CARI CAPTURES

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12 NATIONS INK LANDMARK TPP DEAL

KEY FEATURES OF THE TPP

COMPREHENSIVE MARKET ACCESS

THE TPP REMOVES TRADE BARRIERS PREVENT ACCESS ACROSS THE AREAS OF GOODS, SERVICES, AND INVESTMENT FLOWS.

REGIONAL APPROACH TO COMMITMENTS

THE TPP FACILITATES THE DEVELOPMENT OF PRODUCTION AND SUPPLY CHAINS, FOSTERING CROSS-BORDER INTEGRATION.

ADDRESSING NEW TRADE CHALLENGES

THE TPP PROMOTES INNOVATION, PRODUCTIVITY, AND COMPETITIVENESS BY ADDRESSING NEW ISSUES, INCLUDING THE DEVELOPMENT OF THE DIGITAL ECONOMY, AND THE ROLE OF STATE-OWNED ENTERPRISES IN THE GLOBAL ECONOMY.

INCLUSIVE TRADE

THE TPP PLACES AN EMPHASIS ON INCLUDING ON SMALL AND MEDIUM SIZED ENTERPRISES (SMSES) AMONGST ITS TRADE AND INVESTMENT FACILITATIVE MEASURES.

PLATFORM FOR REGIONAL INTEGRATION

THE TPP IS INTENDED AS A PLATFORM FOR REGIONAL ECONOMIC INTEGRATION AND DESIGNED TO INCLUDE ADDITIONAL ECONOMIES ACROSS THE ASIA-PACIFIC REGION.

Source: Office of The United States Trade Representative

Twelve nations accounting for nearly 40% of global Gross Domestic Product (GDP) worth US$30 trillion have ratified the Trans Pacific Partnership (TPP); this includes the ASEAN member states of Malaysia, Vietnam, Singapore, and Brunei.

- The TPP, which covers 40% of the global economy is expected to open up opportunities for signatories through the implementation of free trade agreements as well as intellectual property rights guarantees; whilst Singapore, Malaysia, and Vietnam benefit as signatories to the TPP, it should be noted that their preferred trade status as members to the agreement adversely affect other nations within the region
- The countries will have the next two years to complete domestic procedures, including the ratification by their parliaments, before the agreement enters into force; the agreement can take effect only with the approval of at least six countries, which account for at least 85% of the combined gross domestic product of all member nations

News Straits Times (04 February 2016)

MALAYSIA AND INDONESIA PROTEST FRENCH PALM OIL TAX

France's plans to impose a progressive tax of up to USD$1000 per tonne on imported palm oil based products have met with strong sentiments from Malaysian and Indonesian trade representatives.

- The tax, which was approved through the passage of a bill in French parliament on 21 January would gradually increase according to a schedule; per tonne, the tax would increase from around US$110 in 2016, to US$330 in 2017, US$560 in 2018, US$780 in 2019, and finally to US$1000 in the years following
- During a press conference, Indonesia's Coordinating Minister of Maritime and Resources Rizal Ramli and the Malaysian Plantation Industries and Commodities Minister Datuk Seri Douglas Uggah Embas emphasised that the tax would hurt the palm oil industry of both nations
- Whilst Minister Uggah said that France was possibly implementing the tax to safeguard its vegetable, soya, and sunflower oil industries, the minister also stated that doing so was in direct contravention of requirements stipulated by the World Trade Organisation relating to free trade

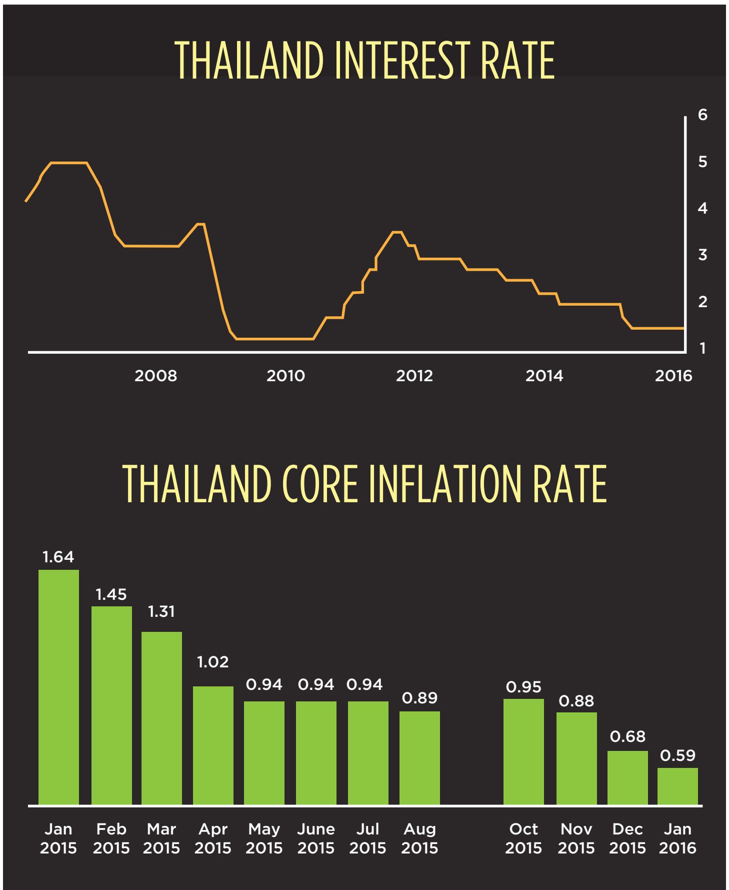
The Star (05 February 2016)

THAILAND HOLDS KEY RATE

The Thai government kept its key interest rate after its sixth straight meeting despite increases in fiscal spending to stimulate the economy amidst sluggish global demand.

- According to Assistant Governor Maturing Jantarangs, the central bank's decision to hold interest rates at 1.5% was due to the government's hopes to remain flexible in the face of increasing external risks; the minister further emphasised that if the economy performed under expectations, monetary stimulus may be used to boost the economy
- In January alone, Prime Minister Prayuth Chan-Ocha approved a US$980 million plan to develop Thailand's rural infrastructure; this followed the World Bank's forecast that growth within Thailand would weaken to 2% in 2016
- Whilst consumer prices continue to fall as they have over the past 13 months into January 2016, the central banks expects inflation to turn positive in the first half of 2016; therefore, cutting interest rates would be premature and may result in increased market volatility, according to the central bank

Bloomberg (03 February 2016)



Source: Trading Economics

MINISTERIAL INFIGHTING OVER HIGH SPEED RAIL PROJECT

Whilst the Ministry of State-Owned Enterprises has continued to support a consortium of companies from China, Indonesia's Transportation Ministry has continued to refuse to issue business and construction permits for the project.

- The groundbreaking ceremony, which was to occur on 22 January, was overshadowed by clashes between the Transportation and State Owned Enterprises ministries who have disagreed on exclusivity and concession rights regarding the rail project
- The Transportation Ministry has argued that concession rights should revert back to the Indonesian government for tender over the course of the railway's lifespan, whilst the consortium has demanded that it retain its exclusivity and concession rights for the estimated lifespan of the railway
- The Transportation Ministry has also stipulated that the railway structures and facilities should last over a 100-year lifespan, which the consortium has stated is not possible citing reasons of new technology and realistic wear and tear

Nikkei Asian Review (05 February 2016)

05 MALAYSIA

MALAYSIA'S PM BACKS ETP INITIATIVES

Prime Minister and Finance Minister Datuk Seri Najib Razak has affirmed Malaysia's commitment to the economic Transformation Programme (ETP), which has overseen Malaysia's gross domestic product (GDP) grew from RM528 billion in 2009 to RM877 billion in 2015.

- The ETP, which was launched in 2010, is aimed at achieving a developed nation status for Malaysia by 2020 through the creation of jobs, attraction of foreign investment, and implementation of strategic reform initiatives
- In a statement released by the Ministry of Finance (MoF), the country grew between 4.5% and 5.5% in 2015, whilst its unemployment rate declined from 4.5% to 3% with a total of 1.8 million new jobs having been created over the course of a year
- The release further addressed an article entitled "Najib Razak: Asia's Worst Finance Minister 2016." by stating that it was unethical for the e-magazine to make a judgment based on developments within 12 months, backed by baseless and biased allegations

The Malay Mail Online (03 February 2016)

06 SINGAPORE

SINGAPORE AIRLINES BEATS ESTIMATES

Singapore Airlines Ltd saw its net profit rise by 36%, and its operating profit up 96% in 2015; however, it has also recognised that new rivals and volatile demand are challenges it will face in the future.

- In the recent past, Singapore Airlines has purchased new planes for its fleet and founded subsidiaries in both India and Australia in order to address growth in budget airline services; the airlines has also continued to pursue full ownership of Tiger Airways Holdings Ltd., its partly owned budget subsidiary
- Despite lower fuel prices, the company lost US51 million on fuel hedges during the third quarter of 2015, and an additional US$55 million to the weak Singaporean dollar; on the whole, the airlines managed to outperform analyst earning projections
- The airlines also said its operating environment will remain challenging and travel demand will be volatile as Southeast Asia's largest carrier faces increased competition from budget rivals

Bloomberg (04 February 2016)

07 MALAYSIA

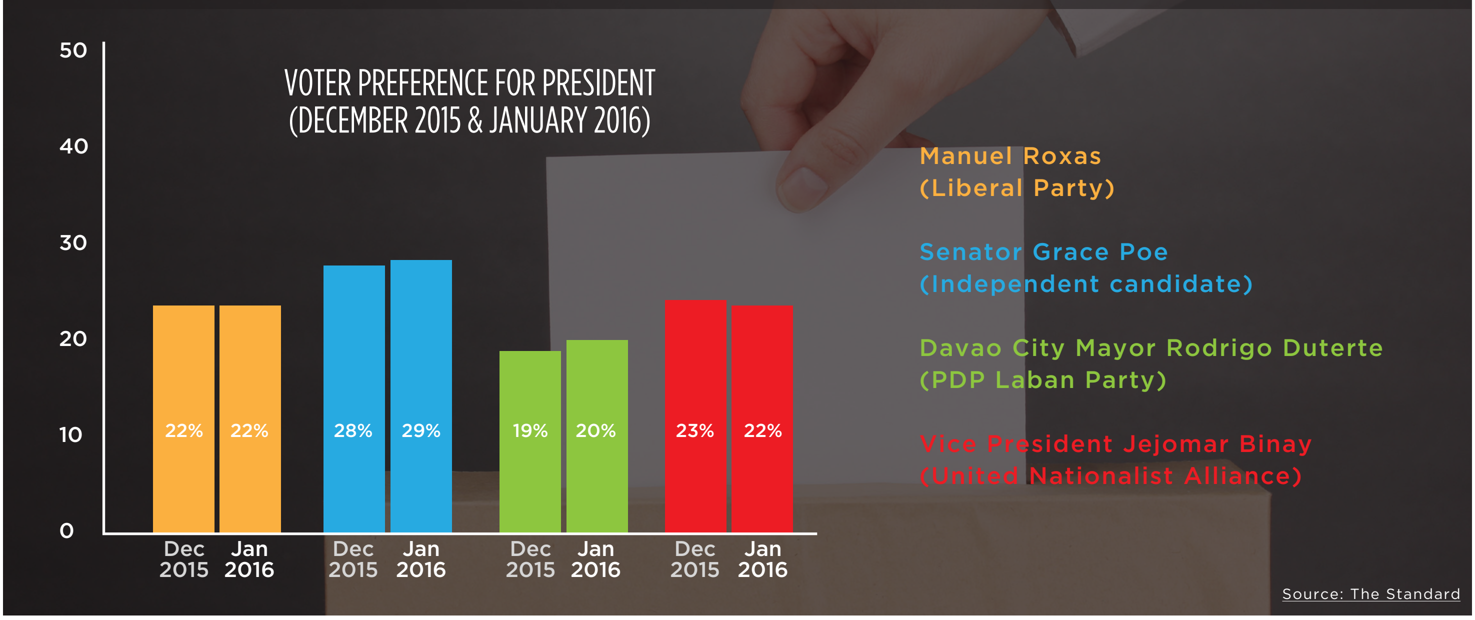
MAJOR CONTENDERS EMERGE FOR FILIPINO ELECTIONS

The Philippines' election body, the Commission on Elections, has narrowed down six candidates from an original 130.

- Amongst the six are Vice President Jejomar Binay representing the United Nationalist Alliance, Senator Miriam Defensor Santiago of the People's Reform Party, Davao City Mayor Rodrigo Duterte heading the Partido Demokratikong Pilipino Lakas ng Bayan or PDP Laban party, Senator Grace Poe as an Independent candidate, Mar Roxas of the Liberal Party and Party-list Representative Roy Señeres heading the Partido ng Manggagawa at Magsasaka
- Under Republic Act 7166 or the Synchronized National and Local Elections Law, spending caps for candidates and political parties have been set to US$28 million dollars; furthermore, the Philippines' poll body requires each candidate to submit a statement of contribution and expenditure
- Whilst the Filipino poll body has unseated local officials following investigations into spending above the maximum candidate caps, no president, vice president, or senator has ever been removed under the law due to over spending

Asia Times (01 February 2016)

FOUR LEADING PRESIDENTIAL CANDIDATES



Source: The Standard

08 MYANMAR MONITOR

NATIONAL

- A Beechcraft passenger plane burst into flames and crashed shortly after taking off from Naypyidaw's Ayelar Airport on a test flight on 10 February. Five people were killed in the crash, three officers and one crew member died on the spot, while one officer was rushed to the hospital and died a few hours later.

Myanmar Times (10 February 2016)

POLITICS

- Myanmar's 14 state and division legislatures elected speakers and deputy speakers on 8 February, with lawmakers from the National League for Democracy (NLD) assuming the posts in all but two parliaments—Rakhine and Shan states. Tin Ei, an MP from Thanbyuzayat constituency in Mon State, has become the first female speaker of one of Myanmar's regional parliaments.

The Irrawaddy (10 February 2016)

ECONOMY

- Myanmar's FDI flow is expected to be sluggish this year as the country undergoes a period of political transition, experts say. Despite Myanmar heading down a more democratic path, investors are still taking a wait-and-see approach, according to Aye Lwin, joint secretary of the UMFCCI. Many of the country's main investors are focusing their attention on other countries in the region, particularly Singapore, according to Aung Naing Oo, secretary of the MIC.

The Irrawaddy (10 February 2016)

- Myanmar banks suspended foreign currency exchange services yesterday as the kyat surged in value against the dollar, with financial industry sources variously pointing the finger at political speculation, market rumours and a lack of clear Central Bank policy. The kyat strengthened to K1248 against the dollar on 9 February, according to the Central Bank's rate, after ending January at K1294.

Myanmar Times (10 February 2016)

- Eight Taiwanese lenders are among the 13 banks to respond to a request for proposals (RFP) in Myanmar's second round of foreign bank licensing. Three to five applicants are likely to be chosen by the end of March to open a branch office in Yangon, bank sources said.

Asia Times (10 February 2016)

09 VIETNAM

VIETNAMESE RETAIL SECTOR SEES M&A

Foreign interest in the Vietnamese retail market has risen due to fast growth and loosening foreign ownership barriers.

- Vietnam has agreed to remove foreign ownership restrictions on retail companies as part of its commitment to joining the World Trade Organisation (WTO), additionally, the implementation of the ASEAN Economic Community (AEC) and ratification of the Trans-Pacific Partnership (TPP) have all combined to create a trifecta of conditions conducive to the entrance of foreign business and investment
- Currently, modern retail supermarkets and stores account for 25% of the market share in Vietnam, making to the lowest developed market for retail channels in the region; this has led to foreign interest in Vietnam's untapped markets
- An example of foreign entrants into Vietnam would be Vingroup, which has made various acquisitions in the recent past; it bought the Ocean Mart in 2014, then Vinatextmart, acquired an 80% stake in the Hop Nhat Company, and then purchased Maximark

Vietnam News (05 February 2016)

10 CAMBODIA

CAMBODIAN CORRUPTION KEEPING ECONOMY UNFREE

According to Transparency International's 2015 Corruption Perceptions Index (CPI), Cambodia scored a 21 out of 100 points placing it dead last amongst ASEAN nations in terms of combatting corruption.

- Cambodia scored of 57.9 points out of a possible 100, which was largely unchanged in five years and just below global and regional averages; Cambodia ranked 112 out of 178 countries surveyed in the conservative think tank's "2016 Index Of Economic Freedom"
- Whilst the report recognised Cambodia's growing openness to trade and foreign investment, it also stated that Cambodia's economic freedom was being undermined by the absence of basic economic liberties
- Cambodia received its lowest scores in the rule of law and business freedom categories, reflecting poor protection of property rights and corruption; furthermore, a lack of deep structural reform within the nation was cited as a reason that the trend has continued over the past few years

Cambodia Daily (03 February 2016)

2016 INDEX OF ECONOMIC FREEDOM; ASEAN COUNTRIES

COUNTRY	SCORE	RANK
SINGAPORE	87.8	2
MALAYSIA	71.5	29
BRUNEI	67.3	51
THAILAND	63.9	67
PHILIPPINES	63.1	70
INDONESIA	59.4	99
CAMBODIA	57.9	112
VEITNAM	54	131
LAOS	49.8	155
MYANMAR	48.7	158

Source: 2016 Index of Economic Freedom

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