

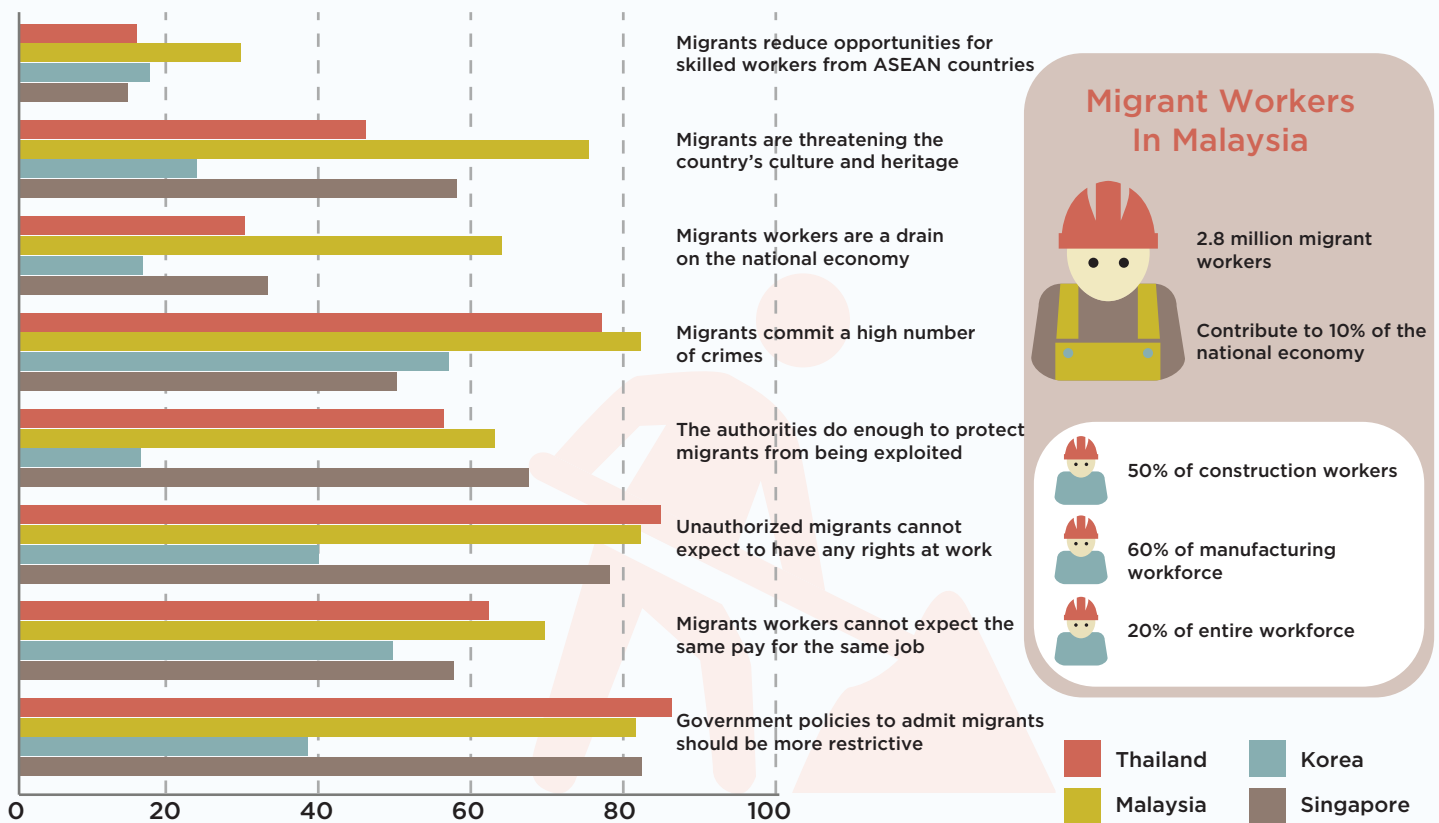
CARI CAPTURES



01 BILATERAL TALKS TO ADDRESS WIDE RANGE OF ISSUES



Attitudes Towards Migrant Workers



As Prime Minister Joko Widodo embarks on his first visit to Malaysia as the leader of Indonesia, issues relating to economic, labour recruitment, and maritime territorial matters are expected to take centre stage during bilateral talks.

- ▶ Following Jokowi's recent announcement that Indonesia aims to become a global maritime axis during the East Asia Summit in Naypyidaw last November, the nation's commitment to maritime diplomacy will be tested in the upcoming talks; maintaining cooperation between nations in the region will be challenged by conflicts arising from disputes over territory, illegal fishing, and piracy
- ▶ In the past, Malaysia and Indonesia already ratified a Memorandum of Understanding detailing the roles of engagement for encroachment

across agreed borders, but recent incidents such as the detainment of hundreds of Bajaus, or seafaring people, have raised questions as to the effectiveness of such a law

- ▶ Whilst the AEC goals of having open borders for migrant workers within the region have long been ratified by all member states, elevated tensions between Malaysia and Indonesia in regards to the deportation and treatment of migrant workers have become an increasingly pressing issue which both nations will hope to raise in the upcoming talks; recent restrictions imposed upon employing foreign workers in certain industries by the Malaysian Trade Union Congress (MTUC) have only served to aggravate tensions

[International Labour Organization](#)

[New Straits Times \(5 February 2015\)](#)

02 INFRA CRUCIAL TO ASEAN INTEGRATION



Investment in infrastructure will be crucial if Southeast Asia wants to capitalize on the imminent economic integration of the region, Finance Secretary Cesar Purisima said. In a speech delivered at the Nikkei Asian Review Forum Friday, Purisima underscored the need for the Association of Southeast Asian Nations (ASEAN) to invest heavily on infrastructure to maintain its current economic growth trajectory.

- ▶ The ASEAN, Asia's third largest economy after China and Japan, lags behind countries such as Hong Kong, Singapore, Korea and Sri Lanka when it comes to quality infrastructure. Asean's infrastructure needs are estimated at \$7 to \$8 trillion over the next 15 years
- ▶ Without sustained investment in needed infrastructure, it is unlikely that the region would achieve its full potential and realize the opportunities of the Asean Economic Community (AEC). The AEC aims to create a

single-market economy with free movement of goods, services and investments throughout the ASEAN region. Since 2010, most ASEAN goods have been traded in the region at zero tariffs, including products from the Philippines

- ▶ The government has committed to bolster public infrastructure spending to four percent of the country's total economic output for this year in a bid to sustain economic growth. It intends to increase this figure further to five percent by 2016
- ▶ The Department of Public Works and Highways (DPWH) received the second largest allocation and the highest year-on-year increase -USD 6.82 billion. The amount marked a 37.9 percent jump from last year's P219.9 billion. Of the total, P185.8 billion will go to the completion of all national roads by 2016 and all bridges along national roads by 2015

[Philippine Star \(4 February 2015\)](#)

03 MOODY'S PREDICTS SLOWDOWN IN MALAYSIAN PROPERTY MARKET

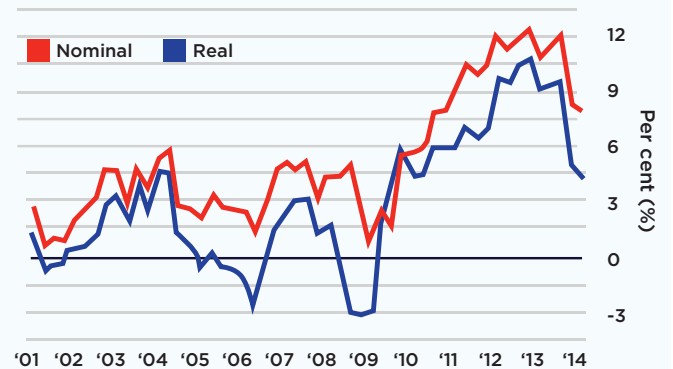


The Investors Service expects demand for residential properties in Malaysia to slow further in 2015 due to weak consumer sentiment and cooling measures initiated in 2013.

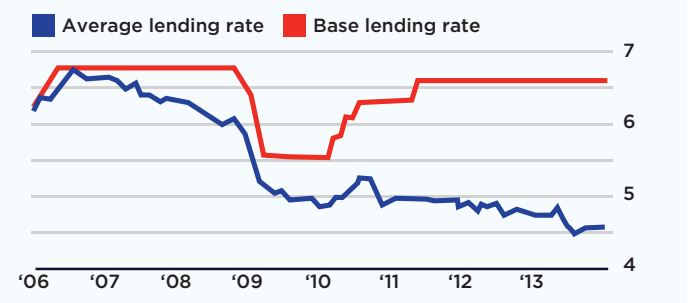
- ▶ With the implementation of a 6% GST in 2015, disposable income in the nation will be hampered, which will only be reflected in the next cycle of Malaysian property development pricing and projects; in the meantime, the lag between consumer sentiments and supply is expected to affect Johor, Kuala Lumpur, Selangor and Penang
- ▶ Malaysia's average home prices from 2001 to 2013 increased at a compounded annual growth rate of 7.3%, relatively faster than the 6.3% for the gross national income per labour; coupled with increased inflation fuelled by petrol subsidy cuts and the implementation of GST, the affordability of housing in Malaysia will come into question
- ▶ Meanwhile, the revenue of Malaysia's five largest property development groups, Sunway Group Bhd, SP Setia Bhd, UEM Sunrise Bhd, IJM Land Bhd, and the Mah Sing Group, are all expected to remain resilient in 2015 despite a slowdown in their sales volumes

[The Star \(4 February 2015\)](#)
[Valuation & Property Services Department](#)
 Bank Negara Malaysia

Annual House Price Change



Lending Rates



04 5 FACTORS PUSH THAILAND'S UNEMPLOYMENT RATE REMARKABLY LOW



Just 0.56%. That's Thailand's official unemployment rate as of the end of 2014. It's among the lowest in the world, and compares regionally with 9.4% in India and 6% in the Philippines. This is not a recent phenomenon: Thailand's jobless rate has held below 1% for the most part since 2011. The record high was 5.73% in January 2001, when the National Statistical Office first began releasing the data every month.

- ▶ How did it get so low? The unemployment rate has been low not because of a different definition from other countries, but because of structural problems. The agricultural sector absorbs laborers and those who can't find work can always look for jobs in the informal sector or do something on their own
- ▶ The informal sector of the Thai economy, comprising anyone who's not covered by formal work arrangements, accounted for more than

64% of the total workforce in 2013. It includes street vendors and taxi-motorbike drivers, the self-employed and those operating in "grey areas" of the economy. They are largely counted as employed

- ▶ More than 40% of Thailand's population is engaged in agriculture, where there is a high degree of underemployment and off-season unemployment. The underemployed are counted among the employed and make up about 0.5% of that total. If, for instance, you lose your job as a bank teller and return home and lend a hand at your dad's farm for at least one hour a week, you are considered as employed
- ▶ With no major labour-market policy changes planned and with the inflation rate falling in January for the first time since 2009 — and forecast to breach the lower end of the central bank's target range of 1% to 4% this year — there are no signs yet that the government or the monetary authority is unduly worried about the jobless rate. So that rate is going to stay very low

[Bangkok Post \(3 February 2015\)](#)



05 CHANGE FINALLY ON THE WAY FOR CAMBODIAN POLITICS



Cambodia had a year of political reform in 2014, and observers are sceptical about how much change it will bring. But it might be premature to dismiss Prime Minister Hun Sen's reform efforts as cosmetic. Cambodian politics began 2014 with a series of mass protests organised by the Cambodian National Rescue Party (CNRP) over alleged 'massive fraud' surrounding the 2013 parliamentary election.

- ▶ The political deadlock lasted until July when the ruling Cambodian People's Party (CPP) and the CNRP reached an agreement which ended the CNRP's boycott of the National Assembly. The agreement includes an overhaul of the National Election Committee (NEC) – widely believed to be CPP-controlled – and reform of the National Assembly
- ▶ The NEC will become a constitutional body with an independent

budget and inclusive membership drawn from the two major political parties. The National Assembly will evenly split the chairmanship of parliamentary commissions, and formalise the positions and ranks for the leadership of the assembly

- ▶ Another sign of the government responding to voters' concerns came with wage increases. Cambodian garment factory workers had fought for higher wages for years, enduring frequent and at times violent government crackdowns. By 2014, their protests had created the potential for cross-sector protests that could plausibly shake the CPP's entrenched power
- ▶ The CPP carried out reform at the national level. A cabinet reshuffle replaced some ageing ministers with more dynamic and better-educated ones. The government also improved its revenue collection

[Establishment Post \(2 February 2015\)](#)

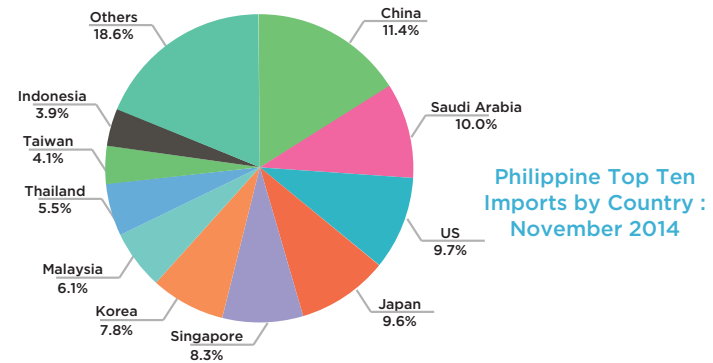
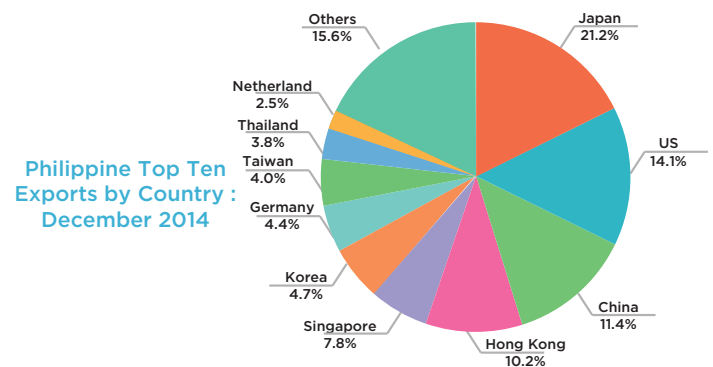
06 BILATERAL TIES STRENGTHEN BETWEEN SINGAPORE AND THE PHILIPPINES



With bilateral trade between the two nations rising by 2% to US\$15 billion in 2014, advancing regional integration will only serve to benefit both nations.

- ▶ According to Minister for Trade and Industry Mr Lim Hng Kiang, Singapore and the Philippines are enjoying a close bilateral relationship, which will be a key driver for the region to work towards closer economic integration; furthermore, initiatives such as the Asean Economic Community (AEC), the Regional Comprehensive Economic Partnership (RCEP) and the Asia Pacific Economic Cooperation (APEC) were reaffirmed as central to the nation's economic direction over the next few years
- ▶ In the recent past, agreements such as the Public-Private Partnership Programme introduced by the Philippine government in 2010 have successfully tendered multi-million dollar deals for firms such as SMRT and MSI Global, providing Singapore with much needed human capital and resources
- ▶ The Philippines also has one of the highest household consumption expenditure in ASEAN, and when coupled with a population of 96 million people, offers considerable opportunities in consumer sectors, across the F&B, fashion and retail categories

[Straits Times \(4 February 2014\)](#)



[Fitch Ratings, company report](#)

07 JAPAN'S ASEAN ROLE COINCIDES WITH ABE'S HUMAN RIGHTS AND DEMOCRACY PROMOTION



Japanese Prime Minister Shinzo Abe seems to be interested in breaking with traditional Japanese diplomacy by emphasising the need to strengthen democracy and human rights in ASEAN. Over 40 years after the establishment of the ASEAN-Japan Dialogue, Japanese official development assistance (ODA) underpins Japan's relationship with Southeast Asia, having helped build vital infrastructure as well as build new opportunities and markets for Japanese businesses. Japanese trade with ASEAN, facilitated by said ODA, has surpassed that of both the US and the EU, only exceeded by trade with China.

- ▶ Abe has emphasised 'ensuring that the seas, a vital common to us all, are governed by laws and rules, not by might'. Freedom of navigation is essential for Japan to secure transport routes to allow for continued access to natural resources. Japan aims to intensify strategic cooperation with ASEAN members, strengthening the maritime capabilities of countries like the Philippines, Vietnam and Indonesia

- ▶ Japanese ODA funds some ASEAN member nations' responses to non-traditional security issues, like antiterrorism and antipiracy, by labelling them as law enforcement issues, not defence issues. Yet the Abe administration has started to emphasise normative values over economic and strategic interests in its relationship with ASEAN
- ▶ Abe delivered the 'Five Principles of Japan's ASEAN Diplomacy' in Indonesia, the largest democracy in Southeast Asia. Indonesia is an increasingly important partner for Japan economically and strategically as a hedge against Chinese influence in the region. In this context, Japan could emphasise the notion of 'sharing' values such as democracy and human rights – values that Indonesia has been promoting within the ASEAN framework. An ASEAN with values closer to Japan's would, arguably, be more inclined to cooperate with Japan over China in the future

[EconomyWatch \(3 February 2015\)](#)



08 MYANMAR MONITOR

POLITICS

▶ Myanmar government on 9 February complied with protesting students' demand on amendment of the already-approved Education Law. The students' 11-point demand - including representatives of students and teachers in drafting education laws, will be included in the proposal to be presented to the parliament by the Education Ministry.

[Global Post \(9 February 2015\)](#)

ECONOMY

▶ Canadian and Chinese mining interests have profited from, and in some cases colluded with the Myanmar authorities in serious human rights abuses and illegal activity around the Monywa copper mine complex, which includes the notorious Letpadaung mine, Amnesty International said in a report released on 10 February.

[Amnesty International \(10 February 2015\)](#)

▶ Myanmar is about to face stiff competition for investment from neighbouring Yunnan province in China, according to an industry report. Aiming to make the province a key component of the so-called New Silk Road, the Chinese central government is spending over US\$24 billion in Yunnan on infrastructure, including 1,500 km of new highways.

[Mizzima \(4 February 2015\)](#)

▶ Myanmar is considering a sale of baht-denominated bonds as to raise funds to fund infrastructure projects, according to Thailand's Securities and Exchange Commission. Thailand, which is seeking to become a financial hub for smaller countries in the region, has also approached Cambodia and Vietnam to sell bonds in Thailand, where sovereign issuers aren't required to have a credit rating.

[The Irrawaddy \(7 February 2015\)](#)

▶ A new agreement on a special economic zone at Dawei will be signed in March, with lead developer Italian-Thai Development (ITD) signing a contract with a Thai-Japanese joint venture Rojana Industria Park Company. However, Sean Turnell, professor at Macquarie University and leading Myanmar expert, is very sceptical about Dawei's benefits for the country. "Pressure for it seems to come more or less exclusively from Thailand, even though the government seems happy to play along, as an indicator perhaps of progress and investor interest," he said.

[The Irrawaddy \(7 February 2015\)](#)

FOREIGN AFFAIRS

▶ China's expressed concern on 10 February about renewed fighting between ethnic rebels and the Myanmar army which forced civilians to cross the border to seek refuge in China. "From yesterday until today, some Myanmar border residents, because of safety considerations, entered China. They have been looked after," said Hua Chunying, Chinese foreign ministry spokesperson. "We also believe that the Myanmar side should work hard for this," she added.

[Reuters \(10 February 2015\)](#)

09 MANILA PROTESTS CHINA'S 'HARASSMENT'



The Philippines on Wednesday lodged protests against China's alleged harassment of Filipino fishermen in two incidents off Scarborough Shoal in the South China Sea in January. The three Philippines fishing vessels were "intentionally rammed" and damaged by a Chinese Coast Guard Vessel on 29 January putting the Filipino fishermen onboard in danger.

- ▶ The Philippines also protested the alleged illegal harvest by Chinese fishermen of giant clams, an endangered species, in a lagoon of the shoal on 22 January, contrary to international rules. The Philippines strongly protested China's continuing actions to harass and prevent Filipino fishermen from legitimately pursuing their livelihood in that area
- ▶ Philippine officials insisted the shoal disputed between China and the Philippines -- is within Manila's exclusive economic zone as allowed by the United Nations Convention on the Law of the Sea. China and the Philippines are among the signatories

[Bangkok Post \(5 February 2015\)](#)

10 LAOS EVALUATES POVERTY REDUCTION EFFORTS



The National Leading Committee for Rural Development and Poverty Eradication (NCRDPE) will next month begin an assessment of the progress made towards poverty reduction; initial findings have already begun to reflect positive progress.

- ▶ Currently, the figures for 2011 to 2014 showed that the number of families under the poverty line has fallen to 8.11%, exceeding the government's initial targets to reduce the proportion of poor families by at least 10% in total
- ▶ Some 1,965 villages nationwide are still classified as poor, with the number of poor rural communities having fallen to 23% by the end of 2014; the target was to reduce the number of poor villages to 11% of the nationwide total
- ▶ The government's aim is to eradicate extreme poverty and hunger, achieve universal primary education, promote gender quality and empower women, reduce child mortality, improve maternal health, combat HIV and AIDS, malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development

[Bangkok Post \(5 February 2015\)](#)

Southeast Asia - TFR, UFPN, GNI Per Capital and Poverty Incidence

Country	Total fertility rate (ca 2010)	Unmet need for family planning, % (ca 2007)	Gross national income per capita, US\$ (ca 2010)	Poverty incidence, % (ca 2010)
Philippines	3.3	22.3	2060	26.5
Thailand	1.6	3.1	4150	7.8
Indonesia	2.1	8.8	2500	12.5
Malaysia	2.6	-	7760	3.8
Vietnam	1.8	4.8	1160	14.5
Cambodia	2.6	25.1	750	30.1
Laos	2.7	27.0	1040	27.6
Myanmar	2.0	19.1	-	25.6

[ADB, Basic Statistic 2012 \(April 2012\)](#)

