According to the United Nations Conference on Trade and Development's (UNCTAD) most recent World Investment Report, total inflows to the developing Asian region amounted to 30% of total Global Foreign Direct Investment (FDI).

Amounting to US$382 billion in 2013, FDI into the Asian region has demonstrated a consistent level of growth, averaging around 4% since the GFC; in the last two years alone, the top 10 recipients in the region included China, Hong Kong, Singapore, India, Indonesia, Thailand, Malaysia, South Korea, Vietnam and Taiwan.

China leads the region in FDI outflows, which amounted to US$101 billion in 2013, which consisted of a US$15 billion takeover of Canada’s oil and gas company Nexen, as well as the US$5 billion Shunghui-Smithfield acquisition; meanwhile, Singapore remained the largest recipient of FDI inflows, with a record high of US$64 billion.

Indonesia managed to maintain its level of FDI despite increasingly stringent foreign ownership restrictions, whilst Thailand’s inflows grew to US$13 billion, whilst on average ASEAN nations averaged approximately 7% in FDI growth from 2012 to 2013.

Source: The Star
MALAYSIA
The Malaysian House Price Index (MHPI) declined to 9.6% in the fourth quarter of 2013 from 12.2% a year earlier according to Bank Negara.

- The fall in said index can be attributed to cooling measures taken by the government in 2010, where real estate tax gains have slowed the sale and development of properties; meanwhile, Bank Negara has issued a statement assuring the market that the falling MHPI can be attributed to the announcement and imminent implementation of Malaysia’s new GST.
- Despite fears of a property bubble and concerns regarding home mortgage defaults, based on a single factor sensitivity analysis on the housing loan portfolio of banks with a stressed probability of default of up to 10% and adverse correlation in house prices of 40%, banks’ excess capital buffers stood at more than five times the estimated expected losses.
- Bank Negara said the earlier Government measures had also resulted in reduced credit-fuelled speculative purchases of residential properties where the annual growth in the number of borrowers with three or more outstanding housing loans has declined substantially to about 4%, from a peak of 15.8% prior to the implementation of the measures, to account for only 3% of housing loan borrowers.

SINGAPORE
The world’s first exchange-traded, wholesale kilo gold contract will be created for the trade, clearing and physical delivery of the precious metal in Singapore, announced Minister for Trade and Industry Lim Hng Kiang.

- Marketplace will serve as a “fully transparent price discovery mechanism for gold in Asia”, says Singapore Exchange.
- Asia accounts for more than 60% of global gold demand. This contract that is expected to launch on the Singapore Exchange (SGX) this September, will likely provide the bullion industry a vibrant and robust marketplace within the heart of Asia.
- This is a timely development given the increased requirements for reference prices to be transparent. With the SGX as the independent matching and clearing entity, this physically-settled contract will create a more transparent and efficient marketplace for kilo bar trades. The exchange will also act as a centralised clearing house to reduce settlement risk among multiple counterparties.
- SGX said the contract will be the first wholesale 25 kilobar gold contract to be offered worldwide, and will consist of six daily contracts. The World Gold Council, Singapore Bullion Market Association, SGX and four banks - JP Morgan, Scotia Bank, Standard Bank and Standard Chartered - are supporting the launch.

PHILIPPINES
The Philippines is currently suspending contracts of Filipinos wishing to work as household workers in the United Arab Emirates (UAE) following its decision to abolish ratification requirement in labour contracts.

- The Philippines labour secretary, Rosalinda Baldoz, said the government would not process contracts of Filipinos wishing to become household workers in the Emirates. Philippine Overseas Employment Administration (POEA) will stop processing UAE contracts for maids, nannies, cooks, family drivers and gardeners, most of whom are women.
- This decision comes after the Emirates Ministry of Labour announcement of a new standard contract for domestic staffs in UAE which took effect on June 1. The new contract will remove the need to have domestic workers’ contracts ratified by embassies of their countries of origin.
- POEA missions in Abu Dhabi and Dubai are responsible for verifying documents, including employment contracts that satisfy Philippine requirements. “I am concerned that without the requisite verification, household workers who travel to the UAE will will fall vulnerable to human trafficking, which we must avoid at all cost,” Ms Baldoz said.

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Source:
- The Star Online (23 June 2014).
- Channel News Asia (25 June 2014).
- The National (24 June 2014).
EU TO EASE VISA PROCEDURE FOR INDONESIANS

In an attempt to boost tourism and job creation, the European Union (EU) is considering a proposal to make it easier for non-EU nationals, including Indonesians, to enter the 26 countries in the Schengen area.

- The European Commission (EC), an executive body of the EU responsible for proposing legislation, will put forward changes to the current Schengen visa policy, with the amendments including expediting the visa application process and scrapping the obligatory travel medical insurance.
- No medical travel insurance will be needed when applying for the new Schengen visa, and the issuance process will be shortened to a maximum of 10 days. In addition, Indonesians will soon be able to apply for the visa up to six months before their intended trips — the current requirement is three months at the earliest — to allow them to plan further ahead and avoid peak seasons.
- Indonesia is in the top 15 countries that make the most Schengen visa applications, with EU data showing that 141,976 applications came from Indonesia in 2012. Indonesia’s refusal rate, which indicates the number of visa requests that were lodged but rejected, stands at a mere 1.6%, considerably lower than the rates for Thailand (6.1%), India (6.1%) and China (4.2%).

SINGAPORE TO INCREASE BANKING-LIQUIDITY REQUIREMENTS

The new liquidity rule, in line with the Basel III framework, requires lenders to hold enough high quality liquid assets to be able to withstand an intense 30 day crisis similar to that of the GFC.

- Amongst the affected banks were DBS, OCBC, UOB, and other major foreign lenders in Singapore; the new regulations specify that starting January 2015, said banks are expected to hold assets at a ratio of 60% of all currency assets.
- Meanwhile, foreign banks deemed to have a major local presence will be made to adhere to the same regulations, albeit at a lesser holding requirement of 50% of all currency assets starting January of 2016.
- Whilst the required risk ratios have been specified by the Monetary Authority of Singapore, little has been said about what qualifies as a “high quality liquid asset” in the eyes of MAS; details, which the ministry stated would be clarified at a later date.

PHILIPPINE PRESIDENT BACKS JAPAN’S PUSH FOR A GREATER MILITARY ROLE IN THE REGION

No progress in the talk between China and Vietnam over South China Sea dispute. Meanwhile this issue will be on top of the agenda in the upcoming meeting between Philippines and Japan.

- High-level talks between China and Vietnam on 18 June 2014 led by Beijing’s top diplomat Yang Jiechi and Vietnamese Foreign Minister Pham Binh Min over maritime disputes ended with no progress. However, in a regular media briefing China’s foreign ministry accused Vietnam of “hyping up” the issue.
- The talks are the first since the territorial disputes sparked anti-China riots across Vietnam last month. The riots and attacks on factories left several people dead. Many of the factories were in fact Taiwanese owned. The riots were prompted by China moving an oil rig to a spot off the Paracel Islands in waters claimed by both countries.
- Meanwhile, Philippine President Benigno Aquino will meet Japan Prime Minister Shinzo Abe during the one-day trip on 24 June, with rows over China’s territorial ambitions “likely” on the agenda while referring to a “strategic partnership” between the two nations, his office said.
- Japan and the Philippines, have been drawn closer in recent years as they have tackled their parallel disputes with China. When Abe visited Manila in July last year, he pledged Japan’s help in strengthening the Philippines’ maritime defence capabilities. Part of that equipment was a promise of 10 patrol boats for the Philippines’ poorly-equipped coast guard.
ECONOMY

A survey by the London-based advocacy group Global Witness found widespread corporate secrecy in the oil and gas sector, which has long been plagued by corruption. Of the 47 local and international companies which won major oil and gas blocks in October and March, only 13 responded to questions about their ownership, Global Witness said on 26 June.

The Irrawaddy (27 June 2014)

Following last year’s record-breaking foreign direct investment of US$5.5 billion, the FDI of the first two months of the current 2014-15 fiscal year totalled at more than US$1.1 billion. Total investment for the 2014-15 fiscal year is projected to reach US$4 billion to US$5 billion.

The Irrawaddy (26 June 2014)

Myanmar’s Department of Civil Aviation says two new domestic airlines, Apex and FMI, are waiting approval from Myanmar Investment Commission (MIC) to begin flying both domestic and regional scheduled routes. The two prospective carriers, both owned by Myanmar business tycoons, will be based in Naypyidaw.

TTR Weekly (21 June 2014)

A 100 megawatt temporary gas-fuelled power plant from the US has begun operating in Mandalay Division less than four months after an agreement was signed between the US installer and the Naypyidaw government. The plant will generate electricity for hundreds of thousands of people but the plant is however not a long-term solution to Myanmar’s massive energy shortages as the contract is for two years only.

The Irrawaddy (21 June 2014)

Third-party logistics provider Damco has started operating the first international standard warehouse and Container Freight Station (CFS) facility in Myanmar. Damco acquired an operating license in 2013 and is the first global logistics company in Myanmar.

Fresh Plaza (24 June 2014)

Half of Myanmar’s mobile internet users came online during the past 12 months, according to a recent survey from On Device Research. That means the people of Myanmar are skipping the era of PCs entirely. Mobile users are also sidestepping basic ‘feature phones’ and leaping straight into Android smartphones. The survey found China’s Huawei is the number one phone brand in Myanmar with 71% of respondents using Huawei is the number one phone brand in Myanmar with 71% of respondents using

Tech in Asia (24 June 2014)

Earlier this month, the Guardian revealed that slavery is integral to the production of prawns available in leading global supermarkets including Tesco, Walmart, Costco and Carrefour.

The Irrawaddy (27 June 2014)

The six-month investigation discovered that slaves are being forced to work in Thailand for no pay for years at a time, under threat of extreme violence, in the production of seafood sold by major US, British and other European retailers.

The Irrawaddy (26 June 2014)

The investigation found that the world’s largest prawn farmer, the Thailand-based Charoen Pokphand (CP) Foods, buys fishmeal, which it feeds to its farmed prawns, from some suppliers that own, operate or buy from fishing boats manned with slaves.

Voice of America (26 June 2014)

However, Thailand has denied this allegation. Leaders of Thailand’s shrimp and tuna suppliers say they are being unfairly maligned, causing damage to their businesses which employ hundreds of thousands of people.

Human Trafficking in the World

According to the US State Department in a recently released report, Malaysia and Thailand were found amongst two dozen others to be doing the least to fight human trafficking, affording a downgrade to a “Tier 3” status.

The Irrawaddy (25 June 2014)

This ranking puts both Malaysia and Thailand amongst nations such as North Korea, Iran, and Zimbabwe according to the state department’s grading system; according to the same report, “Overall antitrafficking law enforcement efforts remained insufficient compared with the size of the problem in Thailand, and corruption at all levels hampered the success of these efforts”.

The Irrawaddy (25 June 2014)

In Malaysia, the report said, many migrant workers are exploited and subjected to practices associated with forced labor, including restrictions on movement, wage fraud, passport confiscation and fees imposed by recruitment agents or employers.

The Irrawaddy (25 June 2014)

Because both Thailand and Malaysia had been in a Tier 2 “watch list” category for four consecutive years, both were due for automatic downgrades to Tier 3 this year unless the State Department judged that they had made significant strides in addressing their trafficking problems.

The Irrawaddy (25 June 2014)

US DOWNGRADES THAILAND AND MALAYSIA ON HUMAN TRAFFICKING WATCH LIST

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