

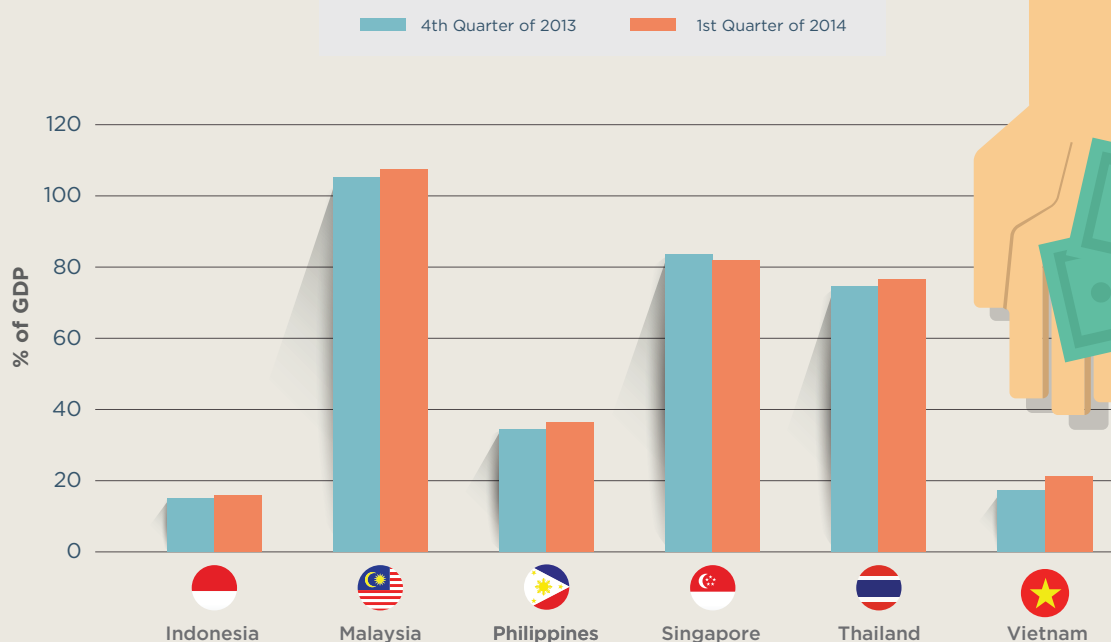
CARI CAPTURES



01 MOODY'S EXPECTS INCREASE IN ASEAN BANKS' BOND ISSUANCES



Size and Composition of Bond Markets (% of GDP)



Asia Bond Monitor, Asian Development Bank (ADB)

ASEAN banks will increasingly turn to capital markets, particularly by issuing bonds, in order to fund their lending operations, says Moody's Investors Service. Its assistant vice president/analyst, Alka Anbarasu, said loan growth in most parts of the ASEAN region has steadily outpaced deposit inflows over the past several years, leading banks to use most of their stock of deposits to fund loans.

► "Going forward, we expect that further growth will also be driven by funding needs, rather than solely by choice. Therefore, funding and liquidity will increasingly become factors that differentiate ASEAN banks' credit profiles," Anbarasu said. Anbarasu was speaking on Moody's new report entitled 'ASEAN Banks' Bond Issuance Set to Increase as Loan Growth Continues to Outpace Deposit Inflows' here today

- According to the report, outstanding bonds and borrowings (excluding interbank loans) by rated ASEAN banks increased by 71 per cent to US\$168 billion at end-2013 from US\$98 billion at end-2009. The report said loan-to-deposit ratios (LDRs) rose to around 90 per cent at most ASEAN banks at end-2013 from the low 80 per cent-range at end-2009
- Indonesian banks appeared the most stretched, particularly in local-currency funding. Thailand and Vietnam have some of the highest foreign-currency LDRs, indicating elevated foreign-currency funding needs. The report said while banks had been able to fund part of their credit growth by converting liquid assets into loans, this flexibility would be reduced in the future, as banks had to keep minimum liquidity buffers

The Nation (3 November 2014)

02 CHINA HAS AGREED TO EQUIP UP TO US\$700 MILLION ANNUALLY TO CAMBODIA



Chinese Presidents, Xi Jinping announced China's plans for a US\$40 billion Silk Road Fund to pay for infrastructure projects across Asia in the coming years. China has agreed to equip Cambodia with a regular line of grants and loans with a total of US\$500 million to US\$700 million per year to aid fund the country's development.

▶ According to a statement posted to the Chinese Foreign Ministry's website, Mr. Xi told the Cambodian Prime Minister, Hun Sen that friendship between Cambodia and China was "very precious and should be unrelentingly maintained and developed to form a community of shared destiny featuring mutual help." Mr. Hun Sen, in turn, expressed support for China's efforts in "safeguarding national sovereignty, security and territorial integrity."

- ▶ "Hun Sen asked for China's help with US\$500 to US\$700 million every year to develop our country. This US\$500 to US\$700 million will begin next year. If they give it to us for free (as a grant) or without an interest rate, it would be good." Kao Kim Houn, Ministry of Foreign Affairs and International Cooperation of Cambodia said
- ▶ Mr. Kim Houn also mentioned that Chinese firm, the State Development and Investment Corporation (SDIC) would partner with Cambodia's Royal Group, owned by Cambodian businessman Kith Meng, on four projects
- ▶ These four projects include a railway project, a Chinatown development, an island development along Cambodia's coast and electricity generated by burning garbage

[Cambodia Daily \(10 November 2014\)](#)

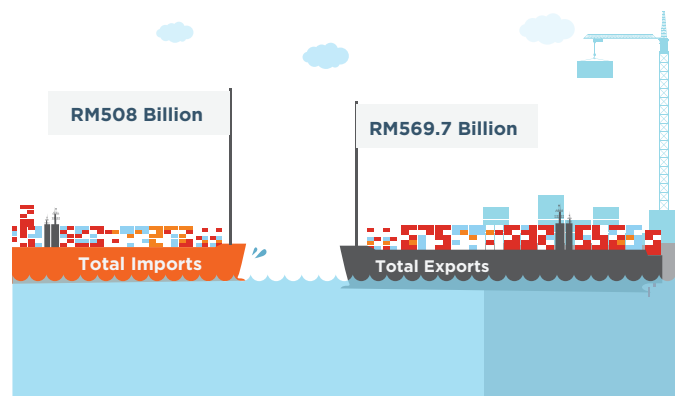
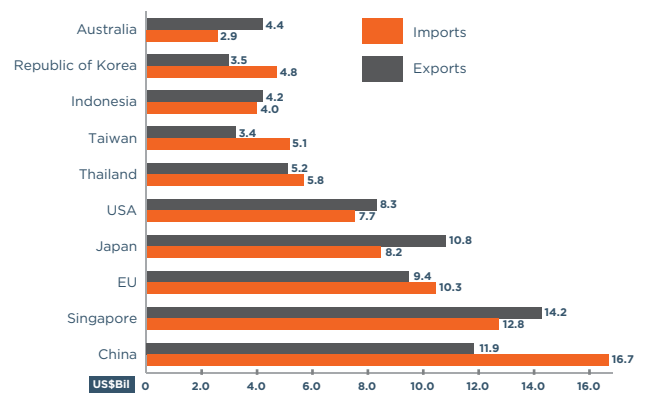
03 FORMER ASEAN SECRETARY -GENERAL: PUBLIC AWARENESS ON ASEAN COMMUNITY MUST BE RAISED WITHIN ASEAN COUNTRIES



In a landmark move, Malaysia and China have agreed to set up a yuan clearing bank here to facilitate and reduce the cost of doing business in the country. With this agreement, Malaysia will be the second country after Singapore in the Asean region to establish a yuan-clearing bank with China. Prior to this agreement, a conversion of the ringgit into yuan would need to be first converted into the US dollar and then thereafter to the yuan, also known as renminbi or RMB. With a clearing house in Malaysia, the ringgit can be directly converted to yuan, hence reducing the cost of transaction.

- ▶ Prime Minister Datuk Seri Najib Tun Razak pointed out that the bank would become a strategic component in Malaysia's financial system and infrastructure, enabling a significant pooling of yuan liquidity to meet the financing needs of Malaysian financial institutions and businesses
- ▶ The yuan clearing house is the latest in a series of moves that both countries have undertaken to enhance trade that has grown more than 10-fold since 2000 to exceed US\$100billion (RM332.85billion) in 2013. China is Malaysia's largest trading partner and Malaysia is China's largest trading partner in Asean.
- ▶ Based on the Society for the Worldwide Interbank Financial Telecommunication (SWIFT) data, the total yuan clearing amount in Malaysia hit 1.15 trillion yuan in the first half of 2014, up 104.5% from 2013. of maritime disputes in accordance with international law," Modi said
- ▶ The SWIFT RMB Tracker report dated July 2014 also ranked Malaysia as one of top 10 offshore yuan centres in the world. The trade settlement volume has also tripled since 2010 to RM3billion in 2013 while yuan deposits in Malaysia have also expanded by over 10-fold to the current 10.7 billion yuan since 2010

Exports & Imports by Major Countries



[Malaysia External Trade Statistics, Department of Statistics, September 2014](#)
[Swift RMB Tracker Report, July 2014](#)

04 ASEAN INVESTMENT REPORT: FDI INFLOWS REACHED US\$122 BILLION IN 2013



According to the Asean Investment Report 2013-2014 released on November 10 at the 4th Asean Investment Forum (AIF) in Nay Pyi Taw, Myanmar, foreign direct investment (FDI) inflows into ASEAN more than US\$122 billion in 2013, which was also an increase from the US\$114 billion in 2012 and about on par with that of China.

▶ The latest report is entitled, "FDI Development and Regional Value Chains (RVCs)". It highlights that growing corporate income and cash reserves of Asean companies further supported strong intra-regional investment

- ▶ The report showed that the increasing of RVCs contributed by rising FDI. The regional value chains in Asean now involve more companies, more Asean countries, and a wider range of products and industries in the region
- ▶ It also illustrates how the RVCs strengthen regional connectivity through production, investment, trade and business linkages. It complements the three pillars of Asean connectivity of physical, people and institutional connections

[The Nation \(11 November 2014\)](#)



05 VIETNAMESE MARKET OFFERS GREAT CHANCES FOR PAKISTANI PRODUCTS



On 6 November, Vu Viet Dzung, Second Secretary and Head of Vietnam Trade Mission in Pakistan, visited the Federation of Pakistan Chambers of Commerce and Industry (FPCCI). He said that Vietnamese market will offer great opportunities for Pakistani products in the future. The meeting between FPCCI and Vietnam Trade Mission in Karachi, Pakistan was held in connection with the FPCCI trade delegation. A delegation of the FPCCI, which will be led by President of FPCCI, Zakaria Usman who will be visiting Hanoi, Vietnam from 2nd to 7th December 2014.

► Vu Viet Dzung proposed that FPCCI should sign Memorandum of Understandings (MoU) with Vietnamese Chamber of Commerce and

Industry (VCCI) to establish Joint Business Council (JBC). He also proposed to include the fishery sector in the FPCCI trade delegation to Vietnam

- In addition, he also offered visa to the participants of the delegation at the earliest, and lauded FPCCI for choosing Vietnam as a priority country to visit
- Usman pointed out that there was a great demand for Pakistani products such as textile, chemical, rice, leather, sports goods and surgical instrument in Vietnam

[Pakistan Observer \(9 November 2014\)](#)

06 INDONESIA'S 2015 PALM OUTPUT GROWTH TO SLOW AFTER DROUGHT IN THE ISLAND OF SUMATRA



Indonesia' palm oil output will grow by just over 3 percent in 2015, less than half the 7 percent growth rate this year, a leading industry association said, after a prolonged drought in the main growing region of Sumatra.

- Fadhil Hasan, Executive Director of the Indonesian Palm Oil Association, predicted the palm output will be 31.5 million tons next year, up from 30.5 million tons in 2014 and 28.5 million tons in 2013
- In addition, he said: "Indonesia's crude palm oil (CPO) exports will be flat at around 19 million tons next year. Higher domestic biodiesel

usage and rising demand from Pakistan would help offset the negative impact if top buyer India decides to bring in an import tax."

- He mentioned in order to help Indonesia's palm sector, Indonesian President, Joko Widodo should scrap a government forest-clearing moratorium, boost infrastructure investment, avoid making major changes to foreign ownership rules for plantations and cap the country's CPO export tax at between 5 percent and 7.5 percent

[The Jakarta Globe \(11 November 2014\)](#)

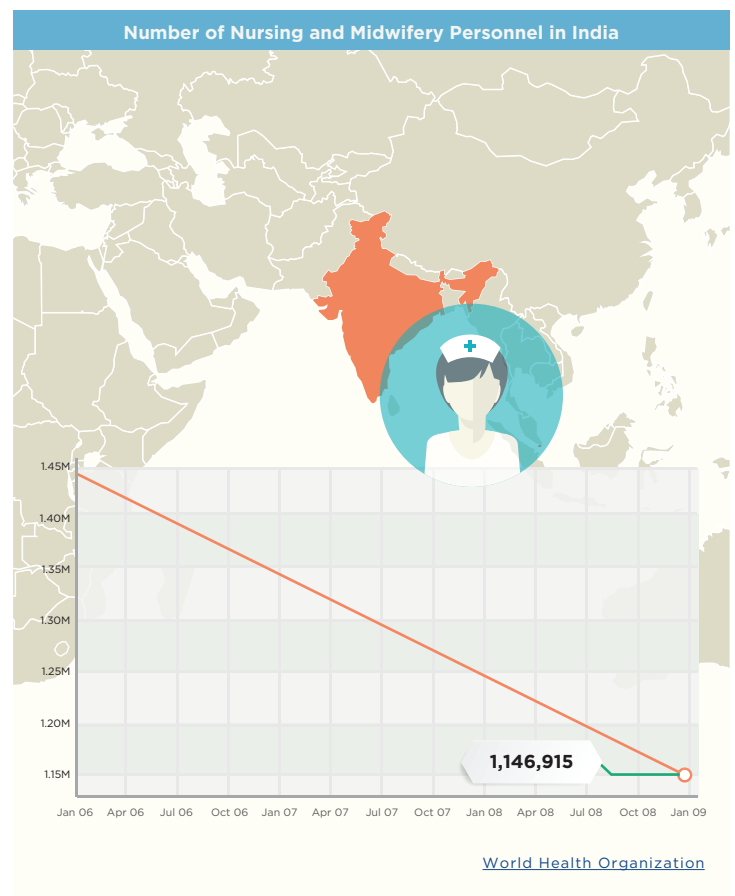
07 INDIA-SINGAPORE TO SIGN A PACT FOR MOVEMENT OF NURSES



India and Singapore are making progress in signing mutual recognition agreement for para- medical courses that will make it easier for domestically trained nurses to get work in the South East Asian country.

- While India and Singapore have reduced customs duty on goods since the implementation of the free trade agreement in 2005, they are yet to sign the mutual recognition agreements (MRAs) that honour each other's educational and professional qualifications.
- Once the agreement is signed, degree/certificates given by Indian institutes would be valid in Singapore
- India is yet to sign MRAs with Japan and South Korea with which the country has implemented comprehensive free trade pacts. Deepak said that these processes takes time. "It is a challenge, it require reforms before it can happen," he said, adding "(services) trade is a slow process"

[SGGP \(2 November 2014\)](#)



08 MYANMAR MONITOR

POLITICS

- ▶ Twelve of Myanmar's minority ethnic groups are reported to have announced the establishment of a federal army called the Federal Union Army (FUA), which will be under the supervision of the United Nationalities Federal Council (UNFC), an umbrella group that has been trying to negotiate a nationwide ceasefire between ethnic minorities and Myanmar's military. The government has yet to react to the announcement.

[Mizzima \(3 December 2014\)](#)

- ▶ Myanmar's president has approved a set of controversial draft religious laws inspired by radical monks and sent them to parliament, officials said on 3 December. The draft legislation - including curbs on interfaith marriage, religious conversion and birth rates - will be debated by MPs and voted on in the coming parliamentary session.

[Channel NewsAsia \(3 December 2014\)](#)

- ▶ Myanmar continues to be perceived as a relatively corrupt country, according to an annual ranking by anti-corruption group Transparency International. Myanmar has a Corruption Perception Index ranking of 21, with 100 being very clean and 0 as highly corrupt.

[Mizzima \(3 December 2014\)](#)

ECONOMY

- ▶ The United Nations Conference on Trade and Development (UNCTAD) announced on 1 December that Myanmar will remain on its list of least-developed countries. "In order to improve across all economic benchmarks and deliver benefits for people, more fundamental strategic change is needed," Igor Bosc, senior program advisor of UNCTAD said.

[The Irrawaddy \(2 December 2014\)](#)

- ▶ In his four-day visit to Myanmar, Norway's King Harald V said that the country needs to carry out many tasks to speed up the democratisation process. Norway has pledged to cooperate with Myanmar in many areas, including peace, democratisation, and the environment. In 2012, Norway was the first European country to relax sanctions on Myanmar.

[Mizzima \(2 December 2014\)](#)

- ▶ An influential British parliamentary committee has told the UK government it should press for a re-imposition of European economic sanctions on Myanmar if there is no improvement in the country's human rights situation over the next 12 months. The recommendation follows a review of the British Foreign Office's work on human rights in Myanmar, which heard several complaints from human rights NGOs that the UK government has put too much emphasis on promoting British business links.

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

09 SAMSUNG PICKS VIETNAM FOR \$3BILLION SMARTPHONE FACTORY

VIETNAM

Samsung Electronics has announced plans to spend up to US\$3 Billion to create a new smartphone factory in Vietnam. The facility would operate alongside another US\$2 Billion plant the company already runs in the country, which began production in March.

- ▶ Intel, LG, Panasonic and Microsoft's handset unit are among other tech firms to have expanded manufacturing in the country over the past couple of years. It marks a shift away from China. Experts say the combination of tax breaks and a relatively cheap workforce make the country an appealing base when compared with its northern neighbour
- ▶ Vietnam's government had previously said Samsung's smartphone assembly lines would not need to pay corporate taxes for four years, and only half the normal rate for the following nine years should the firm meet the terms set out in its investment applications. Vietnam exported US\$19.2 Billion worth of mobile telephones and accessories over the first 10 months of the year - 8% more than for the same period in 2013, according to Vietnam's General Statistics Office
- ▶ Samsung intends its new smartphone factory to be built close to its existing plant - which already employs about 16,000 workers - in the north-eastern province of Thai Nguyen, close to the capital Hanoi. The announcement comes a month after Samsung Electronics revealed plans to build a US\$560million factory in Ho Chi Minh City, where it intends to make TVs, washing machines and air conditioners

[Sydney Morning Herald \(1 November 2014\)](#)

Smartphone Factories in ASEAN



[Techniasia](#)

10 SINGAPORE'S AMBASSADOR HAS BEEN APPOINTED AS ASEAN'S NEW DEPUTY SECRETARY-GENERAL

SINGAPORE

The 15th Meeting of the Asean Coordinating Council has approved the appointment of V. P. Hirubalan, the current Singapore's Ambassador to the Philippines, as the next Deputy Secretary-General of Asean for Asean Political-Security Community (DSG-APSC) starting from February 15, 2015 for a non-renewable term of three years.

- ▶ Mr V.P. Hirubalan will head the Political-Security Community, which supports the Asean Secretary-General in implementing the APSC Blueprint as well as manages relations with ASEAN's dialogue partners and the international community
- ▶ A veteran diplomat of 17 years, he held various appointments in Singapore's Ministry of Defense before transferring to the Foreign Affairs Ministry in 1996
- ▶ Besides the Philippines, Mr Hirubalan had served overseas as Singapore's High Commissioner to Brunei Darussalam from 2002 to 2005 and Singapore's Ambassador to the Kingdom of Saudi Arabia from 2006 to 2009

[Sydney The Malaysian Insider \(12 November 2014\)](#)