January-March quarter, its slowest pace in more than four years, down

from 5.7% in the fourth quarter of 2013

▶ Whilst lower fuel subsidies may increase funds for much needed infrastructural development and public transport programmes, the kickback in electoral support may very well make such a budget cut in subsidies unlikely

[cnbc.com \(26 may 2014\)](#)

### INDONESIA'S FUEL SUBSIDIES 2010-2013



Source: [www.indonesia-investments.com](#)



## 05 TENSIONS BETWEEN CHINA AND VIETNAM ESCALATE OVER BOAT-SINKING ROW



Relations between China and Vietnam continue to sour as both nations traded accusations over the sinking of a Vietnamese vessel near a controversial oil-rig in a disputed area of the South China Sea. Cambodia meanwhile is expected to maintain its neutrality over the issue.

- ▶ Hanoi said a Vietnamese fishing boat with 10 people on board was rammed on 26 May by one of 40 Chinese fishing boats that surrounded it. The crew members were rescued by nearby Vietnamese vessels. The incident occurred 17 nautical miles south of the oil rig near the disputed Parcel Islands
- ▶ In relation to that, Vietnam's foreign ministry lodged a formal protest with the Chinese embassy in Hanoi over the issue. Beijing however has hit-back claiming that the Vietnamese vessel encroached into a security zone surrounding the oil rig and sank because it rammed a Chinese vessel
- ▶ This latest spat came after deadly anti-China protests in Vietnam, triggered by China's establishment of the oil rig earlier in the month. The rig operator, China Oilfield Services said exploration at the rig would continue
- ▶ Cambodia has already pledged to stay neutral over the territorial dispute between both countries following an earlier meeting between its premier Hun Sen and China's president Xi Jinping. It is unlikely that Phnom Penh will change its stance in light of this recent incident

[www.scmp.com](http://www.scmp.com) (28 May)

## 07 THAI STOCKS NEAR A ONE WEEK HIGH FOLLOWING MILITARY COUP



Thai shares traded near a one-week high on Wednesday 28 May as investors picked up stocks on hopes of a recovery in the domestic economy after the military takeover.

- ▶ Numbers on the SET, Thailand's main stock exchange index rose by 1.1 percent, the highest since the military launched a coup d'état on 22 May
- ▶ Analysts attribute this to signs that the market is beginning to factor in the new political post-coup era under Army Chief Prayuth Chan-Ocha
- ▶ It will however take some time before confidence is completely restored. Thailand's trade shrank in April and factory output fell for a 13th straight month, underscoring the damage political unrest has caused and the tough job that the new military government faces in reviving an economy that contracted in the first quarter
- ▶ Elsewhere in the region, shares in Singapore, Malaysia, Indonesia, Vietnam and the Philippines also rose

[in.reuters.com](http://in.reuters.com) (28 May 2014)

## 06 ASEAN MOVES CLOSER TO REGIONAL DEFENCE INDUSTRY COLLABORATION



ASEAN member states took another step towards establishing a formal arrangement for regional defence industrial collaboration during the 8th ASEAN defence minister's meeting (ADMM) which ended on 21 May in Myanmar.

- ▶ In a joint declaration, regional defence ministers agreed to adopt the terms of reference for an "ASEAN defence industry collaboration consultative group" that will draw up a range of related activities for discussion and approval during the 9th ADMM in Malaysia in 2015
- ▶ The consultative group will propose a framework of activities related to education and training, an outline of feasible areas of industrial collaboration, and suggest measures to overcome continuing concerns in the region about the ownership and funding of collaborative defence projects as well as the transfer of technologies and intellectual property between ASEAN member states
- ▶ Also included in the joint declaration was a statement calling for deeper ties between ASEAN and the 'Plus' countries in strategic, defence and security issues

[The Straits Times](http://The Straits Times) (20 May 2014)

**ADMM PLUS COUNTRIES**

Plus countries shall be able to work with the ADMM to build capacity so as to enhance regional security in a substantive way in order to promote capacity-building in the region in the fields of defence and security.

### ASEAN + Eight Plus Countries

- |           |             |
|-----------|-------------|
| Malaysia  | USA         |
| Singapore | Russia      |
| Brunei    | China       |
| Thailand  | Australia   |
| Indonesia | India       |
| Vietnam   | Japan       |
| Cambodia  | South Korea |
| Laos      | New Zealand |
| Myanmar   |             |

Source: [www.janes.com](http://www.janes.com)



# 08 MYANMAR MONITOR

## ECONOMY

▶ Foreign banks with representative offices in Myanmar have been invited to submit expressions of interest to the Central Bank of Myanmar, the first step in allowing foreign banks to operate in the country. A new Financial Institution Law is expected to be implemented during the permissions process for foreign banks, a Central Bank official said.

[The Myanmar Times \(29 May 2014\)](#)

▶ Foreign investment in Myanmar has reached US\$2.2 billion in the first four months of 2014, mostly in transportation and telecom sectors, according to the Directorate of Investment and Company Administration (DICA). Investments are mainly from Asia, including China, Korea, Japan, Hong Kong and Malaysia.

[Eleven Myanmar \(27 May 2014\)](#)

▶ According to the Making Access Possible (MAP) survey, based on a sample of 5,100 people from all over Myanmar, 95 % of adults in Myanmar live on under US\$10 a day. The survey also showed that about 10% prefer to save money in gold or cash.

[Eleven Myanmar \(27 May 2014\)](#)

## POLITICS

▶ The Union Election Commission has warned NLD party leader Aung San Suu Kyi that comments she made about the military at a recent rally potentially violated the constitution, leaving the party at risk of deregistration. A NLD spokesperson said the warning letter was not in conformity with the law and it is considering legal action against the commission.

[Radio Free Asia \(21 May 2014\)](#)

▶ Thailand and Myanmar based human rights groups said in a statement 27 May that President Thein Sein has not fulfilled his promise to release all political prisoners before the end of 2013, while his government continued to arrest new political prisoners. They claim that at least 59 political prisoners remain behind bars in Burma, while 85 defendants are currently facing trial for political reasons.

[The Irrawaddy \(28 May 2014\)](#)

## FOREIGN AFFAIRS

▶ The Japanese military's top officer General Shigeru Iwasaki held meetings with Myanmar army chief Min Aung Hlaing in the capital Naypyidaw on 27 May, the first visit of Japan's highest-ranking army officer to the country since World War II. Japan has had no military ties with Myanmar since the end of its three-year occupation of Myanmar in 1945.

[Bangkok Post \(28 May 2014\)](#)

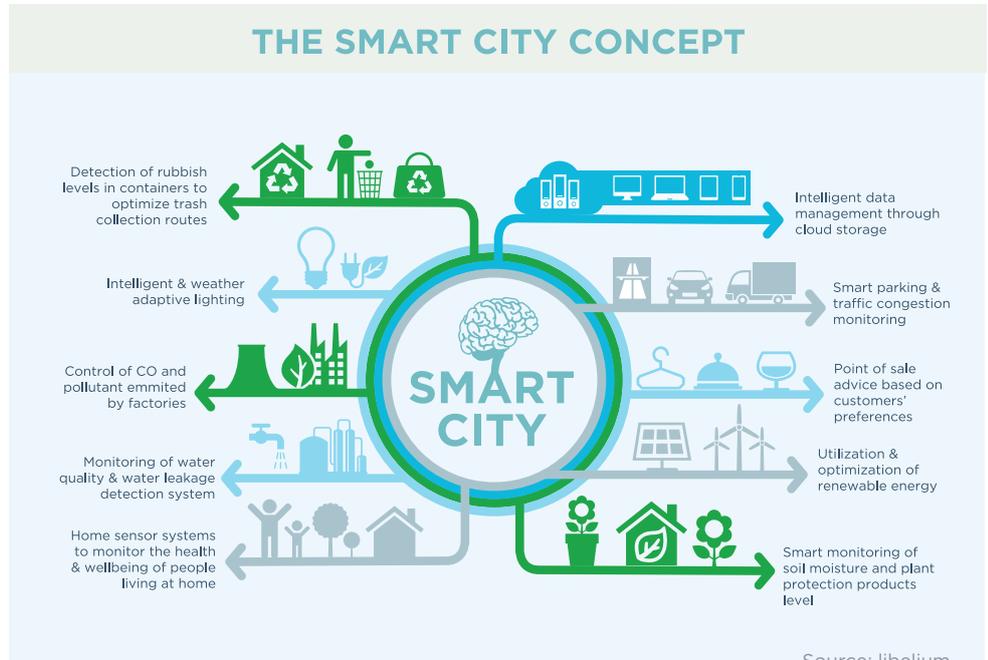
# 09 SINGAPORE'S SMART CITY GOALS

## SINGAPORE

**Singapore is pushing to become a “smart” nation by using technology to enhance transport, eldercare and other public services.**

- ▶ Keiji Yamada, senior vice president and head of NEC Laboratories Singapore, said: “We introduce certain kinds of surveillance technologies - camera surveillance, audio surveillance and the monitoring of social media. Those technologies can be applied together to realise public safety. We can extract some of the symptoms of some accidents or some crimes, then we can alert the government agencies.”
- ▶ Greg Unsworth, Asia Pacific Technology Leader at PwC Singapore, said: “There’s a lot of technology parks around the world - not necessarily cities, but technology parks where a lot of these Smart City concepts are being trialled and tested. There’s examples in Russia - Skolkovo, for instance. Some other areas being developed in the Middle East, for example, and Israel, are other good examples of capitalising on innovation. But Singapore’s certainly looked at as a potential leader in this area.”
- ▶ Besides helping to make cities safer, infocomm technology can be applied to other areas like public transport, sensors and cameras can track overcrowding levels and alert operators of the need to increase the frequency of buses or trains, making taking public transport a much more pleasant experience

[channelnewsasia.com \(27 May 2014\)](#)



Source: libelium

# 10 FLIGHT MH370: MALAYSIA RELEASES NEW SATELLITE DATA

## MALAYSIA

**Malaysia’s civil aviation authority releases raw satellite logs to public following calls from relatives of those on board.**

- ▶ Satellite data used to narrow down the search for the missing Malaysia Airlines plane, MH370, has been released after demands from the relatives of the passengers for the data to be made public for independent analysis
- ▶ The data which was drawn up by British company Inmarsat, was released 80 days after the Boeing aircraft vanished with 239 people on board
- ▶ The company used this data to conclude that the Beijing-bound plane changed course and was likely to have gone down in the Southern Indian Ocean
- ▶ Inmarsat’s interpretation of the data has been verified by the international investigation team, which includes Malaysia’s Department for Civil Aviation, the US National Transport Safety Board, Britain’s Air Accidents Investigations Branch, and China’s Aircraft Accident Investigation Department
- ▶ No trace of the plane has yet been found despite an extensive international search effort in the area led by Australia, first on the surface by air and boat, and then underwater using specialised submarines

[The Guardian \(27 May\)](#)

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