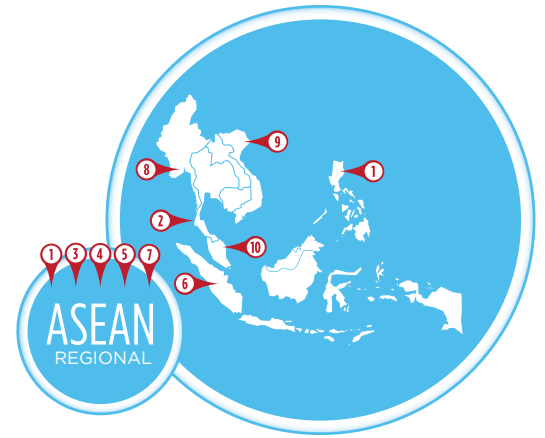


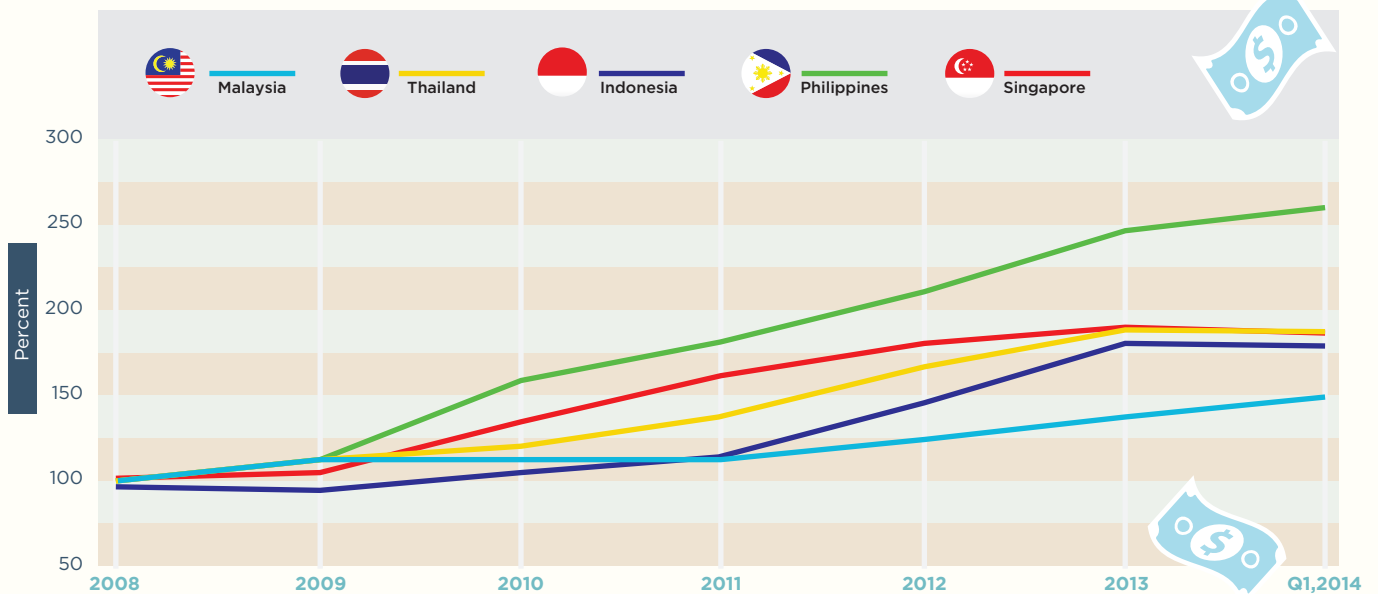
# CARI CAPTURES



## 01 RISING PRIVATE DEBT IN THE PHILIPPINES



Growing Debt Across ASEAN



### Lagging Revenue Growth Behind Rising Debt in Philippines

2008 Net Debt to EBITDA

**190%**



2013 Net Debt to EBITDA

**350%**

[financeasia.com](http://financeasia.com) (24 September 2014)

Whilst the top 100 ASEAN companies have added close to \$150 billion in debt since the end of 2008, Filipino firms have featured the highest rate of growth in debt within the region.

▶ Since 2008, corporate debt has nearly tripled in the within the 17 firms surveyed, with the net debt to EBITDA growing at a rate of 350% in 2013 from about 190% 2008, showcasing lagging revenue growth behind rising debt

▶ It should also be noted that median revenue growth was approximately 8% in 2013, which fell dramatically since 2010, which had a median corporate revenue growth of 17% due to increasing competition and greater capacity across foreign competition in various industries

▶ The 17 firms surveyed in the Philippines also featured largely different balance sheets, with some carrying huge debt loads due to debt funded acquisitions, whilst others featured conservative balance sheets with moderate to low debt levels

[GMA News](http://GMA News) (7 October 2014)

## 02 WORLD BANK DOWNGRADES THAILAND'S GROWTH PROSPECTS



**Due to unresolved political issues, structural economic issues, and lacklustre export growth, the world bank has downgraded Thailand's forecasted 2015 growth from 4.5% to 3.5%; a figure lower than the Thai Central Bank's current 4.8% projection for the following year.**

- ▶ Ulrich Zachau, the director of Thailand within the World Bank, stated that whilst the Thai government's efforts in fostering transparency with its clear political road map have helped to boost investor confidence in the country, structural uncertainty and a lack of competitive exports are to be key issues towards future economic growth
- ▶ The increase in political stability is said to be a driver for the future recovery and growth in Thailand's tourism industry; meanwhile, factors such as domestic consumer confidence and high levels of household debt may hamper future growth prospects within the country
- ▶ A key metric to be noted would be the capacity utilisation rate, which measures a company's use of its production capacity; currently, Thailand's companies are averaging a capacity utilisation rate of about 60%, 30% lower than normal standards

[Asia One \(7 October 2014\)](#)

Revised World Bank GDP Growth Projections									
	2012	2013	FORECAST			Changes from April 14 (% points)			
			2014	2015	2016	2014	2015	2016	
East Asia	6.0	6.1	6.0	6.1	6.1	-0.2	-0.2	-0.3	
Developing East Asia	7.4	7.2	6.9	6.9	6.8	-0.2	-0.2	-0.3	
China	7.7	7.7	7.4	7.2	7.1	-0.2	-0.3	-0.4	
Indonesia	6.3	5.8	5.2	5.6	5.6	-0.1	0.0	0.0	
Malaysia	5.6	4.7	5.7	4.9	5.0	0.8	-0.1	0.0	
Philippines	6.8	7.2	6.4	6.7	6.5	-0.2	-0.2	0.0	
Thailand	6.5	2.9	1.5	3.5	4.0	-1.5	-1.0	-0.5	
Vietnam	5.2	5.4	5.4		5.8	-0.1	-0.1	0.0	
Cambodia	7.3	7.4	7.2	7.5	7.2	0.0	0.5	0.2	
Lao PDR	8.0	8.5	7.5	6.4	7.0	0.3	-1.5	-2.1	
Myanmar	7.3	8.3	8.5	8.5	8.2	0.7	0.7	0.4	
Mongolia	12.4	11.7	6.3	6.2	6.1	-5.1	-3.0	-1.5	
Fiji	1.7	3.5	3.7	2.5	2.5	1.3	0.1	0.2	
Papua New Guinea	8.1	5.5	5.6	20.0	4.0	-4.4	0.0	0.0	
Soloman Islands	3.8	3.0	0.1	3.5	3.5	-3.4	0.0	0.0	
Timor-Leste	8.3	8.1	8.0	7.7	8.6	0.0	0.0	0.0	
Developing East Asia excl. China	6.2	5.2	4.8	5.3	5.3	-0.2	-0.3	-0.1	
ASEAN	5.7	5.0	4.5	5.0	5.1	-0.3	-0.2	-0.1	
<b>Assumptions about ext. environment</b>									
World	2.5	2.4	2.6	3.2	3.3	-0.4	-0.1	-0.1	
High-Income Countries	1.5	1.3	1.8	2.3	2.4	-0.3	-0.1	0.0	
Developing Countries	4.8	4.8	4.5	5.0	5.3	-0.5	-0.4	-0.3	

## 03 APPOINTMENT OF FIRST EU AMBASSADOR TO ASEAN WILL BOOST CLOSER TIES



**A special European Union (EU) ambassador will be accredited to ASEAN. As a statement by the European External Action Service (EEAS), the move is welcome and long-awaited step forward in the EU's relations with one of the world's most dynamic and rapidly-growing regions.**

- ▶ The new EU envoy could make an important contribution in order to inject some significant momentum, help to unlock the EU membership of East Asia Summit (EAS) in the coming years and allow ASEAN to looking for an EU upgrade to status of "strategic partner" and the regular convening of EU-ASEAN summits
- ▶ Certainly an EU-ASEAN Free Trade Agreement (FTA) could increase Europe's visibility in a landscape crowded by multiple Asian free trade initiatives including the US-led Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP) linking ASEAN to all leading economies in the region
- ▶ However, the EU-ASEAN relationship faces challenges such as the issues of "Islamic State" in Iraq and Syria, slow economic growth, high unemployment rate and human rights issues in Myanmar

[EurActiv \(6 October 2014\)](#)

## 04 VOW TO COOPERATE IN COMBATING HUMAN TRAFFICKING BETWEEN U.S. AND ASEAN



**In the Myanmar-hosted ASEAN-U.S. seminar, ASEAN and United States have vowed to cooperate in curbing trafficking in persons, seeking new standard guidelines and norms and new protocol in fight against modern slavery.**

- ▶ According to the Myanmar Police Force, at least five liaison offices have been opened in the border areas of China and Thailand and a temporary shelter for human trafficking victims is also established in Kawthoung, Myanmar's Kayin state, with the assistance of Japan
- ▶ Myanmar's Central Body for Suppression of Trafficking in Persons claimed that it has added new momentum to the fight against human trafficking in partnership with local and international non-governmental organizations and the United Nations
- ▶ In the meantime, Myanmar will also draw and implement a sub regional action plan from year 2014 to 2018 in collaboration with ASEAN members and China in order to crack down on human trafficking

[Shanghai Daily \(8 October 2014\)](#)

## 05 MOU ON DISASTER MANAGEMENT BETWEEN CHINA AND ASEAN



**The Chinese government and the Association of Southeast Asian Nations (ASEAN) have signed a Memorandum of Understanding (MoU) worth 50 million yuan (about USD 8.1 million) on disaster management, an initial step to boost partnership between ASEAN and China in the sector.**

- ▶ The MoU provides China's fund assistance to support implementation of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) Work Program, the operation of the ASEAN Coordinating Center for Humanitarian Assistance on disaster management and ASEAN Secretariat's capacity building program on disaster management

- ▶ "The tasks ahead would require further dialogue and interaction to fully implement points stipulated in the MoU," Le Luong Minh, ASEAN Secretary General, said at the MoU signing ceremony which held in ASEAN Secretariat
- ▶ China's Ambassador to ASEAN Yang Xiuping said that the MoU signing would be China's first grant to ASEAN disbursed through multilateral mechanism. She furthermore pointed out that disaster management is important to governments and the people affected by disasters

[Xinhua \(6 October 2014\)](#)



# 06 INDONESIA HOLDS INTEREST RATES CONSTANT



**Citing the possibility of rising inflation, Indonesia’s central bank has held its key interest rate at 7.5%, maintaining a tight leash on the economy with its monetary policy in anticipation of inflation risks and U.S. monetary easing.**

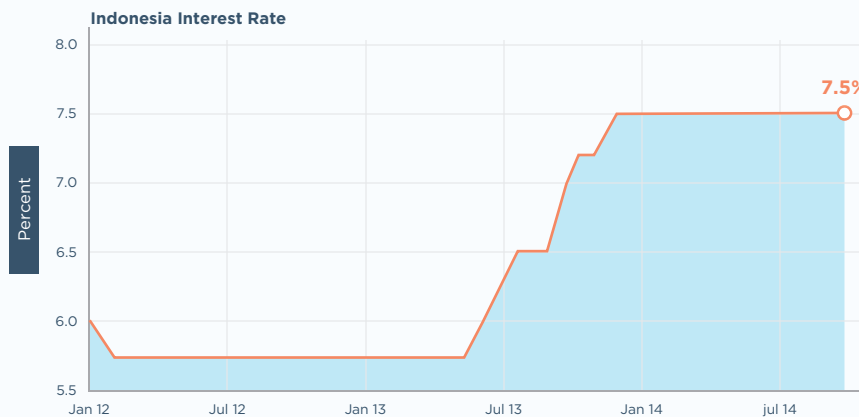
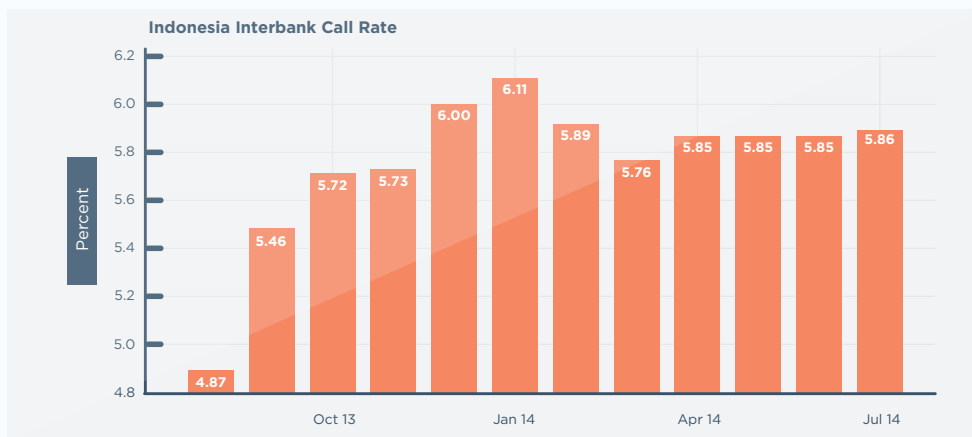
▶ Indonesia’s interest rates have been held constant since November 2013, when the central bank raised the rate by 175 basis points to combat a rising current account deficit and faltering currency

▶ Meanwhile, the Indonesian central bank also maintained its overnight deposit facility rate, also know as the Fasbi, at 5.75%; a major concern for the Indonesian economy would be the impending FED Reserve tapering efforts and the threat of capital flight as a direct result

▶ The rupiah was little changed at 12,205 against the dollar in Jakarta on the announcement of unchanged interest rates; at the same time however, foreign funds pulled \$344 million from Indonesian shares last week, the biggest outflow this year

[Bloomberg \(7 October 2014\)](#)

## Indonesia prepares for inflation and US Monetary Easing



[tradingeconomics.com](#)

# 07 JAPAN, ASEAN AGREE TO STRENGTHEN MARITIME SECURITY COOPERATION



**Senior defence officials from Japan and the Association of Southeast Asian Nations agreed on 7 October to strengthen cooperation on maritime security during their meeting in Yokohama, Japan in order to promote freedom of navigation at sea.**

▶ Indonesia’s interest rates have been held constant since November 2013, when the central bank raised the rate by 175 basis points to combat a rising current account deficit and faltering currency

▶ Meanwhile, the Indonesian central bank also maintained its overnight deposit facility rate, also know as the Fasbi, at 5.75%; a major concern for the Indonesian economy would be the impending FED Reserve tapering efforts and the threat of capital flight as a direct result

▶ The rupiah was little changed at 12,205 against the dollar in Jakarta on the announcement of unchanged interest rates; at the same time however, foreign funds pulled \$344 million from Indonesian shares last week, the biggest outflow this year

[Kyodo News International \(7 October 2014\)](#)



08 MYANMAR MONITOR 

**ECONOMY**

▶ Myanmar's Yangon Electricity Supply Board (YESB) said on 19 October that it is planning to transform itself into a listed company for more effective operation. The YESB will retain 51% of the share, while the public will be offered 49%, with priority given to local firms.

[Shanghai Daily \(19 October 2014\)](#)

▶ Some 750 laid-off workers of the closed down South Korean Master Sports factory in Yangon received their unpaid salaries and severance pay from the Ministry of Labour on 17 October, after it auctioned off the property of the factory last week. The footwear factory opened last year but closed abruptly in late June dismissing workers without pay.

[The Irrawaddy \(17 October 2014\)](#)

▶ Japan is to carry out several studies on how the Dawei Special Economic Zone (SEZ) in southern Myanmar can be revived, after the massive Thai-Myanmar project stalled last year, government sources said on 20 October. The research is expected to start at the end of this month and conclude in March next year.

[The Irrawaddy \(20 October 2014\)](#)

▶ Foreign direct investment (FDI) into Myanmar has exceeded the government's original target just six months into the fiscal year. FDI was estimated to reach US\$4-5 billion in the 2014-15 fiscal year, but by the end of September, FDI had reached almost US\$4.09 billion.

[The Irrawaddy \(20 October 2014\)](#)

▶ Thailand's Green Earth Power (GEP) has signed a memorandum of agreement with the Myanmar Ministry of Electric Power (MOEP) to formalise the development of a 220-megawatt solar power plant in Magway Region. "Solar power is a solution to Myanmar's immediate and long-term power needs. It is quick to build solar power plants and we do not have to rely on the supply of fossil fuels or be subject to price fluctuations," said Aung Thiha, executive director of GEP.

[The Nation \(20 October 2014\)](#)

▶ Hilton Worldwide became the first US hotel chain to operate in Myanmar since the easing of US sanctions, when it held the official opening of the Hilton Naypyidaw on 17 October. Three other international hotel chains already operate in Naypyidaw; Swiss-based Kempinski, France's Accor group and Singaporean Pan Pacific.

[Mizzima \(18 October 2014\)](#)

**POLITICS**

▶ Myanmar's courts have jailed a former minister, nine farmers and a group of journalists in what critics say is a widening crackdown on political rights and free expression. Hsan Hsint, a former religious affairs minister, was jailed on 17 October for 13 years for sedition and misappropriating state funds. Nine farmers were jailed for seven years each for working on land in Mon state that they said had been grabbed by the former military junta. In the third prosecution, five journalists and a publisher who worked on a weekly newspaper were each jailed for two years for "state defamation".

[Financial Times \(19 October 2014\)](#)

09 U.S. EASES ARMS EMBARGO TO VIETNAM




**In a bid to protect its sphere of influence in southeast Asia, the U.S. has partially lifted its longtime ban on the provision of lethal arms to Vietnam, strengthening the nation state's maritime security against Chinese gunboat diplomacy.**

- ▶ Highly criticised by human rights groups, Vietnam's record on political prisoners as well as state led violence were cited as reasons in condemning the U.S.' move in providing Vietnam with further armaments
- ▶ The move comes in line with recent American foreign policy actions within the region; in 2007, the U.S. decided to allow the sale of nonlethal equipment to Vietnam, whilst more recently providing US\$18 million in assistance as well as patrol boats to the Vietnamese Coast Guard
- ▶ The Obama administration has argued that further political, social, and economic cooperation with Vietnam and the region in general would be beneficial in improving human rights within the region, as well as ensuring a level of security against any regional threats

[Reuters \(14 September 2014\)](#)

**US Partial or Full Arms Embargo**



Iraq	Vietnam	Cote d'Ivoire
Afghanistan	Somalia	Cyprus
Congo	Sri Lanka	Zimbabwe
Libya	Liberia	Lebanon
Haiti	Fiji	Sudan

[Cornell University Law School](#)

10 MAS MAY HIRE FOREIGNER AS CEO



**For the first time in its history, Malaysia Airlines (MAS) will have a foreigner as its chief executive officer (CEO), who will be given the authorization to chart the restructuring of the company as well as see through its results over the next five years.**

- ▶ This is a critical move to give a signal to the various stakeholders of MAS that the government is working hard to set MAS on proper footing amid keen competition in the airline industry.
- ▶ The new CEO will take over from Ahmad Jauhari Yahya, whose contract has been extended until September next year. A source revealed that the new CEO is a person from the airline industry, not somebody from the outside of the industry.
- ▶ One of the reasons attributed to the previous failed restructuring of MAS was that a non-airline person had been put in charge to drive operations.
- ▶ "Now the committee in charge of the restructuring is making sure every key post is handled by a person from the industry. If there is no expertise locally, then foreigners will be hired," said a source.

[The Star \(7 October 2014\)](#)

