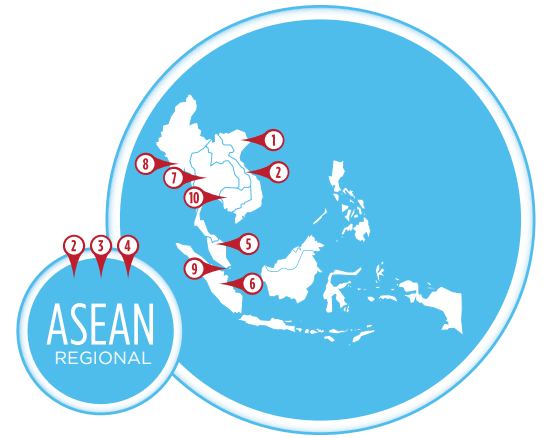


CARI CAPTURES

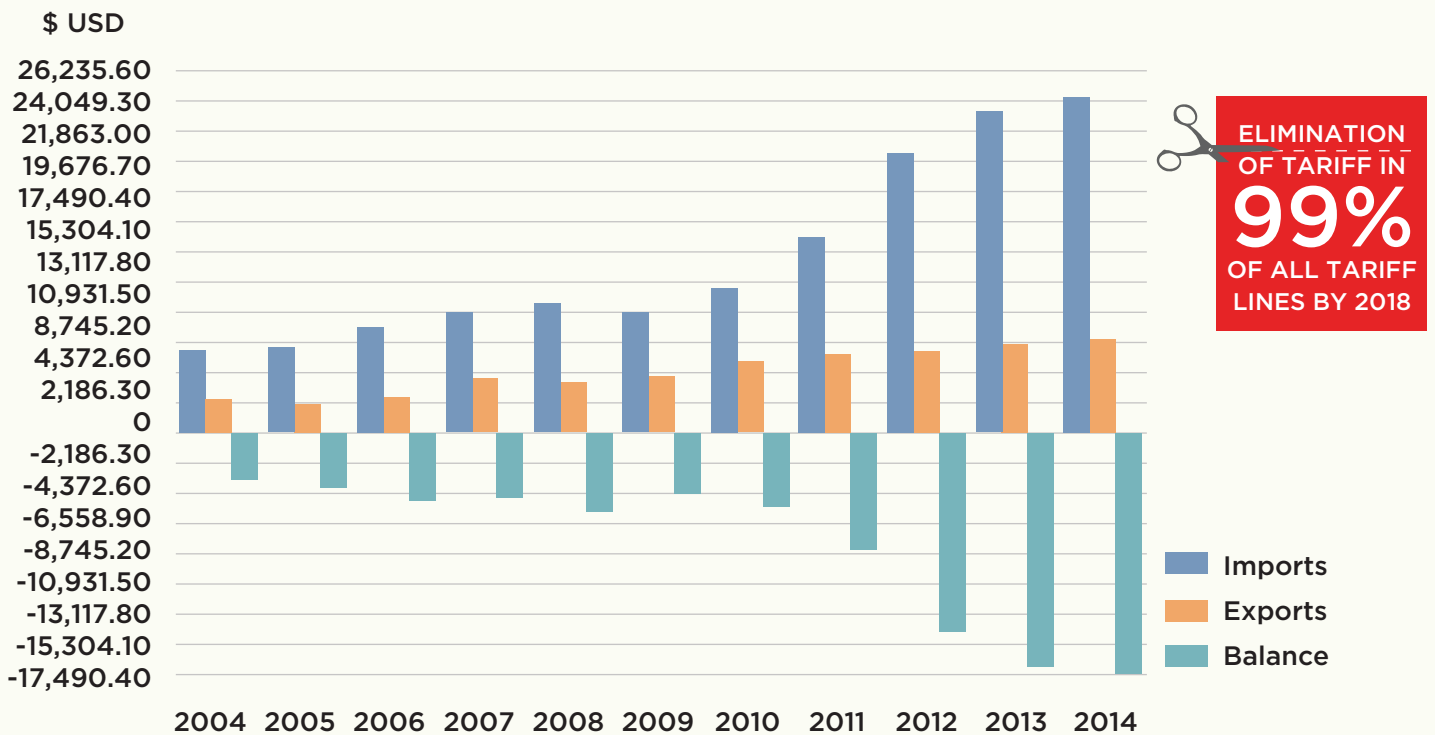


01 EU-VIETNAM FTA RATIFIED



European Union and Vietnam Trade

Total goods: EU Trade flows and balance annual data 2005 - 2014



Europe Commission

The EU-Vietnam Free Trade Agreement (FTA), which has been a work in progress since 2012, has been signed and is expected to increase both the flow of investment and trade between both parties.

- ▶ The FTA, which was hammered out over the course of three years and 14 official rounds of mid and high level talks has yielded a pact which both sides have agreed to and signed; however, it should be noted that whilst pivotal points of the deal have been finalised, the binding legal texts have yet to be ironed out and will only be completed in early 2018
- ▶ When in effect, the EU-Vietnam FTA will eliminate tariffs in over 99% of tariff lines, with additional quotas and tariff reductions for the

remaining goods and services; the completion of such an FTA has long reaching implications, setting the stage for future agreements with other nations in the ASEAN region

- ▶ The pact covers a plethora of important planks, including the trade in goods, rules of origin, customs and trade facilitation, sanitary and phytosanitary measures, technical barriers in trade, trade in services, investment, trade remedies, competition, State-owned enterprises, Government procurement, intellectual property, sustainable development, cooperation and capacity building, legal and institutional issues, as well as new approaches to investment protection and settlement of investment disputes

The Diplomat (4 December 2015)

02 LAOS CALLS FOR STANDARDISED SEZs



As the incoming chair for ASEAN 2016, Laos has called for a framework to standardise the implementation of and laws surrounding Special Economic Zones (SEZs) in the region.

▶ 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

▶ As such, the main challenge posed to Laos and its agenda to standardise SEZ policy within the region would be to find an equitable solution in limiting the SEZ offerings of more developed nations within the region whilst boosting the SEZ offerings of lesser developed nations

▶ Harmonising incentives in SEZs within the region would reduce the burden placed on fiscal resources due to the race between nations to outdo each other in SEZ offerings; this would in turn benefit the ASEAN Economic Community as a whole

[Nikkei Asian Review \(3 December 2015\)](#)

03 THE LANDSCAPE OF ASEAN'S NATIONALITY AND RESIDENCY REQUIREMENTS FOR DIRECTORS



As ASEAN comes closer to its 2015 ASEAN Economic Community establishment date at the end of the year, the changing legislation behind residency and nationality requirements for company directors is still in need of change to facilitate greater openness between nations.

▶ Whilst Cambodia, Laos, and Myanmar currently hold no requirements for the directors of companies with regards to residency and nationality, it should be noted that Myanmar has drafted legislation in early 2015 to require the residency of at least one director

▶ Meanwhile, the Philippines holds the most residency and nationality requirements for directors of companies, with Thailand currently being a close second; Indonesia, with its wave of economic reform and liberalisation brings speculation that such requirements will be reduced

▶ It should be noted that residency and nationality requirements for directors are often used as protectionist policies to prevent foreign directorship, and by extension ownership, of companies in select industries

[ASEAN Briefing \(4 December 2015\)](#)

ASEAN's Nationality and Residency Requirements For Directors

	Two-Tier Board System	Residency Requirements	Nationality Requirements
Indonesia	Present; Board of Directors, and a Board of Commissioners	Residence permits are optional, required for directors/ commissioners living in Indonesia	<ul style="list-style-type: none"> With exception to the personnel director, no nationality requirements for Directors "Negative Lists" for certain industries impose nationality requirements on directorship positions
Malaysia	Not Implemented	<ul style="list-style-type: none"> At least two directors are required to have primary residence in Malaysia Locally resident company secretary is also required 	<ul style="list-style-type: none"> No nationality requirements
Brunei	Not Implemented	<ul style="list-style-type: none"> At least two directors are required to have primary residence in Brunei 	<ul style="list-style-type: none"> No nationality requirements
Singapore	Recommended, not implemented	<ul style="list-style-type: none"> At least one director needs to be an ordinary resident of Singapore A company secretary who is a local resident must also be appointed 	<ul style="list-style-type: none"> No nationality requirements
Cambodia	Not implemented	No Requirements	
Laos	Not implemented	No Requirements	
Thailand	Not implemented	<ul style="list-style-type: none"> Half of the members in the board of directors are required to be a resident of Thailand 	<ul style="list-style-type: none"> Countries in "List Two" of restricted industries require 2/5th of the board of directors to be Thai nationals The Insurance Act and Air Navigation Act place additional requirements on Directorship Nationality
Laos	Not implemented	<ul style="list-style-type: none"> No Requirements Legislation being passed to require the residency of one director 	
Philippines	Not implemented	<ul style="list-style-type: none"> Half of the members in the board of directors are required to be a resident of the Philippines A company secretary and treasurer who is a local resident must also be appointed 	<ul style="list-style-type: none"> Industries such as banking and domestic aviation require 2/3rds of the board to be Filipino citizens A company secretary who is a local citizen must also be appointed Foreign directors on the board may not exceed the proportion of foreign shareholding
Thailand	Present; Board of Directors, and an inspection committee for specific companies	<ul style="list-style-type: none"> Company's legal representative who is also a director is required to be a Vietnam resident 	No nationality requirements

[Corporate Governance Better Policies for Board Nomination and Election in Asia](#)

04 US STUDY CALLS FOR MORE OPEN ASEAN AUTOMOBILE MARKETS



A study commissioned by the US automaker General Motors (GM) shows the current lack of progress in harmonising trade and investment rules with regards to the automobile markets within the ASEAN region.

▶ Whilst significant progress has been made within the realm of reducing tariffs, an area highlighted by the study to have a low level of liberalisation would be industrial policies which favour local production; an example of this would be Indonesia's "Low-cost green cars" (LCGC) which requires the components of certified "green" automobiles to be produced in Indonesia, whilst also providing tax breaks and other incentives which in turn place foreign producers at a competitive disadvantage

▶ Currently, GM's vice president of government relations and public policy, predicts that ASEAN's Economic Community will become the world's sixth-largest car market in volume by 2018 if the AEC is successfully implemented

▶ However, for the AEC to be successfully implemented, the study highlights that significant progress needs to be made on non-tariff measures; in fact, the study shows that 190 additional non-tariff measures were implemented between 2009-2013 alone, with 75 such measures in Indonesia, 39 in Vietnam, 27 in Thailand, and 16 in Malaysia

[Malaysian Insider \(2 December 2015\)](#)



05 MALAYSIA PASSES SECURITY LEGISLATION



The Malaysian government has successfully passed the National Security Council Bill of 2015 through the lower house of parliament on 3 December; the bill grants broad powers to the Prime Minister and a National Security Council to address national security issues.

▶ The scope of the bill, which has come as a surprise to many, was initially announced by Prime Minister Najib Razak in October to be a direct response to terrorist threats posed to Malaysia; the National Security Council (NSC) to be established by the bill will be central in coordinating national security policy in the long term whilst also increasing the nation's ability to address threats in the short term

▶ The NSC, which is to be appointed by and will report directly to the Prime Minister, will have a broad scope of powers including the ability to declare "Security Areas", waive the restraints in the use of armed and police forces, as well as to suspend inquests into the actions of armed and police forces

▶ The bill, which passed parliament in a 107 to 74 vote, has come under heavy criticism by human rights and opposition leaders who accuse the Prime Minister of vesting himself with powers normally attained during a general emergency; furthermore, said groups have cited the abuse of sedition laws and the reintroduction of laws to detain enemies of state without trial as instances that highlight the dangers of the passage of the bill

Key Planks of The National Security Bill

The NSC's Primary Powers



- A National Security Council will be appointed by and will report directly to the Prime Minister
- The NSC is able to waive the need for warrants for the arrest or detention of peoples, as well as the search and seizure of property

[National Security Council Bill 2015](#)

06 INDONESIA OFFERS TAX AMNESTY PLAN



As the nation's tax revenues slump, the Indonesian government has proposed to offer a tax amnesty to help to repatriate money back into the nation.

▶ The proposal states that taxpayers who disclose undisclosed wealth prior to the end of 2015 will be taxed at a 3% rate, which would increase progressively to 5% for those who defer their disclosure of wealth to between January and June in 2016

▶ Furthermore, those who choose to declare their wealth between July and December in 2016 will be taxed at 8%; currently, Indonesia's tax rate for individuals ranges between 5% to 30% for individuals and 20% to 25% for companies

▶ Hampered by a depreciating currency and sliding commodity exports, Indonesia's tax office has only managed to collect US\$50.63 billion or 53% of its full year target, which would put the state halfway in its goal in achieving its expected budgetary shortfall of US\$8.31 billion

[Reuters \(3 December 2015\)](#)

07 US FAA DOWNGRADES THAILAND



The United States Federal Aviation Administration (FAA) has downgraded its safety assessment of Thailand's aviation industry, citing a lack of law and regulations in accordance to minimum international standards.

▶ Thailand, which previously held the FAA's top rating as being a Category 1 country, will now join Indonesia, Bangladesh, and Ghana alongside other nations in the bottom rating of Category 2; this means that whilst existing flight offerings can continue to the US, new flight schedules and service offerings from Thai based airlines will be unable to be established with the US

▶ The ruling will likely damage Thailand's aviation industry, with a further implication of loss revenue from tourism in the short term as national Thai airlines will be unable to increase service offerings to growing tourism

▶ Whilst the FAA's ruling has dealt a significant blow to Thailand's aviation industry, the downgrades may not stop with the FAA, as the lack of safety minimum standards also means that Thailand may no longer codeshare with the United States; in essence, Thai airlines will be unable to share routes with US airlines, adding to the lost potential revenue

[Quartz \(4 December 2015\)](#)



08 MYANMAR MONITOR

POLITICS

▶ Aung San Suu Kyi met with Myanmar's former dictator, Senior General Than Shwe on 4 December, a step that is seen as important to relax the strained relations with the country's military establishment. After the meeting, Ms. Suu Kyi seemed upbeat about the prospects for forming an effective government and Than Shwe was quoted saying "It is the truth that she will become the future leader of the country."

[Wall Street Journal \(6 December 2015\)](#)

ECONOMY

▶ Myanmar's total trade volume has declined in value for the first time since 2011, largely a result of the slide of the local currency. Total trade of the first eight months of the fiscal year totalled at US\$17 billion, compared with US\$17.4 billion in the same period last year. The kyat has lost 26 percent of its value against the US dollar in the past 12 months, and is currently trading at around 1300 to the US dollar. The figures suggest a rise in real trade volume by 10-17% even though the value of trade is lower.

[The Irrawaddy \(4 December 2015\)](#)

FOREIGN AFFAIRS

▶ The United States on 3 December called for a credible, independent investigation by Myanmar's government of reports of military atrocities in the country's Shan State, saying they were reprehensible, if true. A rights group, the Shan Human Rights Foundation, accused Myanmar's army last week of bombing schools and Buddhist temples, firing on civilians and rape in an offensive against ethnic rebels in eastern Myanmar that has uprooted more than 10,000 people.

[Reuters \(3 December 2015\)](#)

▶ The United States are said to be preparing to amend sanctions on Myanmar after banks complained they can't finance trade that goes through the nation's main port terminal because it is run by a blacklisted business tycoon. The US State Department officials have been sounding out Congress about remedial policies, which an administration official said could take effect as early as next week but its fix would draw criticism from US lawmakers and human rights groups.

[Gulf News \(6 December 2015\)](#)

ENVIRONMENT

▶ About 20 Myanmar government officials are attending the United Nation's Climate Conference in Paris. Myanmar will tell the international community that while its greenhouse gas (GHG) emissions will almost certainly increase in the coming decades, it will maintain its forests so it remains a net GHG emissions "sink". "With the largest standing forests on mainland Southeast Asia, Myanmar currently absorbs more greenhouse gases than it emits, thereby already making a significant contribution to global efforts to tackle climate change," the plan says.

[Myanmar Times \(4 December 2015\)](#)

09 SINGAPORE DEEMED MOST FINANCIALLY LITERATE

SINGAPORE

According to the survey by Standard & Poor's (S&P), Singapore was declared to have the highest level of financial literacy in adults in Asia, which is a continent where 73% of all adults do not understand fundamental monetary concepts.

- ▶ The survey interviewed more than 150,000 adults sampled from over 140 countries with questions entered around numeracy, risk diversification, inflation, and compound interest; it was found that adults in Asia have a lower than average understanding of financial concepts
- ▶ While Singapore had the highest percentage of financially literate adults at 59% in Asia, only 18 per cent of Cambodian and Nepalese adults were able to correctly answer the questions on basic financial concepts
- ▶ S&P's survey suggest that whilst financial products in Asia continue to increase in complexity and variety, the majority of consumers have a limited or faulty understanding of credit, compound interest, and other key concepts; coupled with the high level of household debt which plagues the region, a lack of financial literacy may threaten the foundation of many Asian economies

[Straits Times \(2 December 2015\)](#)

Questions Asked

With the exception of Singapore, where 59% of adults are financial literate, there is little variation in financial literacy within Southeast Asia. At 18%, people are least likely to be financial literate in Cambodia.



RISK DIVERSIFICATION

Is it better to place your money in one or multiple businesses?



INFLATION

If both your income and the prices of goods you buy double over time, is there a difference in what you can buy over time?



INTEREST

If you borrow \$100, is it cheaper to pay back \$105 or \$100 + 3%



COMPOUND INTEREST

If a bank adds 15% in interest to your account each year, will it add more money to your account in the second year if you don't make a withdrawal?

*Paraphrased from actual questions

[Mc Graw Hill Financial](#)

10 CAMBODIA'S CURRENT POLITICAL CRISIS

CAMBODIA

Following his narrow win in the 2013 elections, Prime Minister Hun Sen's quelling of anti-government protests and subsequent crack down on his political opposition have placed the possibility of open and fair elections in 2018 in jeopardy.

- ▶ Notable incidents of violence against political opponents include the October 26 incident where two CNRP parliamentarians were pulled out of their cars outside the National Assembly and badly beaten by thugs while the police looked on, whilst a mob descended on the house of a main opposition leader; on November 13, an arrest was issued against Sam Rainsy, the main oppositions leader on the grounds of a 2008 defamation case
- ▶ In 2013 alone, approximately 3.5 million young Cambodians were eligible to vote, out of a total of 9.5 million eligible voters, and the proportion is predicted to be higher in 2018; with young voters being a key demographic backing the opposition, the balance of power is shifting away from Hun Sen
- ▶ However, with violence currently plaguing the Cambodian political scene, the likelihood of open and fair elections have diminished in recent times

[NY Times \(4 December 2015\)](#)