

CARI CAPTURES



01 RECORD VIETNAMESE M&A TRENDS TO CONTINUE



Announced Mergers & Acquisitions: Vietnam (1999-2015)



[Institute for Mergers, Acquisition and Alliances](#)

In 2015, Vietnam saw a record high of US\$4 billion in Mergers and Acquisitions (M&A) due to the government’s privatisation drive which sparked foreign interest in firms.

▶ The government’s decision to completely remove foreign ownership restrictions in most sectors and its ratification of the Trans Pacific Partnership has signaled to foreign investors a new age of economic liberalism in Vietnam; interest in the nation was also furthered by the relatively robust growth featured by the Vietnamese economy, which outshone its regional neighbours which were plagued by weakening commodity prices and sliding currencies

▶ Amongst key M&A deals in 2015, a prominent transaction was the US\$1.1 billion equity sale of the Masan Group to Thailand’s Singha Group; deals of a similar size and scope are expected to continue into 2016, with a particular focus on the textile, construction, and machinery sectors in Vietnam

▶ Deals that are expected to go through in 2016 include a 45% government stake sale of Vinamilk valued at US\$3.1 billion, as well as the potential US\$900 million sale of mobile network provider Mobifone; a partial privatisation of Binh Son Refining and Petrochemical Company (BSR) is also expected to occur in 2016

[Reuters \(6 January 2016\)](#)

02 THAILAND'S LOGISTICS INDUSTRY TO LEAD ASEAN



THAILAND

According to study by Frost & Sullivan, Thailand's logistics industry is positioned to capitalise upon the ASEAN Economic Community (AEC) as it plays a key role in connecting the landlocked countries of Indochina.

- ▶ Analysis by Frost & Sullivan also finds that the Thai logistics market earned revenues of US\$71.7 billion in 2014, and estimates this to reach US\$96.5 billion in 2019 should Thailand be able to overcome uncertainties surrounding its own government and slowed growth in the Eurozone and Japan
- ▶ Currently, the Thai government has taken a three pronged approach in improving its infrastructural network in order to support growth in the logistics industry; firstly, increased foreign direct investment in

Myanmar, Cambodia, and Laos has been introduced to support cross-border infrastructural networks, secondly, modernisation programs in the country's two ports are to improve the nation's viability as a logistical hub, and lastly, a policy focus on high tech manufacturing is to support growth in air services

- ▶ According to Jeff Tan, a Senior Consultant at Frost & Sullivan, a holistic strategy which encompasses setting up infrastructure, increasing network coverage, and improving human resources and service quality will enable Thailand's logistics services to succeed

[Air Cargo World \(7 January 2016\)](#)

03 SINGAPORE'S STOCKS PLUNGE AMIDST BEARISH MARKETS



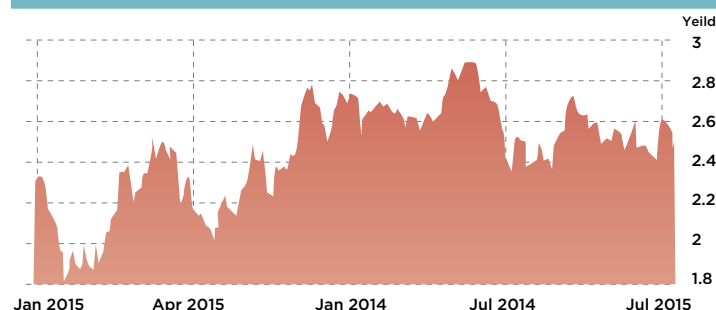
SINGAPORE

According to a survey published by the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCIM), more than half of Malaysia's SMEs remain unsure of the ASEAN Economic Communities' (AEC) impact on their businesses.

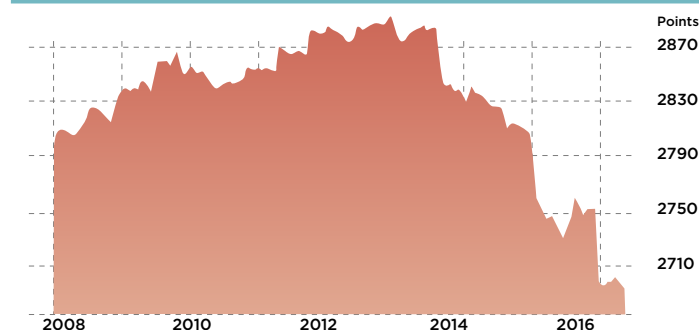
- ▶ Whilst the AEC provides opportunities for regional expansion and potential improvements in the regional production chain, the integration of regional economies will also bring increased competition which may challenge local SMEs
- ▶ And according to Bank Muamalat chairman Munir Majid, ASEAN's SMEs constitute 89% to 99% of enterprises, employing across the region between 52% and 97% of the working population and making up 23% to 58% of ASEAN GDP; this makes them a key demographic of interest in terms of the AEC's potential impact
- ▶ According to the survey, whilst the implementation of the AEC will go ahead as planned with the coming 2016, awareness and information raising initiatives will need to be undertaken to prepare the bulk of SMEs for regional economic integration

[Channel News Asia \(7 January 2016\)](#)

Singapore Government Bond 10Y



STI



[Trading Economics](#)

04 PRODUCTIVITY GAINS AND WAGE HIKES



ASEAN

With the implementation of the ASEAN Economic Community (AEC) in 2016 and its easing of labour movement across member states, the threat of minimum wage hikes in 2016 brings into question the impact of the AEC on worker productivity.

- ▶ In order to ward off the potential emigration of trained staff due to wage differences across ASEAN member states, manufacturers are more likely to support official national wage rises; according to Thomas Hundt, the director of Germany Trade and Invest (GTAI), this will prompt manufactures to assess productivity versus pay in its workers and reassess their overall business strategies

- ▶ To remain competitive, productivity gains need to match wage increases, otherwise businesses would be disadvantaged by the higher cost of business created by minimum wage laws; this issue will be prevalent within labour intensive industries such as the garment industry

- ▶ Several minimum wage hikes have already been put into effect, with Cambodia raising its minimum wage by 9.4% to US\$140 a month, whilst the Malaysian Government will increase its rate by 11.1% to US\$233

[Just Style \(4 January 2016\)](#)

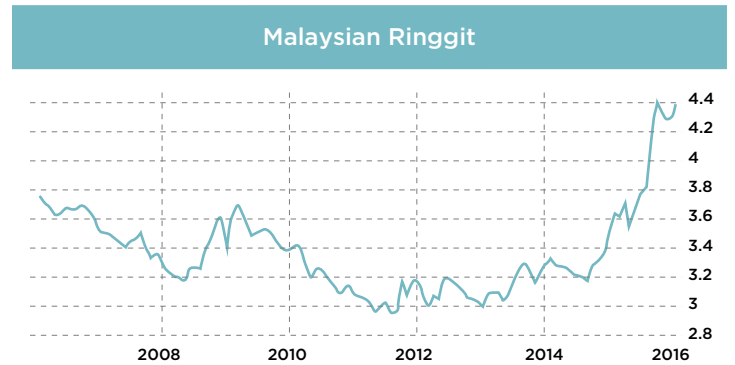
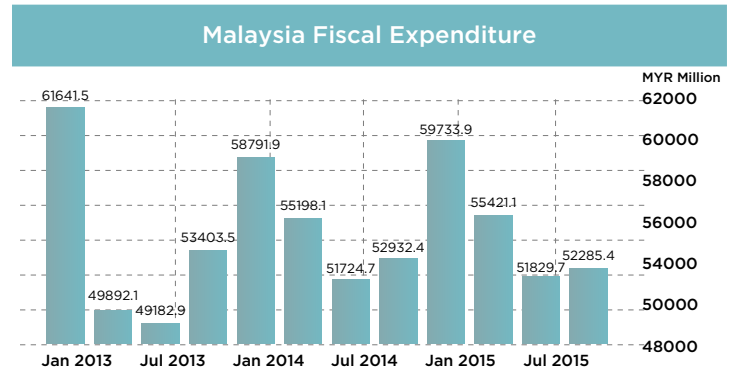
05 CIMB: MALAYSIA IN FISCAL BIND



According to a report by CIMB Research, Malaysia is in a fiscal bind, which will be exacerbated by sliding oil prices.

- ▶ With Malaysia's currency already significantly weakened, any hopes of employing monetary easing to manage the country's economy are significantly dampened; furthermore, the government's ailing budget for 2016 has also shown a lack of fiscal measures to boost the economy
- ▶ The report also stressed that all three drivers of growth for Malaysia, which are global trade, Chinese growth, and strong commodity markets, are currently experiencing a slowdown which has negatively impacted Malaysia's economy; meanwhile, the World Bank has stated that Malaysia's shift away from reliance on commodity related revenue will help to cushion harsh market conditions
- ▶ Factors working in favour of growth would be the implementation of the Trans-Pacific Partnership (TPP) and the integration of the ASEAN Economic Community (AEC), both of which are expected to aid in increasing Foreign Direct Investment (FDI) and job creation

[The Star \(7 January 2016\)](#)



[Trading Economics](#)

06 INDONESIA SUES FIRMS OVER FIRES



According to a statement made by Indonesia's Environment and Forestry Minister Siti Nurbaya Bakar, the Indonesian government has announced plans to take ten firms to court over illegal forest fires, which caused the transboundary haze in 2015.

- ▶ Though the government has actively pursued punitive action against companies it deems responsible for illegal forest fires in court, recent outcomes within Indonesia's judicial system have been less than ideal; Indonesia's latest lawsuit against the local pulpwood plantation company Bumi Mekar Hijab (BMH) gained no traction as the Palembang district court ruled that there was no evidence as to BMH's deliberate involvement in forest fires

- ▶ Whilst the Indonesian government continues to sue companies for environmental crimes, it is also capable of issuing administrative sanctions suspending business licenses and ceasing their operations; 16 plantation companies including BMH have had their business licenses suspended whilst three have had their licenses revoked following a government probe into the matter
- ▶ Minister Bakar said that her ministry is preparing to appeal against the court ruling handed down in favour of BMH, and has claimed that the government has had no problems with finding evidence tying BMH to the forest fires

[Straits Times \(6 January 2016\)](#)

07 SBF CALLS FOR GOVERNMENT HELP



The Singapore Business Federation (SBF) called on the Government to help companies cope with restructuring while helping to build Singapore as a home base for companies expanding overseas.

- ▶ The SBF did so through the release of a position paper which claimed that challenging internal and external macroeconomic factors are hampering the regional expansion of Singaporean firms; in particular, business costs, ageing demographics, and a lacklustre global economic outlook were identified as issues
- ▶ The paper called for the government to conduct an analysis on the situation in the short term, whilst suggesting alternative sourcing for capital in the long term for MSMEs; in particular, it was stated that

- ▶ pension funds and other schemes should be able to be invested in MSMEs in order to increase the available capital to firms
- ▶ About 70 business leaders and 28 trade associations and chambers contributed their ideas to the paper; the recommendations will be presented to Finance Minister and chairman of the Committee on the Future Economy Heng Swee Keat on 12 January

[Channel News Asia \(6 January 2016\)](#)



08 MYANMAR MONITOR

POLITICS

▶ The military-linked government, in its final weeks in power, is passing legislation that benefits departing lawmakers and awarding large business contracts, including one to a Chinese-led group to build a sea port. Five idle manufacturing plants were also transferred last month from the civilian-led ministry of industry to the military-controlled ministry of defence. Another proposal would protect former presidents from prosecution related to acts taken in office and provide them with bodyguards. None of these actions are prohibited under Myanmar's political system.

[The Wall Street Journal \(10 January 2016\)](#)

▶ Myanmar's new parliament will convene on 1 February, two months after voters gave the opposition National League for Democracy a landslide victory. The date was announced by the outgoing speaker of parliament Shwe Mann. A quarter of seats in parliament remain reserved for the military, along with key security ministries.

[BBC \(6 January 2016\)](#)

ECONOMY

▶ Almost a century after trams stopped running in Yangon, a new electric line along Strand Road has opened, aimed at helping relieve some of the pressure on the city's congested streets. Myanmar's Ministry of Rail Transportation and Japan's West Corporation are funding the project, which is starting with a three-carriage commuter running six times each day.

[Myanmar Times \(11 January 2016\)](#)

▶ Australia's Woodside Petroleum Ltd. Discovery of natural gas off the coast of Myanmar is a positive sign for energy companies that are exploring in the once-isolated country. "For a lot of the global players that rushed into the space, this confirms it is prospective and worth chasing," said Adrian Prendergast, an analyst at Morgans Financial Ltd. in Melbourne. "But there's still a long a way to go."

[Bloomberg \(4 January 2016\)](#)

FOREIGN AFFAIRS

▶ Two days meetings on the status of 3 million Myanmar migrant workers in Thailand finished on 9 January without a solution. Thai negotiators referred all matters under discussion to Bangkok for a decision, without a clear date for talks by the Thai government. Representatives of the Myanmar workers have complained about police harassment and exploitation by employers.

[Myanmar Times \(11 January 2016\)](#)

09 MALAYSIA DETAINS OFFICIALS IN BAUXITE MINE CORRUPTION PROBE

MALAYSIA

Malaysia's anti-graft agency detained four government officials on suspicion of taking bribes relating to the mining of bauxite.

- ▶ Furthermore, Malaysia has also imposed a 3 month mining ban on Bauxite in the state of Pahang due to complaints and concerns surrounding environmental pollution from uncontrolled bauxite mining activities; river pollution from bauxite mining poses long term health risks according to Health Minister Subramaniam Sathasivam
- ▶ The commission discovered that specific forms needed to transport bauxite had been sold illegally to unlicensed miners for as much as 200 times the original price, whilst agency has gathered more evidence on the parties involved and leaves open the possibility that more people will be detained
- ▶ Malaysia supplied more than 40% of China's imports of the aluminium making raw material last year after Indonesia imposed a ban on shipments in January 2014; China produces about half the world's aluminium used in everything from aircraft to door frames and drink cans

[Bloomberg \(7 January 2016\)](#)

10 THE RULE OF LAW IN THE PHILIPPINES

PHILIPPINES

The Philippines was ranked 51 in the Rule of Law (RoL) Index 2015 Report which has used over 100,000 households and 2,400 expert surveys to measure how the RoL is experienced in practical, everyday situations by ordinary people around the world.

- ▶ RoL is based on and defined by the World Justice Project (WJP) on four principles; firstly the government and its officials and agents, secondly, the nature of laws in relation to fundamental rights, thirdly, the practice of laws, and lastly, the instruments of implementing law
- ▶ In its ranking of the Philippines, the WJP found that the Philippines was particularly well equipped and invested in order and security, whilst not so much so in the area of criminal justice; this reflects the prevalence of private security within the nation and a lack of trust within the nation's law enforcement and justice system
- ▶ The WJP recommended that Presidential, congressional, and local candidates, as well as their political parties and officials, should make it a priority to improve the country's criminal justice system

[Business World Online \(7 January 2016\)](#)



[Global Financial Integrity](#)