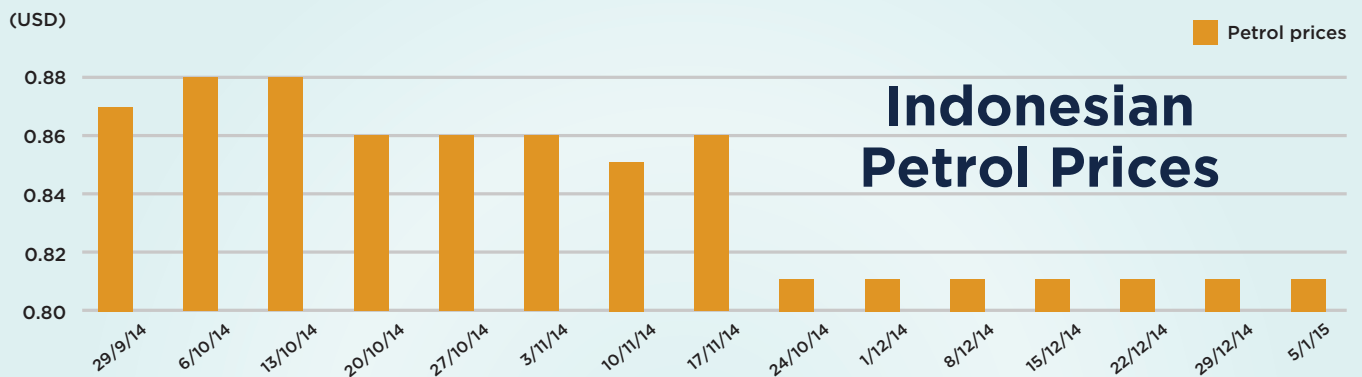


CARI CAPTURES

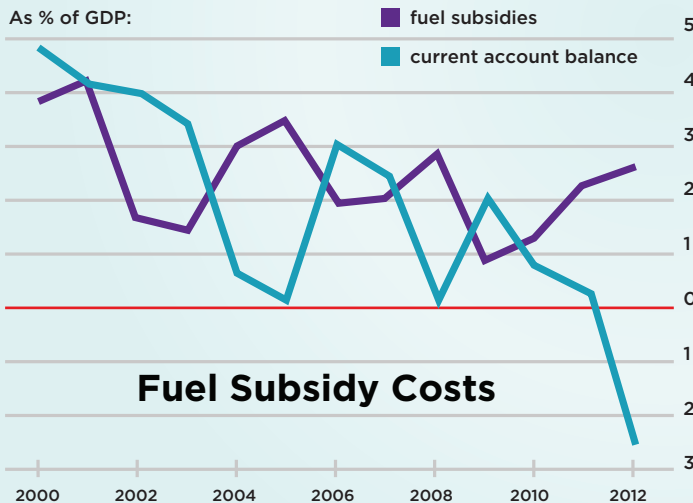


01 FUEL SUBSIDIES SLASHED IN INDONESIA

INDONESIA



Indonesia's stormy petrol:



Global Petrol Prices

The Widodo administration was quick to capitalise on falling oil prices, lowering subsidies for diesel whilst eliminating subsidies for petrol; the move ultimately increased petrol prices by almost 30%.

▶ Currently, subsidies for diesel are capped at 1,000 rupiah per litre, which equates to almost US\$ 8 billion in the government budget savings being freed up for other expenditures; in the short term the savings will be able to be pumped into infrastructural and education initiatives, leading to stronger economic fundamentals in the long term

- ▶ As a country battling capital flight and a depreciating currency, the move also benefits Indonesia's current account deficit woes; furthermore, as a net importer of oil, Indonesia's balance of trade was largely unfavorable in terms of subsidies
- ▶ In addition, Indonesia's rampant inflationary issues linked to fluctuating oil prices will also be limited as fiscal and monetary policies can now instead focus on creating stronger economic fundamentals, rather than addressing hikes in the oil prices

Reuters (17 November 2014)

02 ASEAN OPEN SKIES TO GO AHEAD



Despite the recent tragedy of Indonesia AirAsia Flight QZ8501, Indonesian transportation ministry spokesman J.A. Bharata continued to affirm the nation's commitment to liberalisation efforts within its aviation industry under ASEAN's "Open Skies" policy.

- ▶ The policy, which is slated to be completed by the end of 2015, is expected to streamline various cost inefficiencies begotten by complex regulations within the region; this will in turn bolster growth within ASEAN's aviation industry and the general economies of member states
- ▶ Whilst the policy has remained a cornerstone of Indonesia's transport agenda, the pursuit of more stringent regulations in relation to safety and security has also taken centre stage in Indonesia's plans for its aviation industry
- ▶ In ASEAN's most recent aviation tragedy, AirAsia flight 8501 was lost to the Java sea, leading to the disappearance of 162 people on board; whilst 40 bodies and the debris of the plane has been located, efforts to locate the other bodies and the planes black box are still in progress
- ▶ The missing flight which disappeared on 28 December, crashed into the Java Sea off Borneo. The missing plane debris was found on 30 December and the black box was recovered on 13 January.

[Jakarta Globe \(6 January 2014\)](#)



[Indonesia Search & Rescue, Ministry of Transport](#)

03 MALAYSIA EASES RESTRICTIONS ON RI BANKS



Malaysia has finally agreed to ease restrictions imposed on Indonesian banks to operating in the neighbouring country as part of its commitment to the integration of financial services in ASEAN nations. At present, the BNM has granted limited access to Bank Mandiri, the only Indonesian bank so far to operate in Malaysia. However, Mandiri is still unable to operate as a full branch due to large capital requirements imposed by the Malaysian Central Bank.

- ▶ The agreement is part of a larger ASEAN Banking Integration Framework (ABIF) that has been set for the 10 member countries within ASEAN
- ▶ BI has agreed to the ABIF guidelines that will make way for the subsequent endorsement of the ASEAN Framework Agreement on Services (AFAS) by each country's finance minister. Under the ABIF

guidelines, banks that have acquired the "Qualified ASEAN Bank" (QAB) status will be able to carry out their operations in neighboring countries and get equal treatment as local banks

- ▶ Only "indigenous" banks can acquire the status, meaning that the bank must originally be established and based in an ASEAN country and owned by ASEAN citizens. Indonesian banks looking to gain the status may apply to the OJK
- ▶ In the future, the amount of capital that must be provided may be lower than 300 million ringgit if Mandiri acquires the QAB status. Meanwhile, Indonesian financial authorities would pursue similar agreements with their counterparts, including in Singapore, in 2015

[Jakarta post \(2 January 2015\)](#)

04 POPULATION BOOM DRIVING PHILIPPINES' CLIMATE VULNERABILITY



The Philippines' rapidly growing population is increasing its vulnerability to climate change, according to a government document. Around 92 million people live in the Philippines and the number is growing by 1.9% a year. The country has slipped recently from 12th to 3rd most vulnerable in the world to climate change.

- ▶ The large number of people and their migration patterns has led to crowded cities, waste and housing problems, pollution, and encroachment of upland forests and watersheds leading to denudation and, consequently, significant reduction of carbon sinks
- ▶ Urban areas tend to be more at risk of flooding and earthquakes, which raises the pressure on the Philippines as rising temperatures are predicted to intensify the impacts of climate
- ▶ The vulnerability of the Philippines was thrown into the spotlight in 2013 when Typhoon Haiyan made landfall, killing more than 6,000 people and forcing millions into temporary homes

- ▶ As the population and the economy grew, energy consumption increased, as well as transport use, and industrial activity in all the production and services. All of these meant greater use of the country's agricultural, forestry and marine resources and increasing pressure on the natural environment
- ▶ Greenhouse gas emissions from road transport which makes up 36.8% of total energy demand is predicted to rise from 24 million tonnes of CO2 today to 87 MtCO2 in 2030. Forest cover in the Philippines has also been reduced from around 27.5 million hectares in the 1500s to around only 7.2 million today. Many due to the results of logging, agriculture and unplanned land conversion that have been worsened by population growth

[Inquirer.net \(9 December 2014\)](#)



05 PRINCE NORODOM RANARIDDH ORCHESTRATES COMEBACK



Deposed from his post as co-prime minister in Cambodia's coup in 1997, and ousted from the political party Funcinpec, Prince Norodom Ranariddh announced his return to the political party his father founded.

- ▶ The move has been speculated by experts to be a precursor to the prince reviving royalist support in favour of current Prime Minister Hun Sen in the form of an alliance; a political manoeuvre which would help to stall his falling level of support as evidenced by the loss of the CPP's parliamentary majority
- ▶ Whilst Royalist support has waned in recent years, a political alliance between the CPP and Funcinpec could help to bolster the CPP's support base; however, the pact could ultimately hurt Funcinpec by alienating true royalists
- ▶ The return of Prince Ranariddh was fully supported by Prime Minister Hun Sen, who earlier in the year made unprecedented concessions to the CNRP, Cambodia's main opposition party

[Wall Street Journal \(8 December 2014\)](#)

The Prince's Political Profile



First prime minister of Cambodia
(2 July 1993 - 6 July 1997)

Third president of the national assembly
(1998 - March 2006)

President of Funcinpec Party
(1992 - 2006)

Officially retired
(2012)

Announced comeback
(2015)

06 MALAYSIA'S LOAN VOLUMES SKYROCKETS TO A WHISKER OF ALL-TIME HIGH



Malaysia's loan volumes skyrocketed to a whisker of the all-time high as the country's most high-profile borrowers completed jumbo financings. Combined loan volumes in ringgit and foreign currencies totalled US\$18bil in 2014, up by nearly a half of the US\$12.27bil transacted in 2013.

- ▶ The largest deal in 2014 was for SapuraKencana Bhd, which completed a US\$5.5bil dual-currency financing with 13 lenders in March for its US\$898mil purchase of Newfield Exploration Co's Malaysian oil and gas assets and also for refinancing
- ▶ The Battersea Power Station property project, which is run by a consortium including Sime Darby Bhd, SP Setia Bhd and the Employees Provident Fund, also obtained a £1.35bil (US\$2.17bil) five-year financing at the end of October to fund the development of phases II and III of the project. It followed a £790.2mil loan in November 2013, which refinanced a bridge loan that backed the purchase
- ▶ Sime Darby brought a US\$830mil dual-tranche financing to the market for its acquisition of London-listed New Britain Palm Oil Ltd. The loan is expected to close in the first quarter of 2015
- ▶ MISC Bhd boosted volume with a US\$1.55bil dual-tranche club deal with eight lenders in May, while state investor 1Malaysia Development Bhd raised a US\$1bil pre-IPO loan in October

[Today Online \(9 December 2014\)](#)

07 VIETNAM CLOSES DOOR ON AUSTRALIAN FRUIT AND VEGETABLES



VIETNAM



AUSTRALIA

Vietnam has followed through on its intention to effectively ban imports of Australian fruit from 1 January, 2015. Vietnam has issued no import permits for Australian fruit and vegetables for this year, citing concerns about fruit fly.

- ▶ The tablegrape industry made up \$32 million of that, and Michelle Christoe from the Horticultural Exporters' Association says that's where the ban will hit hardest and there is no alternate market that has a clear trade path for the black table grapes, in particular the Midnight Beauty. It is said that they won't get the same sort of returns on the local market for their products
- ▶ Many within the Australian horticulture sector privately believe the real reason for Vietnam's decision to tighten its import regulations is because of that country's frustration over the length of time taken by Australia in deciding whether it will accept horticultural imports from Vietnam. Vietnamese wanted to import lychees (to Australia) since 2003, however their management system has just recently been reviewed
- ▶ "Australia's a very difficult place sometimes to bring fruit into, so I think we've got to look at the whole system," said Cherry Growers Australia Chief Executive, Simon Boughey. Mr Boughey says industry is 'very, very keen' to work with the Australian Department of Agriculture to resolve issues with Vietnam and restore trade as quickly as possible, but he wouldn't speculate on a timeframe within which that might be achieved
- ▶ In a statement, a Department of Agriculture spokesman said it is 'working with the Vietnamese Government to provide additional information about fruit fly management and control in Australia. Officials in the region are meeting as often as possible with Vietnamese counterparts to minimise trade disruptions and encourage early resolution of Vietnam's concerns

[The Star \(4 December 2015\)](#)

08 MYANMAR MONITOR

POLICY

▶ President Thein Sein received various political stakeholders at his residence in the capital Naypyidaw on 12 January, in an unprecedented conference of 48 leaders representing ethnic, military and political interests. "I believe this meeting will reflect the views of the entire country," the president said during his opening remarks. "That's why I have invited ethnic affairs ministers from different states and regions."

[The Irrawaddy \(12 January 2015\)](#)

▶ The ruling Union Solidarity and Development Party (USDP) has launched a door-to-door voter outreach campaign ahead of the 2015 national elections, according to party officials. The voter outreach is in recognition of the fact that the party is unlikely to win a landslide victory as it did in 2010, when the NLD boycotted the widely discredited polls. The campaign is targeted to rally the support of especially workers, farmers and youths.

[The Irrawaddy \(12 January 2015\)](#)

ECONOMY

▶ Myanmar Deputy Finance Minister Maung Thein announced over the weekend the formation of the country's first stock market by October, the Yangon Stock Exchange. After the anticipated opening, the government would issue to local companies stock exchange licences two or three months later. About 10 companies are expected to meet the criteria for initial listing.

[International Business Times \(12 January 2015\)](#)

▶ Myanmar will attract more foreign direct investment (FDI) in the years to come, despite political risks, said Maw Than, a director of the Central Bank of Myanmar. Maw Than is convinced that most of the future FDI will go to the energy and service sectors. "Yet, we also need foreign investments in agriculture and forestry. Anyhow, FDI is instrumental for sustainable growth," he said. During the first six months of the 2014-15 fiscal year, FDI inflows reached about US\$4 billion.

[The Nation \(12 January 2015\)](#)

▶ One of Myanmar's most promising offshore oil and gas projects is on an investment cancellation list drawn up by Thai state-owned oil developer PTTEP if global oil prices continue their fall. As the operator of the block with an 80% ownership PTTEP was scheduled to continue a drilling campaign preparation for 5 appraisal wells and 1 exploration well in 2015.

[The Irrawaddy \(10 January 2015\)](#)

▶ An US\$18 million bridge across the River Mekong linking Myanmar with Laos is ahead of construction schedule and is now expected to open in March, reports said. The bridge, more than 500 meters long, is being financed by the governments of the two countries. The bridge is primarily intended to carry heavy commercial trucks and other vehicle traffic and will not be open to pedestrians or cyclists.

[The Irrawaddy \(10 January 2015\)](#)

FOREIGN AFFAIRS

▶ The United States is hoping to nudge Myanmar's quasi-civilian government on stalled reforms during a high-level human rights dialogue on 14 January. Scepticism is growing over Myanmar's transition to democracy as the military is resisting constitutional reform and Buddhist nationalism is growing. During two days of talks in Naypyidaw, US officials, including top State Department human rights envoy Tom Malinowski and UN special rapporteur on Myanmar Yanghee Lee, will discuss the government's failure to prevent Buddhist-Muslim clashes, continued discrimination against the stateless Rohingya, reforms needed to its outdated legal system, the growing problem of land grabs, and recent detentions of peaceful demonstrators and journalists.

[Yahoo News \(10 January 2015\)](#)

09 ASEAN-REGION DRIVER'S LICENSE URGED



The proposed ASEAN license would enable tourists to travel to Thailand by private car, thus boosting ASEAN tourism. The numbers of tourist arrivals from the ASEAN region are expected to increase by 5 million people in the next five years.

▶ Yutthachai Sunthornrattanavej, chairman of the ADT, urged the ministry to hold meetings with provincial chambers of commerce, immigration offices in border provinces, and officials from neighbouring countries to jointly lay guidelines for personal travel.

▶ Under the guidelines, tourists from neighbouring countries should be allowed to drive their vehicles to other provinces. The existing regulations limit the travel of not more than 200km from checkpoints

▶ The ministry must urgently lay out guidelines for all border checkpoints to follow in a bid to prevent confusion among tourists. Over the past 20 years, cross-border tourism has focused only on southern provinces bordering Malaysia. However, the tourism atmosphere in provinces bordering Laos, Myanmar and Cambodia are lively and these new tourist groups have purchasing power

[Bangkok Post \(6 January 2014\)](#)

10 POVERTY A BARRIER TO AEC INTEGRATION



With nearly a third of ASEAN's population in poverty, targets set by the AEC in poverty reduction have become a key barrier to integration.

▶ Integration of the AEC seeks to address problems in food security, climate change and energy needs; however, in order for integration within the ASEAN region to generate a net positive benefit within member states, the disparity between countries needs to be addressed

▶ Targets set by the 2015 ASEAN to address poverty have already been declared to be unachievable by the Philippines, whilst member states such as Myanmar, Laos, and Vietnam continue to lag in creating job opportunities and minimum wage legislation

▶ Mr S Intal Ponciano, a senior economist with the Economic Research Institute for ASEAN and East Asia, stated that AEC implementation would take longer to achieve without regional poverty reduction; "One solution would be for ASEAN to push the agricultural revolution," he said

[The Diplomat \(6 December 2014\)](#)

Country	Buying & Renting	Benefits & Discounts	Cost of Living	Fitting In	Ent. & Amen.	Health Care	Infra	Climate	Total
Ecuador	100	96	92	95	98	82	78	100	92.7
Panama	80	100	91	97	100	89	84	85	90.6
Mexico	80	80	90	95	97	84	85	89	87.6
Malaysia	81	66	90	97	96	94	95	76	86.8
Costa Rica	84	76	90	97	97	89	82	78	86.6
Spain	84	70	89	84	93	87	100	83	86.1
Malta	78	84	87	100	78	86	93	82	86.1
Colombia	84	68	90	82	91	88	85	95	85.4
Portugal	79	74	90	86	88	81	98	82	84.8
Thailand	76	68	92	94	100	89	79	79	84.6
Italy	73	69	82	84	100	83	95	79	82.9
Uruguay	68	70	62	92	97	89	90	86	82.0
Belize	83	84	92	100	74	80	66	78	81.9
Nicaragana	92	70	100	90	75	79	68	80	81.7
New Zealand	64	72	57	100	100	83	91	83	81.0
Brazil	71	76	81	81	96	80	79	82	80.8
France	60	84	57	84	100	87	96	79	80.8
Ireland	69	76	57	100	100	84	97	57	80.0
Honduras	76	73	87	95	79	80	67	79	79.5
Chile	78	73	63	86	97	83	93	60	79.1
Dom. Rep.	84	68	78	82	89	79	73	71	78.1
Guatemala	76	62	92	68	84	80	72	81	77.0
Philippines	73	57	92	92	86	80	66	64	76.3
Cambodia	73	57	92	76	94	72	57	68	73.7
Vietnam	57	57	100	57	57	72	62	72	67.3

[The Panama Investor](#)

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