

CARI CAPTURES



01 THAI JUNTA INSTIGATES CONSTITUTIONAL REFORM



Thailand's Proposed Constitutional Changes



1

Proportional Voting System to Support Smaller Parties/ Coalition Governments



2

Past Political Involvement



3

Appointed, Unelected officials in the Upper House

[OECD, Southeast Asia Investment Policy Perspectives December 2014](#)

The military run government, which currently operates under a temporary charter, submitted a recent draft outlining key changes to the previously abolished Thai constitution.

▶ Following the appointment of a Constitution Drafting Committee, Thailand's current administration has drafted a full fledged constitution with key provisions reforming fundamental voting procedures and the role and regulations surrounding the military's involvement in the nation's political affairs; in essence, Thai generals involved in the coup of May 2014 are to be pardoned, whilst coalition governments and smaller parties are to be encouraged

▶ Under the new draft, elections will be decided by a proportional representation system designed to better support smaller parties and coalition governments; amongst controversial provisions tied to the country's new electoral system, the upper house will be filled with appointments rather than elected officials, a system which commentators have dubbed as prone to larger fractures within the political landscape and misrepresentation

▶ The constitutional draft, which is slated to be debated for a week before being made official also seeks the opinion of constituents through a thousand selected respondents from each of Thailand's 77 provinces; a referendum will however not be carried out to officiate the constitution

02 VIETNAM DEREGULATES FOREIGN OWNERSHIP IN BANKS



According to the newly proposed foreign ownership cap, foreign investors will be allowed to own in excess of 30% in Vietnamese Banks, a decree which should facilitate the influx of FDI.

▶ Current regulations cap total foreign shareholdings for banks at 30%, whilst individual foreign strategic investors are capped at 20%, and non strategic investors face a 15% limit; the policies put in place are designed to protect national interests in Vietnam, whilst maintaining financial sovereignty and independence of the nation

▶ The move comes at a time when the current administration is aggressively deregulating foreign ownership in strategically targeted markets; in April alone, the Vietnamese government announced the removal of foreign ownership restrictions on property

▶ However, with regional neighbours currently boasting higher rates of return relative to Vietnam, the question of whether foreign investors will shift their funds into a nation with robust yet unproven growth prospects has yet to be answered

[Jakarta Post \(9 April 2015\)](#)

General Restrictions on FDI in eight ASEAN member states

Indonesia	Malaysia	Myanmar	Philippines	Thailand	Vietnam
FDI < 99% controlling shareholder with foreign citizenship or legal entities domicilled overseas must meet the following requirements: A commitment to support Indonesian economic development; and other prudential requirements	FDI < 30% of the aggregate equity for conventional comcommercial banks but 100% allowed for subsidiaries of foreign banks	No foreign banks allowed only representative offices	Foreign ownership of banking institutions is limited to 60% of the voting capital stock. At all times, the control of 70% of the resources or assets of the entire banking system must be held by domestic banks which are at least majority-owned by Filipinos. Branches are allowed.	2008 FIBA allows FDI up to 25% which may be raised to 49% on a case-by-case basis. The Minister of Finance with a recommendation from the Bank of Thailand, may authorise ownership above 49% if deemed necessary to support the stability of the overall financial system during a financial crisis.	FDI limited to a combined share of 30% for listed companies in financial sector, individual investors are limited to 15% through this may be increased to 20% through a strategic alliance with a local partner and approval from the PM's office. A foreign bank is allowed to apply to establish a 100% foreign-owned affiliate.

OECD

03 MALAYSIA POISED TO BECOME MAJOR RENMINBI CLEARING CENTRE



Malaysia is poised to become a major offshore renminbi (RMB) clearing centre for the ASEAN region following the appointment of Bank of China Malaysia as the clearing bank for the RMB currency.

▶ The opening of an RMB clearing bank will benefit both Malaysia and China mainly because: 1) China is one of the largest trading partner for ASEAN region; 2) the rise of RMB and its increasing recognition as a major global trade settlement currency; 3) direct trade settlement within the region is better facilitated especially between Malaysia and China; 4) lower transaction costs that benefit both China and ASEAN together; and lastly 5) it is a critical financial initiative, that would enhance ties between Malaysia and China further, said Prime Minister Datuk Seri Najib Tun Razak

▶ Prime Minister Najib said "Most importantly, it shows not only when Malaysia and China, but also when ASEAN and China act together, it is for the mutual benefit and prosperity of everyone in the region

▶ On a side note, regarding the Malaysia-China ties, Najib said Malaysia was looking into the possibility of setting up new direct flights between Malaysia and China linking Malacca to Guangdong, conducting the first combined military exercise between the two countries as well as building new railways, ports and industrial parks together

▶ "We also support China's efforts to promote an inclusive regional growth agenda through a series of initiatives from the Asian Investment Infrastructure Bank to the 21st century Maritime Silk Road, both of which are expected to increase investment flow into the ASEAN region," Najib said

[Asia One \(15 April 2015\)](#)

04 INDONESIA IS CRACKING DOWN ON ALCOHOL SALES



Indonesia on Thursday banned small retailers from selling beer, despite an outcry from the booze industry and in tourism hotspots over the Muslim-majority country's latest offensive against drinking.

▶ There had been particular anxiety about how the ban might affect tourism on the Hindu-majority resort island of Bali. However, Trade Minister Rachmat Gobel has now pledged to ease the restrictions on the island to ensure street vendors can still sell beer at the beach, but doesn't apply to all such as the convenience stores and small retailers

▶ The national ban is the latest sign that conservative forces in the country of 250 million people are pushing back against growing alcohol consumption, and comes the same week that Islamic parties in the world's most populous Muslim-majority nation proposed a total ban on drinking

▶ The trade ministry has justified the ban on sales at small retailers on health and moral grounds, as concerns grow that underage drinking is being fuelled by wide availability in local neighbourhoods

▶ The health advocates are concerned and warn it could drive more drinkers to black-market spirits, high-potency concoctions sold illegally on the street that kill an untold number of drinkers every year

[Business Insider \(16 April 2015\)](#)



05 SINGAPORE SIGNS MOU FOR PARTNERSHIP WITH GLOBAL INFRASTRUCTURE HUB



Singapore is one of seven countries that have entered into partnership with the Global Infrastructure Hub, which was established as a multi-year G20 initiative to meet infrastructure needs around the world with a four-year mandate, according to MOF.

- ▶ Singapore is one of seven countries that have entered into partnership with GIH, hosted in Sydney, Australia. The other countries that are a part of this G20 initiative are Australia, China, Mexico, New Zealand, South Korea, Saudi Arabia and the United Kingdom
- ▶ Under this partnership, Singapore will provide financial support to the GIH's efforts in facilitating information sharing and collaboration among stakeholders, improving investment climates and growing project pipelines in countries, as well as facilitating the matching of investors with infrastructure projects over a four-year period. These initiatives could include developing databases to facilitate information sharing among GIH's global partners and programmes for capacity building, said MOF
- ▶ MOF added that Singapore's partnership with GIH will provide further business and collaborative opportunities between Singapore-based infrastructure players and their global counterparts

[Channel News Asia \(18 April 2015\)](#)

06 SINGAPORE SEEKS ISLAMIC LITERATURE COOPERATION WITH BRUNEI



Brunei and Singapore can explore the opportunity of developing Islamic literature as another area of co-operation for both countries, a mosque official from the city-state said.

- ▶ The head of the Singapore delegation believes that Brunei has a vital regional role in rejuvenating and developing Islamic civilisation as the sultanate has a vibrant Islamic literary culture
- ▶ During the Islamic Literature Festival organised by the Language and Literature Bureau, he was impressed with how Brunei's literary works are fully supported by the government
- ▶ Ustaz Abdul Manaf said through such support, he is confident that Brunei can realise its mission of becoming one of the most robust Islamic civilisations while helping other communities in the region
- ▶ Noting that most of the prominent literary figures in Brunei are veterans, he said it was important to produce successors who can continue developing Islamic literature. He said students can be taught and encouraged to pursue a career in Islamic literature at schools

[Asia One \(20 April 2015\)](#)

07 THAI TAX CUTS FOR SEZS



In a bid to spur growth in manufacturing, Thailand's current administration approved a tax cut on April 21 2015 which effectively halved the corporate income tax rates to 10% for the next decade or so.

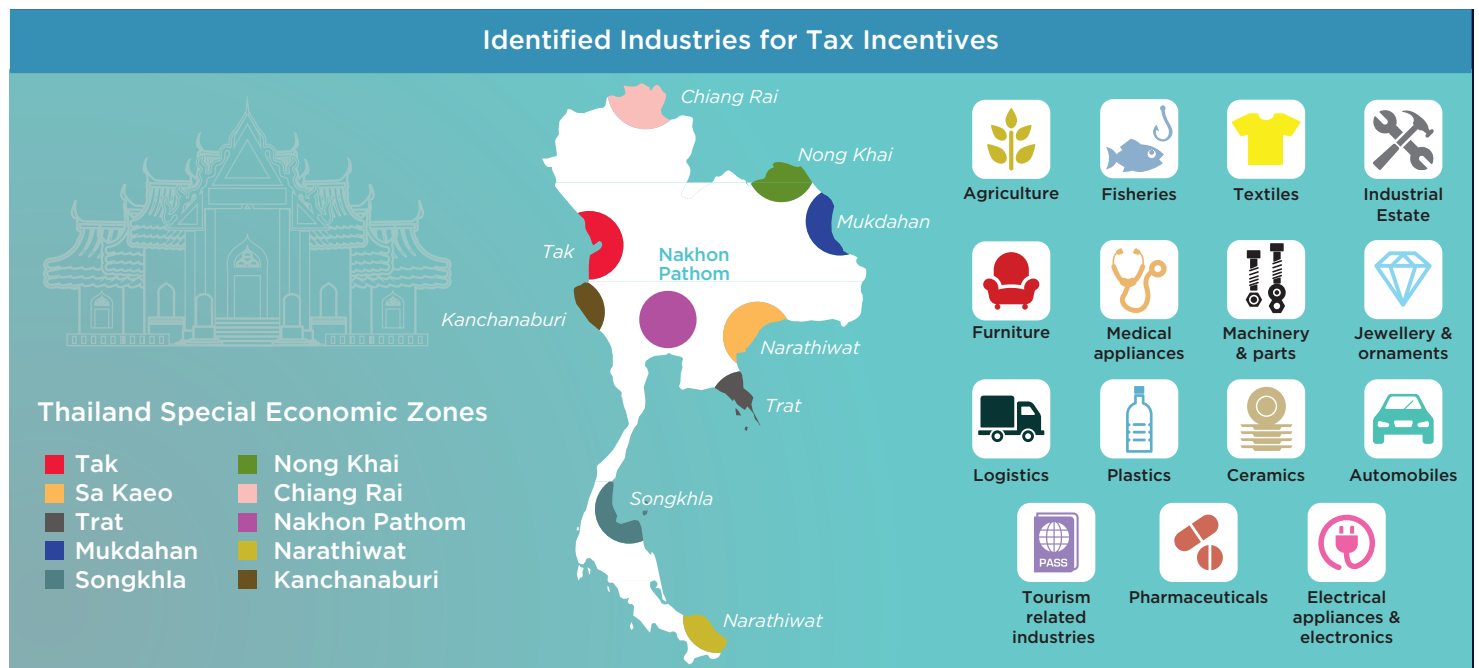
- ▶ The tax cuts are designed to incentivise investment into manufacturing in import heavy industries identified by the government; qualified investors will be required to further invest in said industries in order to maintain eligibility for the corporate tax cuts
- ▶ Furthermore, double tax deductions on transport, electricity, water and other utility expenses will also be packaged with the current tax

incentive plan to attract foreign investment into specific industries in Thailand

- ▶ The tax incentives, which are tied to Thailand's special economic zones or SEZs, are being introduced at a time of accelerating approval for new SEZs within the nation; in 2015 alone, 24,871 rai (a unit of measurement) worth of land has been cleared and declared as official SEZs, a further 63 tambons in 16 districts are also expected in the second half of the year

[Today Online \(10 April 2015\)](#)

Identified Industries for Tax Incentives



Mobidia



08 MYANMAR MONITOR

ECONOMY

▶ The arrival last week of the first three foreign banks allowed to open branches in Myanmar has already signalled a possible shake-up of the banking sector. SMBC, one of Japan's big three banks, expressed interest of acquiring an equity stake of 15-20% of Kanbawza (KBZ), Myanmar's largest lender, during its Yangon branch opening ceremony on 23 April.

[Myanmar Times \(24 April 2015\)](#)

▶ Foreign investment reached over US\$8 billion in the 2014-2015 fiscal year, nearly double from the previous year, the Directorate of Investment and Company Administration (DICA) announced on 22 April. More than half of that figure, or US\$4.3 billion came from Singapore alone. A total of 223 projects were funded by foreign investment, creating about 150,000 jobs.

[Myanmar Times \(23 April 2015\)](#)

▶ Myanmar has set a target of attracting US\$6 billion in foreign direct investment (FDI) in the current 2015-2016 fiscal year. The target is considered modest as last year saw FDI of over US\$8 billion while the target was US\$4 billion that year. Myanmar has exceeded its FDI targets for the last three years.

[The Irrawaddy \(24 April 2015\)](#)

▶ Myanmar's rice exports reached 1.7 million tons, in the 2014-15 fiscal year which ended in March, up by 40% year on year, Dr Soe Tun Chairman of Myanmar Farmers Association said on 21 April. The rice earned Myanmar US\$645 million, and most of the exports or about 1.1 million tons went to China.

[Mizzima \(22 April 2015\)](#)

▶ Myanmar President Thein Sein will attend the 60th Asian-African Conference (AACC) in Indonesia, according to an official announcement on 18 April. Thein Sein will also attend activities commemorating the 60th anniversary of the Bandung Conference and the 10th anniversary Asia Africa New Strategic Partnership.

[Shanghai Daily \(18 April 2015\)](#)

FOREIGN AFFAIRS

▶ Tensions related to the stateless minority Rohingya Muslims "could be seriously destabilising" and could jeopardise the country's efforts to reform, Ban Ki-moon the United Nations secretary-general warned on 24 April. "Myanmar's Rohingya refugee problem should be resolved within ASEAN", said Malaysia's Foreign Minister Datuk Seri Anifah Aman in the run-up to the 26th ASEAN Summit, adding that that since refugees had fled to Malaysia, Thailand and Indonesia, this issue could no longer be considered as Myanmar's internal issue.

[Bangkok Post \(25 April 2015\)](#)

▶ The US removed Win Aung, Myanmar business tycoon and head of Myanmar's chamber of commerce, from the blacklist of 'crony' individuals banned from business with the US. The US Treasury said that removing him from the list supported its foreign policy goals and that he had taken steps to support reform in Myanmar.

[Shanghai Daily \(18 April 2015\)](#)

09 PHILIPPINES SEEKS HELP FROM US IN SOUTH CHINA SEA DISPUTE



The Philippines is seeking more "substantive" support from its long-time security ally United States on how to counter China's rapid expansion in the South China Sea. China's rapid reclamation around seven reefs in the Spratly archipelago of the South China Sea has alarmed claimants, including the Philippines and Vietnam, and drawn growing criticism from U.S. government officials and the military.

- ▶ Next week, 11,500 Filipino and American soldiers are taking part in the largest-ever 10-day war games in the Philippines, called "Balikatan" (shoulder-to-shoulder), setting into motion the U.S. rebalance to Asia policy
- ▶ U.S. President Barack Obama has said Washington is concerned China is using its "sheer size and muscle" to push around smaller nations in the disputed sea, drawing a swift rebuke from Beijing
- ▶ China claims most of the potentially energy rich South China Sea, through which \$5 trillion in ship-borne trade passes every year. The Philippines, Vietnam, Malaysia, Brunei and Taiwan also have overlapping claims
- ▶ China on Wednesday bristled at recent comments by Philippine President Benigno Aquino in an interview with Agence France-Presse. Aquino said China is engendering fear around the world with its posture in the South China Sea's disputed waters, and that it's possible conflict over territorial disputes could break out
- ▶ China counterback with a remark by Hong Lei, a Chinese Foreign Ministry spokesman, who said "The accusation is groundless," "We urge the Philippines to respect China's territorial sovereignty."

[Reuters \(15 April 2015\)](#)

10 KRISPY KREME EXPANDS TO CAMBODIA



The American doughnut company struck a deal with Express Food Group Co. Ltd, a local franchisee founded in 2004 which holds an expertise in quick service restaurants and food and beverage businesses.

- ▶ The deal, which was announced on 20 April 2015, plans a grand total of 10 outlets to be set up over the period of five years, and will serve to solidify the American firm's presence within the region
- ▶ Currently, Krispy Kreme's international shop presence is in Australia, Bahrain, Canada, Colombia, Dominican Republic, Indonesia, Japan, Kuwait, Lebanon, Malaysia, Mexico, the Philippines, Russia, Qatar, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, Turkey, United Arab Emirates and the United Kingdom
- ▶ In February alone, the company reached its 1000 shop milestone, owning a total of 700 international stores; by 2016, the company hopes to open between 95 to 110 shops globally, a prospect which entering the Cambodian market hopes to achieve

[The Phnom Penh Post \(10 April 2015\)](#)

Penetration of Foreign Fast Food Franchises in ASEAN Nations

						
Indonesia	X	X	X	X	X	X
Thailand	X	X	X	X	X	X
Malaysia	X	X	X	X	X	X
Singapore	X	X	X	X	X	X
Philippines	X	X	X	X	X	X
Vietnam	X	X	X			X
Brunei	X	X	X			X
Cambodia		X	X		X	X
Laos						
Myanmar						

