

# CARI CAPTURES



## 01 INDONESIA EYES NEW TRADE AGREEMENTS

### INDONESIA

#### Indonesia's Protectionist Past

April 2014

*Indonesia restricts foreign ownership on companies within the energy, communication, financial, and agricultural sectors*

June 2015

*Indonesia raises import tariffs on food, clothes, and many other consumer goods by up to 150%*

June 2015

*Indonesia imposes labour rules curbing expatriate workers requiring new work permits and quotas for local hires for every foreign hire*

October 2015

*Labour rules concerning expatriate workers introduced in June repealed*

October 2015

*Widodo expresses first official statement of interest from the government to join the TPP*

[Straits Times](#)

**In a reversal of previous protectionist policies, Indonesia's recently reshuffled cabinet has begun to push for membership of the Trans-Pacific Partnership (TPP) as well as a trade agreement with the EU.**

▶ The American backed TPP, which was ratified by 12 nations within the Asia-Pacific region, is expected to shift trade away from Indonesia to Vietnam and Malaysia; alongside Indonesia's pursuit of membership of the TPP, would be the Chinese backed Regional Comprehensive Economic Partnership (RCEP), which has also been highlighted as a high priority item on Indonesia's trade agenda

▶ Amongst the priorities of Indonesia's economic agenda would be a comprehensive trade agreement with the EU which has been in the works since 2012; the agreement, which spans tariff reductions, service liberalisation, and foreign ownership restrictions has met little to no progress in recent times

▶ In the recent past, Indonesia has overseen the hike of import duties across certain consumer goods, whilst more stringent requirements for expatriate workers have been implemented only to be reversed; the policies pushed have often been odds at the free trade rhetoric espoused by Indonesia's government

[Jakarta Globe \(27 October 2015\)](#)

## 02 MALAYSIA'S 1MDB CARIBBEAN DEALINGS SURFACE



**Over US\$2.3 billion of 1MDB's funds were uncovered to be previously held by a Cayman-registered investment vehicle called Bridge Global Absolute Return Fund SPC, which was incorporated in 2012.**

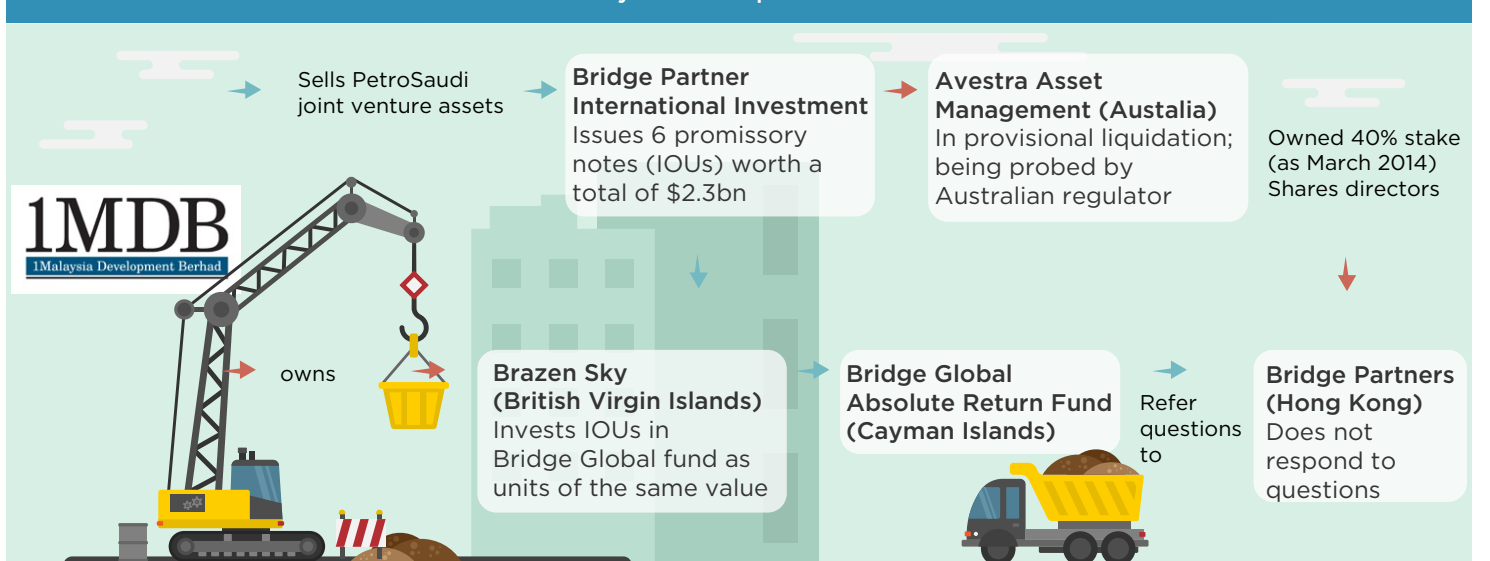
- ▶ Over US\$2.3 billion of 1MDB's funds were uncovered to be previously held by a Cayman-registered investment vehicle called Bridge Global Absolute Return Fund SPC, which was incorporated in 2012.
- ▶ The US\$2.3 billion, which president of 1MDB Arul Kanda claims to have been redeemed and accounted for, was originally invested in a joint venture with the energy company PetroSaudi; following a complex chain of deals and 1MDB's divestment of debt and equity from the

venture, the US\$2.3 billion in proceeds ultimately ended up in the Bridge Global fund in September 2012

- ▶ Information gathered will then be used to solidify bilateral discussions and move the formal tender process along
- ▶ -The lack of open and honest disclosures surrounding 1MDB's Cayman dealings have led to the Malaysian central bank recommending the attorney general to press criminal charges against the state owned investment fund for incomplete and inaccurate disclosures between 2009 to 2011

[Financial Times \(30 October 2015\)](#)

### 1Malaysia Development Berhad



[Australian Securities and Investments Commission](#)

## 03 CONSOLIDATION OVERDUE FOR FILIPINO BANKS



**The Philippines, which has seen a wave of consolidations within its banking industry over the past decade, may very well see an uptake in M&A and new entrants in more recent times.**

- ▶ Relationally within the region, the Philippines maintains one of the highest number of banks within its nation with the lowest level of asset backing, as 638 banks own just over US\$250 billion in assets as last measured in 2014; in comparison, Singapore's DBS bank was valued to have US\$301 billion in assets in the past year alone
- ▶ As the central bank continues to tighten "prudential regulation", requiring greater controls of risk and capital requirements, the regulatory environment has managed to facilitate mergers in order for more banks to fulfill new requirements
- ▶ Furthermore, the liberalisation of foreign ownership caps in the banking industry, coupled with a strong economy with a low total of non-performing loans, has begun to attract the potential of international entrants into the nation

[Financial Times \(29 October 2015\)](#)

## 04 TAXI GROUPS UNITE TO FIGHT RIDE SHARING SERVICES



**Karhoo, a little known 10 month old start up has raised US\$250 million and plans to unite taxi services in London, New York, and Singapore through the provision of a taxi comparison app.**

- ▶ The company believes it has an edge over ride sharing incumbents due to a number of key reasons; firstly, due to its high profile partnerships, secondly, due to the lack of regulatory issues faced by peer-to-peer ride services, and lastly due to changing landscape of the ride-sharing market
- ▶ The service, which has already secured a network of over 200,000 cars by striking deals with local taxi and minicab fleet owners, seeks to raise US\$300 million in the short term, and US\$1 billion in 18 months time to substantiate growth
- ▶ Whilst the integrated market entry of Karhoo and its success in raising funds may seem promising, it should be noted that its competitors such as Uber managed to raise over US\$10 billion for global expansion, whilst Lyft raised US\$1 billion, and Hailo raised US\$100 million, thus placing the newest service in a market with considerable competition

[Financial Times \(25 October 2015\)](#)

## 05 MALAYSIA MAY FACE TOUGHEST BUDGET YET



Malaysia's upcoming budgetary announcement will be the first of the country's 11th Malaysia Plan, outlining the nation's fiscal and monetary standing and policies for the year ahead.

- ▶ The budget will seek to address declining oil revenues, spending priorities, and a growing political scandal surrounding the state owned strategic development company 1MDB, which is currently US\$11 billion in debt; it is expected that the remaining fuel subsidies already slashed earlier this year will be removed entirely in a bid to preserve the government's budgetary health
- ▶ In addition to a slowing economy, Malaysia also has a relatively high household debt of 88% of the nation's GDP, which will in turn cap consumer spending in a time already plagued with rising inflation; furthermore, with the government already nearing its self-imposed debt ceiling of 55% of the GDP, the government will be forced to choose between balancing the budget and achieving the lofty goals set out by Malaysia's 11th Plan
- ▶ Analysts expect the government to look for operating expenditure cuts in areas such as fuel subsidies, affordable housing, education spending, and financial aid for students, in order to balance the budget

[CNBC \(23 October 2015\)](#)

## 06 GOOGLE PROJECT TO BLANKET INDONESIA WITH INTERNET



Google's two year old project, entitled "Project Loon", will see to the provision of internet to all 17,000 Indonesian islands through the use of balloons.

- ▶ The balloons, which are ready to take off, will hover in the stratosphere over Indonesia and will provide high speed internet signals to over 250 million people; whilst the project is still largely in a testing phase and no plans have been released to start selling the internet service to households and businesses, it still marks the most practical avenue for the development of a information infrastructure within the island dominated nation
- ▶ The Indonesian expansion follows extensive testing in New Zealand, Australia and remote areas in California and Brazil. Indonesia's sheer size and geographic sprawl makes it Project Loon's most ambitious step yet
- ▶ Telkom, the country's largest telecommunication company, expressed reservations that Project Loon would compete with it, undercutting investments in fiber optic networks and frequency licenses; currently, Telkom is building a fiber optic system connecting the provinces of Maluku and Papua worth hundreds of millions of dollars

[The Toronto Star \(29 October 2015\)](#)

## 07 PM PRAYUT MAY CONTINUE TO HOLD OFFICE PAST TRANSITION PERIOD



Prime Minister Prayut Chan-o-cha, who came to power in the 2014 coup, has announced that should protests occur during his 20-month transition tenure, he would continue to stay in office.

- ▶ The announcement, which PM Prayut made in a meeting to parliament, cabinet, and three top government bodies on October 28, was released in response to rumours circulated by the media that the transitional office holder would continue to cling to power past his self-declared term

- ▶ PM Prayut also denounced dissidents who were willing to bring people out onto the streets, stringently stating that movement leaders would be dealt with first with a firm hand; after years of political turmoil and more recently, an economic slowdown, Thailand has experienced a period of political and civil unrest unmatched within the region
- ▶ Over the course of PM Prayut's 20 month term, the National Council for Peace and order has managed to lay out a plan to draft a new constitution, get it approved by the people, reform several economic and legislative issues, and hold a general election

[International Business Times \(28 October 2015\)](#)

### Key Events Since the 2014 Coup

May 2014

Coup led by General Prayut Chan-o-cha occurs after seven months of protests

May 2014

National Council for Peace and Order (NCPO) orders all protests to disperse, curfew imposed under martial law, media becomes heavily censored

May 2014

General Prayut gets royal endorsement from king

June 2014

Curfew lifted

March 2015

Martial law ends

May 2015

Military government to hold referendum on new constitution in early 2016, Ex prime minister Yingluck Shinawatra pleads not guilty to trial on negligence over subsidy scheme

August 2015

Terrorist bomb at Erawan Shrine kills 20



[BBC News](#)

# 08 MYANMAR MONITOR

## POLITICS

▶ Myanmar's general election ended peacefully on 8 November with about 33.5 million eligible voters casting votes at more than 46,000 polling stations across the country. The Union Election Commission said it will officially release the election results starting on 9 November stage by stage. A total of 6,038 candidates involving 91 political parties and 310 Independents contested for more than 1,000 seats at three levels of parliament in the elections.

[The Times of India \(8 November 2015\)](#)

▶ Supporters of Myanmar's Aung San Suu Kyi burst into boisterous celebration on 8 November after the country held its first free nationwide election in 25 years. Although the outcome of the poll will not be clear for at least 36 hours, a densely packed crowd cheered and waved red flags outside the NLD headquarters.

[Reuters \(8 November 2015\)](#)

▶ Observers have expressed concerns that major political parties, including the opposition National League for Democracy (NLD), did not field a Muslim candidate in the 8 November elections. Muslims in Myanmar make up at least five% of the country's 52 million people.

[Channel NewsAsia \(8 November 2015\)](#)

▶ Suu Kyi vowed before the general elections, that if the NLD would win that she would run the country "above the president," filling the position with a proxy she has chosen but not disclosed. Likely choices could be former general Shwe Mann, now the speaker of the lower house, or the party's ageing patron, Tin Oo. That proxy president would step down as soon as the constitution was amended to allow Suu Kyi to rule, said Win Htein, a top NLD leader.

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

## ECONOMY

▶ India's central bank has put an end to so-called barter trade across the country's border with Myanmar. The Reserve Bank of India has issued a statement saying that the system will come to an end from 1 December due to improved access to banking in the border region.

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

# 09 VIETNAM STRENGTHENS RELATIONS WITH LATIN AMERICA

## VIETNAM

**Vietnam held meetings with officials from Venezuela and Cuba in discussions spanning both domestic development and international military relations.**

- ▶ The meetings, which began on the 26th of October, oversaw the Venezuelan minister of habitat and housing Manuel Quevedo meet with the Vietnamese ambassador Ngo Tien Dung in Caracas; the agenda for discussion included bilateral housing, industrialisation, and socially oriented projects
- ▶ Following the meeting, minister Quevedo affirmed the development of future commercial ties between the two nations, stating that the technological expertise of Vietnam would lend Venezuela great benefits in the development of its industrial sectors
- ▶ Furthermore, Deputy Minister and Chief the Vietnam People's Army, Gen. Do Ba Ty, and a small delegation from Hanoi were received in Havana Monday by the chief of the Revolutionary Armed Forces of Cuba, General Alvaro Lopez Miera; the meeting was stated to be in the efforts of strengthening mutual military relations

[Telesurtv \(27 October 2015\)](#)

### Relations with Vietnamese Government



#### Vietnamese-Venezuelan Relations

**Bilateral trade totalled US\$62 million in 2014, Making Vietnam Venezuela's largest asian trading partner behind China**

**Most recent agreement was signed on August 31, 2015 which was a cooperation agreement for projects spanning across gas, oil, energy, finance, technology, and agriculture**



#### Vietnamese-Cuban Relations

**Bilateral trade was up to US\$207 million in 2014, drastic increase of 45% from 2013**

**A heavy focus on military technology sharing between the two nations has created close ties in recent times**

**Furthermore, Cuba has long since based economic reform on Vietnamese advice**

[Vietnam News](#)

# 10 CHINA EXPERIENCES SETBACK IN MARITIME CLAIMS

## PHILIPPINES

**In a ruling on the right to exploit the South China Sea concerning Manila's 200-nautical-mile exclusive economic Zone (EEZ), the Permanent Court of Arbitration in Hague ruled that it had the jurisdiction to hear maritime claims the Philippines has filed against China.**

- ▶ The tribunal, which is based in Hague, claims its right to do so as set out under the United Nations Convention on the Law of the Sea (UNCLOS), which China has decided both not to participate in nor recognise
- ▶ According to Solicitor General Florin Hilbay, the ruling represented a "significant step forward in the Philippines' quest for a peaceful, impartial resolution of the disputes between the parties and the clarification of their rights under UNCLOS"
- ▶ President Aquino has welcomed the ruling, stating that he expects China to respect the decision of the tribunal, furthermore claiming that an independent tribunal would help to put an end to the dispute; however, China has continued to not take part in the proceedings, objecting to the Tribunal's jurisdiction

[Philstar \(30 October 2015\)](#)