

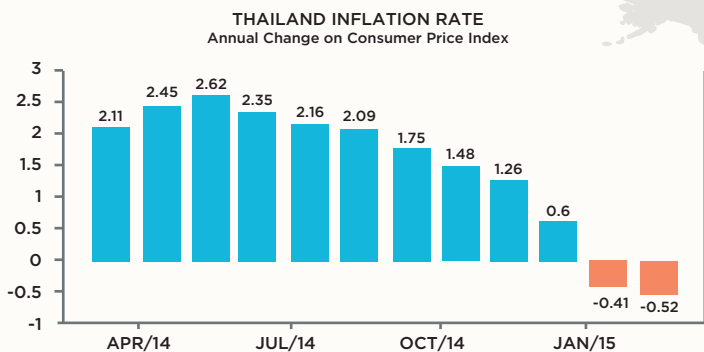
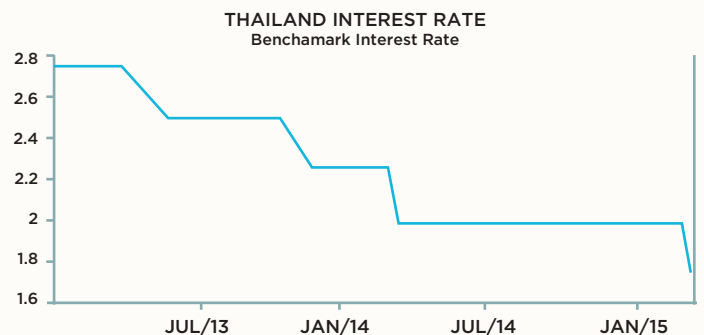
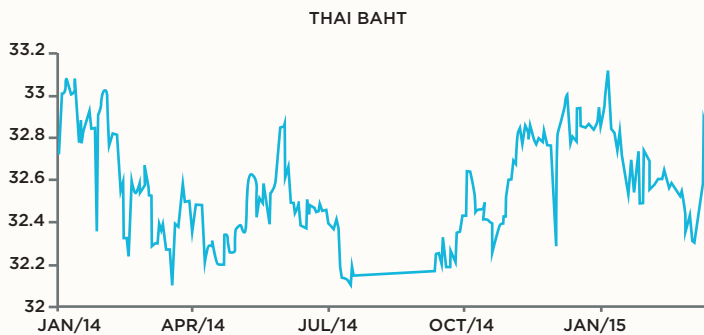
CARI CAPTURES



01 THAILAND CUTS INTEREST RATES



Thailand Cuts Interest Rates



In a bid to curb the rising Baht, Thailand’s Monetary Policy Committee (MPC) elected to lower the policy interest rate from 2% to 1.75%; the move is expected to help maintain the effectiveness of Thailand’s export oriented economy.

- ▶ The rate cut, which marks Thailand’s first interest policy shift in over a year, was declared in reaction to current forecasts that the nation would not meet its 4% GDP growth target in 2015; the lowered interest rates are expected to impact inflation minimally, whilst also complementing the government’s fiscal agenda in kick starting the economy in the near future
- ▶ The move also comes at a time when both private investment and

private consumption have shown preliminary signs of recovering; however the private sector’s consumer and investment sentiment are strongly tied to public spending

- ▶ Currently, General Prayut’s administration has been both criticised and lauded for his meticulous yet inefficient review and disbursement process for the government’s budget; as of 27 February 2015, only 42.7% of Thailand’s overall US\$78 billion budget has been disbursed, whilst only 17.9% of the government’s investment budget of US\$2.5 has been spent

02 AIRASIA CONSIDERING IPO FOR INDONESIA AFFILIATE

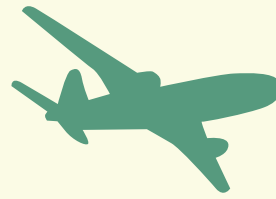


Looking to expand its foothold in Southeast Asia's largest air-travel market, AirAsia hopes to list its Indonesian affiliate on the Jakarta stock exchange in the third quarter of 2015.

- ▶ The announcement comes at a time shortly after sister company Tune Insurance Holdings Bhd. filed a public offering to sell 210.2 million shares in a bid to raise up to US\$106 million; whilst details of this deal remain scarce, preliminary speculation based on past announcements seems to indicate that PT Indonesia AirAsia hopes to offer 20% of its total shares to raise US\$200 million
- ▶ AirAsia Bhd, which owns a 49% stake in Indonesia AirAsia, had planned earlier in July 2014 to raise funds in purchasing an interest in Batavia Air, a smaller Indonesian carrier; however, the acquisition fell through when AirAsia projected that post acquisition earnings would be too diluted, and deemed the deal to be too risky
- ▶ AirAsia also recently launched a review into the routes it caters to customers, seeking to drop less profitable destinations whilst capitalising on its present successes; combined with the listing of AirAsiaX Bhd., the funds raised by AirAsia and its affiliates will help to execute said strategic restructuring of the Airliner's business offerings

[Bloomberg Business \(12 March 2015\)](#)

PT Indonesia AirAsia's Performance



39 ROUTES

5 HUBS

11 UNIQUE ROUTES

14 NEW ROUTES*

*introduced in 2013

TOTAL FLEET 37 A320

2014
Revenue
US\$479M

2,300 ALLSTARS

76% Load Factor



7.9 Million Passengers Carried

[Bloomberg](#)

03 GOVERNMENT HANDS OVER FULL MANAGEMENT OF MAHAKAM BLOCK TO PERTAMINA



The government says it will hand over the management of the oil and gas rich Mahakam block in East Kalimantan to state oil and gas company Pertamina after its contract with Total E&P Indonesia expires in 2017. The Energy and Mineral Resources Ministry's work control unit head Widhyawan Prawiraatmadja said in Jakarta on Thursday that the government would not intervene on the share composition of the block.

- ▶ East Kalimantan Governor Awang Faroek Ishak said the government had arranged the block's ownership distribution, comprising Pertamina 51 percent, Total 30 percent and the provincial administration 19 percent

- ▶ Widhyawan further said that the government would issue a letter to Pertamina detailing the handover of the block after 2017. "We will also send another letter to Total explaining that we won't extend its Mahakam contract," he said
- ▶ According to an article of Government Regulation No.35/2004 on oil and gas upstream activities, Pertamina can propose to manage oil and gas blocks with expired contracts
- ▶ Widhyawan said the government would ensure the transition from Total to Pertamina ran smoothly. "There should be a smooth transition so that production can be maintained well," he said

[Jakarta Post \(12 March 2015\)](#)

04 LAOS AT THE CENTER OF MEKONG ACTION



Laos, a landlocked country that shares borders with five others, is poised to become the center of a logistics network that spans the Mekong region in Southeast Asia. Trucks registered in Laos can travel freely from Thailand to Vietnam without special permits or moving cargoes from one vehicle to another.

- ▶ Typically, cargoes must be unloaded at the border and loaded onto a new truck, with a fresh driver, because driver's licenses are good for only one country. In addition to the delay, with every transfer comes the risk cargo will be damaged
- ▶ Via bilateral deals that Laos has with Thailand, Vietnam and Cambodia, the Laotian drivers do not have to change; thus, the shipping time and cost can be reduced by around 40%, said Toshifumi Yoshida, Managing Director of Lao Nissin SMT, a joint venture with a Laotian logistics company

- ▶ Now, with the Cross-Border Transportation Agreement (CBTA), the logistics business in Mekong region will change significantly. Furthermore, Laos, Vietnam, Cambodia and China have already ratified the agreement
- ▶ Nevertheless, the CBTA does face many challenges specifically the physical links between the countries. The other few challenges are: the Laos route is still rough and need to be fixed, the operational side in terms of customs procedures and paper-work have to be improved and Thailand and Myanmar have yet to give the green light to the agreement
- ▶ "As long as there are complex customs procedures especially in developing countries, it is difficult to see the flow of goods suddenly increasing," said Tomonao Iwasaki, general manager of Yusen Logistics (Thailand)'s Mekong logistics group

[Nikkei Asian Review \(13 March 2015\)](#)

05 PALM OIL PRICES SUFFER

INDONESIA


Following decreasing demand and increasingly competitive substitutes, both Malaysia and Indonesia, prime exporters of palm oil, have observed deteriorating export volumes towards the end of Q1 2015.

- ▶ The fall in price for palm oil can be attributed to weakening demand from two of the world's largest palm oil importers; India and China have both been combatting slowing economic growth since the outset of the year, with India importing the lowest level of palm oil since a year ago due to higher cooking oil inventories, and China importing the lowest amount of edible oils in February since 12 years ago
- ▶ At the same time, soybean oil, a substitute to palm oil, is projected to

- ▶ have increased reserves of up to 35% according to a US government estimate; the bumper crop and subsequent lowered prices for soybean oil would thus also place downwards pressure on the price of palm oil
- ▶ According to an article of Government Regulation No.35/2004 on oil and gas upstream activities, Pertamina can propose to manage oil and gas blocks with expired contracts
- ▶ On the domestic front, Malaysia's appreciating Ringgit and potential renewal of a palm oil export tariff are set to further hamper the nation's revenue stream from palm oil exports, whilst Indonesia has already begun building up its palm oil reserves to artificially float palm oil price exports

[The StarBiz \(13 March 2015\)](#)

Indonesia vs Malaysia Palm Oil Production



(in Million metric tons)

	2008	2009	2010	2011	2012	2013	2014
Indonesia	19.2	19.4	21.8	23.5	26.5	27.0	31.5
Malaysia	17.2	17.7	18.2	18.2	19.3	20.1	20.5

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06 SINGAPORE BUDGET 2015: MEDISAVE MINIMUM SUM REQUIREMENT TO BE SCRAPPED NEXT YEAR

SINGAPORE

From next January, the requirement that people need to have a minimum sum in their Medisave account before they can withdraw their Central Provident Fund (CPF) savings at age 55 will be scrapped. This change is mainly to improve the Medisave scheme because almost half of the people in Singapore currently do not have the required sum in their Medisave.

- ▶ Besides that, the maximum sum for Medisave, which will be renamed Basic Health-care Sum is present and fixed for each cohort when they turn 65, with no subsequent changes in their lifetime regardless of age
- ▶ This sum, which will be raised annually to keep pace with the higher draw on Medisave by the elderly, will go up from \$48,500 today to \$49,800 next January. Excess amounts will be moved to the Special and Retirement Accounts
- ▶ Another major change is the amount of Medisave people can use to pay for the premiums of the private health insurance they buy. These schemes incorporate the basic MediShield insurance
- ▶ After MediShield Life replaces MediShield later this year, the amount that can be used for IPs will be tiered according to age groups. For the basic MediShield Life, there will be no limit on the use of Medisave for the premiums
- ▶ Mr Gan said: "We will have to balance between helping Singaporeans pay for their IP premiums using Medisave, and ensuring that Medisave is adequately preserved for health-care needs, especially for the lower-income." He states that the various moves are part of a masterplan to build a quality health-care system that will be sustainable in keeping Singaporeans healthy

[The Straits Times \(12 March 2015\)](#)

07 PHILIPPINES MIMICKING THAILAND TO BUILD AUTO INDUSTRY

PHILIPPINES THAILAND

The Philippines is seeking to replicate Thailand's success in building its auto industry, betting that a young workforce and its biggest economic boom since the 1950s will lure companies such as Volkswagen AG. The Philippines will offer tax breaks to as many as three automakers as one of Asia's fastest-growing economies aims to become a regional production hub.

- ▶ President Benigno Aquino is set to issue an order implementing the Comprehensive Automotive Resurgence Strategy programme, or CARS, "within this year," Trade Secretary Gregory Domingo said in an interview in his office in Manila Tuesday. "The car industry's supply chain feeds into other industries, and we think that becoming a regional hub will help fill our gaps in manufacturing."
- ▶ The CARS programme is intended to save as much as US\$17 billion in import costs by 2022, the Philippine Daily Inquirer reported in October
- ▶ Mr. Aquino is increasing spending on roads and airports to a record this year to lure more foreign direct investment and bolster growth to as much as 8% this year and next
- ▶ The Philippines had lost to Thailand in 1996 when General Motors Co chose its neighbour for a \$750 million car factory even for a fewer incentives. The Philippines probably is "no longer a competitive place for automakers," said Jessada Thongpak, an analyst with IHS Automotive in Bangkok
- ▶ "We want serious players who really have an intent to make us a regional manufacturing base," Mr Domingo said. "We want a bigger commitment because they'll be forced to bring their supply chain, and that will really boost our manufacturing."

[Bangkok Post \(12 March 2015\)](#)

08 MYANMAR MONITOR

POLITICS

▶ Myanmar's military will maintain its role in politics in order to support a transition to democracy but will eventually submit to civilian rule, President Thein Sein said in an interview on 20 March. "In fact, the military is the one who is assisting in the flourishing of democracy in our country," he told the BBC.

[Reuters \(20 March 2015\)](#)

▶ Myanmar's Kachin rebels say the government has expanded its offensive against them, including airstrikes, while continuing peace talks with the country's ethnic groups. The government has not responded to VOA's request for comment on the latest violence. No casualties have been reported.

[Voice of America \(23 March 2015\)](#)

▶ A New Zealand bar manager and his business partners were on 17 March sentenced by a Myanmar court to two years and six months in prison for insulting Buddhism over an online advertisement that showed a psychedelic depiction of Buddha wearing headphones.

[The Wall Street Journal \(17 March 2015\)](#)

▶ Myanmar is reversing democratic reforms at an accelerating rate in an election year that will define its future, Yanghee Lee, the UN's special rapporteur on Myanmar told reporters in Geneva. In a report submitted to the United Nations Human Rights Council this month, Ms. Lee noted "a growing atmosphere of fear, distrust and hostility."

[The New York Times \(18 March 2015\)](#)

ECONOMY

▶ Myanmar Finance Minister Win Shein said Myanmar would continue actively participating in the activities of Asean, given the region's tremendous potential to boost the country's social and economic development. "Asean is a huge region and it's an economic dynamo of the 21st century," he said, speaking on the sidelines of the inaugural Asean Finance Ministers' and Central Bank Governors' Meeting (AFMGM) in Kuala Lumpur.

[Malay Mail \(23 March 2015\)](#)

▶ Exim Bank of India has given a US\$198.96 million line of credit to Myanmar Foreign Trade Bank for financing 18 irrigation projects; 16 ongoing projects and two in rehabilitation.

[The Economic Times \(23 March 2015\)](#)

FOREIGN AFFAIRS

▶ Tens of thousands of displaced civilians in northern Myanmar's conflict-riven Kokang region and across the Chinese border face worsening conditions and uncertainty, according to local sources on 23 March. The refugees are facing diseases, a lack of clean drinking water, and a lack of medical staff.

[Radio Free Asia \(23 March 2015\)](#)

09 MALAYSIA COMMITTED IN SETTLING SOUTH CHINA SEA ISSUE CORDIALLY



Malaysia, the Chairman of ASEAN this year is committed in resolving the South China Sea maritime territorial dispute cordially based on revision of the Code of Conduct (COC) in the South China Sea document.

- ▶ The Declaration on the Code of Conduct (DOC) signed in 2002, aimed to maintain security and stability in the China Sea South, had not managed to fulfill its mission in building trust among countries involved in the conflict
- ▶ Thus, Asean and China are currently in talks to restructure the COC document, essential for parties involved in overlapping claims and to overcome the weaknesses of the DOC.
- ▶ China, Taiwan and four Asean member countries, Brunei, Malaysia, Philippines and Vietnam are involved in a prolonged territorial dispute over areas in the South China Sea. China had previously pledged to resolve the issue of territorial claims in the South China Sea through negotiations and not aggression
- ▶ Deputy Foreign Minister Datuk Hamzah Zainuddin contended that the country's image as the Asean chairmanship could be elevated by virtue of being the prime mover of current issues in the South East Asia region. He said Malaysia also had the advantage of playing a more active and effective role in expressing its views to leaders of Asean countries, thus safeguarding national interests

[The Borneo Post \(13 March 2015\)](#)

10 JAPANESE-CAMBODIAN TRADE INCREASES, INVESTMENT DECREASES



According to the Japanese External Trade Organisation (Jetro), trade between Cambodia and Japan has decreased by almost 2% between 2014 and 2013, whilst investment fell by US\$1 million.

- ▶ Cambodia's exports to Japan increased by 33% year on year to US\$771 million, whilst Cambodian imports of Japanese goods increased by 21% year on year to US\$254 million; the figures reflect Cambodia's growing economic production capabilities and rising purchasing power from a burgeoning middle class
- ▶ Whilst the strong growth in exports is viewed as a positive for Cambodia, it should be noted that primarily textile and garments, which dominate exports, were the main drivers of growth; in order to maintain the sustainability of such success and ensure future growth however, the nation will need to diversify its exports
- ▶ Two key reasons cited as possible reasons for Japan's fall in investment into Cambodia as speculated by Hiroshi Suzuki, chief economist at the Business Research Institute for Cambodia, would be the rising minimum wage in Cambodia as well as rising electricity prices in ASEAN which are being exacerbated by a lagging growth in the region's energy infrastructure

[Cambodia Daily \(13 March 2015\)](#)

