

CARI CAPTURES



01 ACHIEVEMENTS FROM ASEAN'S 27TH SUMMIT



ASEAN

Developments

ASEAN Integration, Investment Progress Reports

92.7% of high priority measures completed, 79.5% of total AEC measures completed

ASEAN Framework Agreement on Services (AFAS)

Further action needed in implementation, Conclusion date pushed to 2017

ASEAN Solutions for Investments, Services and Trade (ASSIST)

Establishment of a anonymous forum for voicing trade issues plaguing the private sector

ASEAN-China FTA (ACFTA)

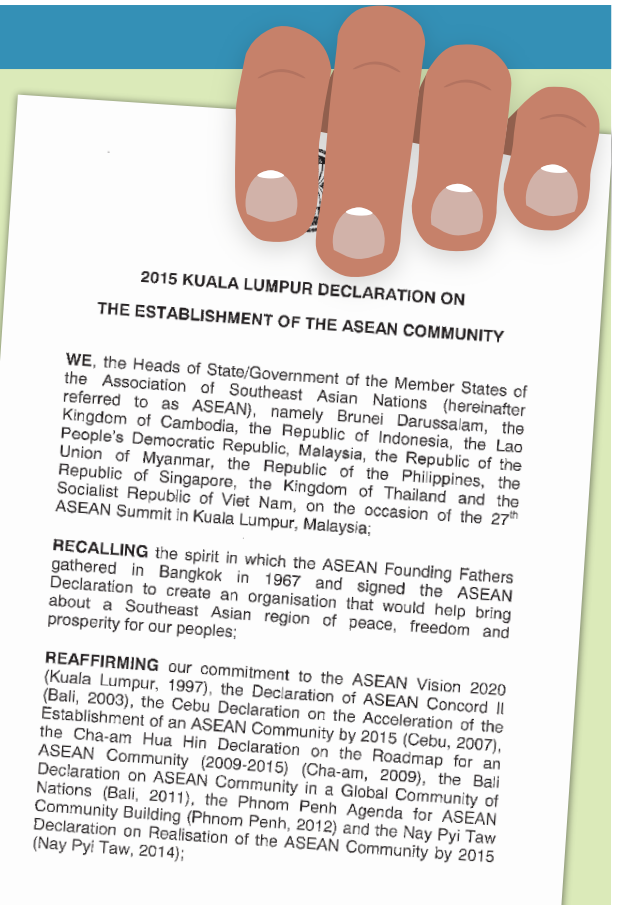
Officially signed, geographic coverage of agreement resolved

Regional Comprehensive Economic Partnership (RCEP)

Deadline for negotiations set, to conclude in 2016

Timor-Leste's ASEAN Application

Feasibility studies launched, increased involvement promised



ASEAN

Despite the lack of progress in negotiations regarding the Regional Comprehensive Economic Partnership (RCEP), which would have standardised Free Trade Agreements (FTA) amongst ASEAN nations, a comprehensive framework regarding ASEAN's 2025 goals was drafted alongside the formal declaration of the ASEAN Economic Community (AEC).

▶ The AEC, which has been a goal for ASEAN since its founding in 1967, is slated to be formally established on 31 December 2015; the landmark move brings ASEAN closer to establishing its three-pillared community which is focused on regional integration regarding security, economic, and socio-cultural matters

▶ Furthermore, the Kuala Lumpur Declaration on ASEAN 2025 which outlines the major strides to be taken by the ASEAN community over the next decade was ratified; amongst new undertakings are the convention against trafficking, a joint statement on climate change, declarations on eliminating domestic violence, and higher education goals

▶ The 27th ASEAN summit also provided a much needed opportunity for the heads of state from ASEAN allies and ASEAN nations to undertake high level talks, which in turn yielded a plethora of bilateral agreements as well as much needed dialogue on important issues

[AEC Blog \(24 November 2015\)](#)

02 THE UPCOMING AEC COMPLIANCE DEADLINE



Despite a formal deadline of 31 December 2015, the establishment of the ASEAN Economic Community (AEC) is far from final.

- ▶ As of the 27th ASEAN summit, the ASEAN block has agreed to extensive tariff reductions, signed off on Free Trade Agreements (FTAs) with China, India, New Zealand, and Australia; according to the most recent reports, 92.7% of high priority measures outlined by the AEC roadmap have been completed, whilst 79.5% of total AEC measures have been finalised
- ▶ It should be noted that four ASEAN countries have also been given an extended implementation timeline that spans beyond the 31 December deadline; Cambodia, Laos, Myanmar, and Vietnam have yet to move away from their traditional fiscal tax collection based on tariffs and VAT regarding imports
- ▶ Currently, with Vietnam's participation in the Trans Pacific Partnership (TPP), and its expected increase in FDI, its implementation of AEC policies are a matter of when rather than if; however, of more concern are the nations of Laos, Cambodia, and Myanmar, the latter two of which suffer from political uncertainty

[ASEAN Briefing \(24 November 2015\)](#)

03 CLAIMS OF DISUNITY AT ADDM UNFOUNDED



Whilst the ASEAN Defence Ministers Meeting Plus (ADMM) meeting in Kuala Lumpur failed to yield a joint declaration on The South China Sea dispute, distinctions in rhetoric and stances make the summit a far cry from the disunity at ASEAN's 45th Foreign Ministers Meeting (AFMM) in 2012.

- ▶ In 2012, ASEAN's 45th AFMM saw the bloc's first meeting in which a joint declaration was unable to be issued due to the divisive nature of the South China Sea conflict; however, whilst the 2012 AFMM saw to member states publicly denouncing each other over the lack of a common stance over border disputes, this year's ADMM's lack of a joint declaration did not result in the dissolution of the meeting
- ▶ Despite early reports that a joint declaration was being supported by all 16 senior officials, a joint statement was never ratified at the end of the conference; it has been heavily suspected that the Chinese Premier's visit to several ASEAN nations dissuaded a collective statement regarding the highly volatile subject
- ▶ Instead, the chairman's statement, which was issued by Malaysia in its capacity of the chair of ASEAN for this year, referenced the South China Sea whilst urging the implementation of a declaration of code of conduct acceptable to all parties

[Straits Times \(26 November 2015\)](#)

04 ASEAN RATIFIES UPGRADED FTA WITH CHINA



The upgraded ASEAN-China Free Trade Agreement (ACFTA), which is expected to generate up to US\$1000 billion in trade and US\$150 billion in FDI by 2020, was concluded and signed on the 22nd of November.

- ▶ The upgraded agreement covers amendments on the trade of goods and services, investments, economic, and technical cooperation; a particular focus was placed on the Chinese provision of engineering, securities, and travel services, whilst ASEAN is to further open several key sectors to Chinese investment and business
- ▶ Furthermore, the ACFTA oversees the elimination of tariffs on 7881 product categories which make up 90% of goods traded; currently, Brunei, Malaysia, Indonesia, the Philippines, Singapore, and Thailand already adhere to the amended rates, however the four remaining ASEAN countries are slated to follow suit by the end of 2015
- ▶ As China remains the top trading partner for all ASEAN nations, and the recent implementation of the American led Trans Pacific Partnership has done much to address the terms of trade most ASEAN nations are offered, the amendments to the ACFTA can be seen as a much desired and broad impacting move by the Chinese government to benefit the region

[ICIS \(23 November 2015\)](#)

China's Bilateral Trade with ASEAN Countries

		US\$ Million			
		1998	2003	2008	2013
ASEAN Total	Exports	10,919	20,935	114,139	244,133
	Imports	12,589	47,350	117,012	199,402
	Balance	1,670	16,415	2,873	44,732
		Share of ASEAN (%)			
		1998	2003	2008	2013
ASEAN Total	Exports	100%	100%	100%	100%
	Imports	100%	100%	100%	100%
	Balance	100%	100%	100%	100%

Stock of Chinese FDI in ASEAN Countries

	2003	2008	2013
High Income			
Brunei	\$0.1	\$7	\$72
Singapore	\$165	\$3,335	\$14,751
Middle Income			
Indonesia	\$54	\$543	\$4,657
Malaysia	\$101	\$361	\$1,668
Thailand	\$151	\$437	\$2,472
Philippines	\$9	\$87	\$692
Low Income			
Burma	\$10	\$500	\$3,570
Cambodia	\$59	\$391	\$2,849
Laos	\$9	\$305	\$2,771
Vietnam	\$29	\$522	\$2,167

[US - China Economic Security Review Commission](#)

05 MALAYSIA'S 1MDB FINALISES POWER DEAL



MALAYSIA

The Malaysian state fund 1MDB, which has been the centre of a scandal plaguing the nation's current administration, has agreed to sell its energy businesses in a US\$2.3 billion deal to the China General Nuclear Power Corporation (CGN).

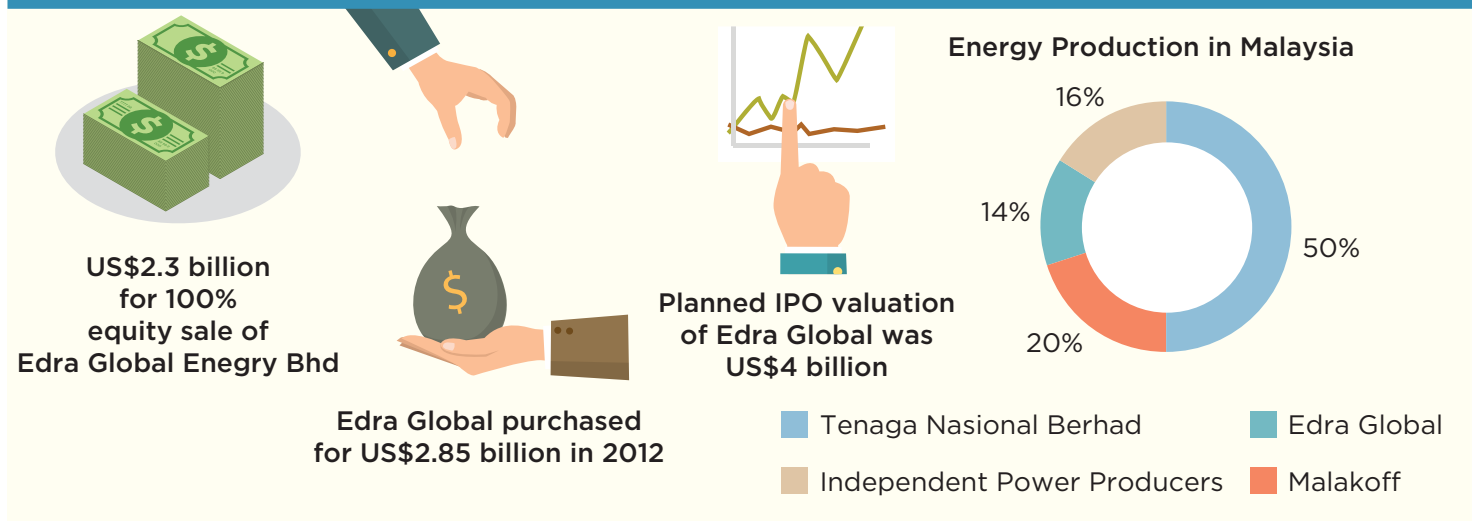
- ▶ Whilst the deal fails to specify just how much the CGN deal reduces 1MDB's debt of US\$11 billion, the transaction is in line with 1MDB's current restructuring plans to divest its energy holdings in favour of real estate in the short term; however, it should be noted that whilst the deal yields 1MDB cash, the deal was done at below the original purchase price of its assets
- ▶ In addition to the deal, China also agreed to provide a US\$7.83 billion quota for the Malaysian government to invest in Chinese stocks and

bonds; the sale, which was the largest M&A transaction in Malaysia, and one of the largest in the Asian power sector is expected to shore up the weakening ringgit through both foreign direct investment and by addressing 1MDB's debt issues which fundamentally devalue the ringgit

- ▶ The energy holdings, which were represented by Edra Global Energy Bhd, is the largest independent power producer in Bangladesh and Egypt, whilst also holding substantial holdings in the United Arab Emirates, Pakistan, and Malaysia; whilst it was expected that the sale of Edra would go to Malaysia's national power firm Teneaga Nasional due to foreign ownership laws, a waiver was obtained to allow for the sale to occur

[BBC News \(25 November 2015\)](#)

Key Facts of Deal



07 SINGAPORE-INDIA DEFENSE PACT UPGRADE



SINGAPORE

India and Singapore ratified nine agreements on 24 November, which spanned several key sectors including defence, maritime, and cyber security.

- ▶ Amongst the agreements, a revised Defence Cooperation Agreement (DCA) made major strides in establishing regular dialogue between the defence ministries of both nations in the future, whilst also marking 50 years of successful diplomatic relations in the past
- ▶ A particular emphasis was placed on maritime security by the revised DCA, ensuring that White Shipping information is shared between both nations, whilst also underlining the joint efforts in ensuring the security of both the South China Sea and the Straits of Malacca
- ▶ The DCA also expanding cooperation in the areas of drug trafficking, cyber security, urban planning, and wastewater management; the additions were viewed as a great accomplishment by Singaporean Defence Minister Ng Eng Hen, who stressed that the privatised nature of Singapore's defence required trans-national cooperation to innovate and succeed

[Channel News Asia \(25 November 2015\)](#)

08 MALAYSIA SIGNS MOUS WITH INDIA, CHINA



MALAYSIA

Malaysia signed three Memorandums of Understanding (MoUs) with India, which covered cyber security, cultural exchange, and infrastructure development; meanwhile, Malaysia also signed eight MoUs with China spanning trade, culture, and administration.

- ▶ The three agreements signed between Malaysia and India included a deal of cooperation between the Indian Computer Emergency Team (CERT-IN) and Cyber Security Malaysia, a cultural exchange programme linking the ministries of culture of both two countries, and finally, an infrastructure development agreement India's NITI Aayog and Malaysia's Performance Management and Delivery Unit (Pemandu)
- ▶ The agreements between Malaysia and China focused on cooperation between the law enforcement agencies of both nations, whilst also placing an emphasis on the quality and safety of palm oil exports to China; furthermore, intellectual property was a high level priority item agreed to and finalised by both nations during delegation and high level talks
- ▶ The slew of agreements was finalised and ratified over the course of the most recent ASEAN Summit, with ASEAN's allies seeing their heads of state or government visit the host nation of Malaysia

[The Star \(24 November 2015\)](#)

08 MYANMAR MONITOR

POLITICS

▶ Myanmar's military released 53 children and young people from service on 30 November as part of an effort to rid its ranks of underage soldiers, the United Nations said. The military has released 146 underage recruits this year and 699 since it signed a joint action plan with the U.N. in 2012 to end the use of children in the military.

[Aljazeera America \(30 November 2015\)](#)

▶ President Thein Sein and Commander-in-Chief Snr-Gen Min Aung Hlaing have agreed to meet NLD leader Aung San Suu Kyi on 2 November, ending nearly three weeks of uncertainty in the wake of the NLD's election victory earlier this month. Suu Kyi had sent letters to the president, military chief and Union Parliament Speaker Shwe Mann two days after the election requesting a discussion on the transfer of power to a new government.

[The Irrawaddy \(30 November 2015\)](#)

▶ A Myanmar military offensive against ethnic rebels in the country's east has uprooted more than 10,000 people, a rights group says. The Shan Human Rights Foundation (SHRF) has accused the army of bombing schools and Buddhist temples, firing on civilians, and sexually assaulting women in Shan state, where armed groups have fought government forces for years.

[Aljazeera \(28 November 2015\)](#)

ECONOMY

▶ Myanmar is preparing to submit its first report to the Extractive Industries Transparency Initiative (EITI), a global project that requires transparency on what revenues are collected from extractive sectors before the end of this year. A news report this week however suggests that key data, such as on hydropower, the timber industry and jade taxation may be left out in spite of a push by civil society groups, due to lack of data.

[The Irrawaddy \(28 November 2015\)](#)

▶ The new government set to take over power next year will face less favorable economic conditions than its predecessor, according to analysts at the UK-based Oxford Business Group. The new government is expected to bring renewed investor confidence but it will be faced with weaker economic conditions largely due to the slowing Chinese economy.

[The Irrawaddy \(28 November 2015\)](#)

09 INDONESIA, RUSSIA TO DO AWAY WITH THE DOLLAR

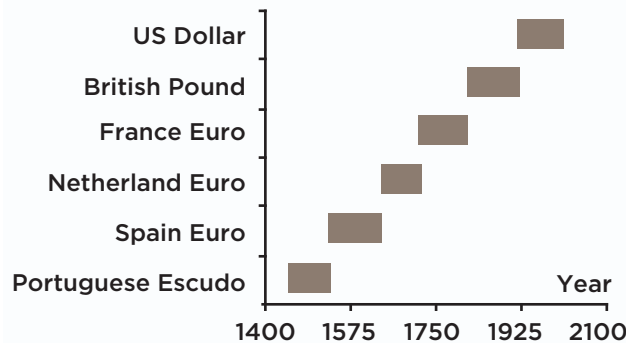
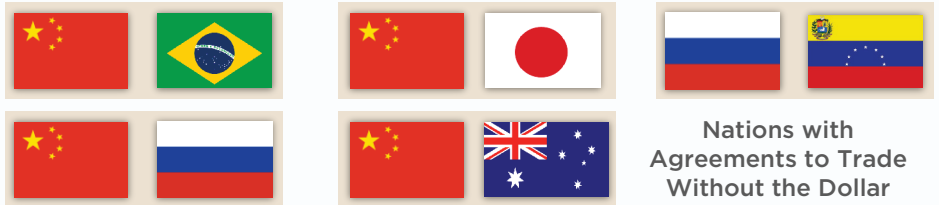
INDONESIA

Indonesia ratified its original agreement in April 2015 with Russia to settle trade in denominations of the ruble and rupiah, rather than the dollar.

- ▶ Whilst the use of national currencies will expand bilateral trade and investment between Russia and Indonesia, fears that moving away from the dollar may alienate the U.S. and damage Indonesian interests in joining the Trans Pacific Partnership are concerns to be noted
- ▶ Currently, the impact of the joint agreement has more political rather than economical ramifications; with most of the US\$7 billion in trade being handled in the dollar, additional financial infrastructure needs to be developed between the nations to have a tangible economic impact
- ▶ Russia and Indonesia are aiming to double their bilateral trade to \$10 billion by 2018 according to Sergei Rossomakhov, Russia's Trade Representative in Indonesia; a focus on shipbuilding, aerospace technology, and mining is at the forefront of the agendas of both nations

[Russia Beyond The Headlines \(24 November 2015\)](#)

Existing Agreements to Bilaterally Trade without the Dollar



[Meketa Investment Group Global Macroeconomic Research Series](#)

10 INDONESIA RAMPS UP SECURITY AFTER PARIS ATTACKS

INDONESIA

The Indonesian Government raised security to the highest levels since the 2009 Jakarta bombings in a bid to address the encroaching threat of extremism following the 2015 Paris Attacks.

- ▶ Additionally, the Indonesian government has ramped up efforts to shut down the online presence of radical groups on the internet and social media; currently, estimates place the number of Indonesians fighting with ISIS at 284, which raise concerns posed by a coordinated worldwide campaign of extremism
- ▶ Indonesia, the world's most populous Muslim-majority nation, was racked by terrorism in the early 2000s committed by offshoots of al Qaeda, including the 2002 Bali bombing that killed 202 people, many of them foreign tourists; police have mostly destroyed the main networks since then
- ▶ The terror cells that still exist in scattered pockets have less capacity and fewer technical skills and have largely been reduced to attacking isolated police officers, security experts and Indonesian antiterrorism officials say

[Wall Street Journal \(25 November 2015\)](#)

