

# CARI CAPTURES

WHY THAI RETAILERS  
LIKE VIETNAM

PUTIN PITCHES ARMS AND ENERGY

VIETNAM'S HEALTHCARE SECTOR IS  
POISED FOR DECADES OF GROWTH

01 ASEAN

## ASEAN DROUGHT TAKES BACKSEAT AT WEF

### WORLD ECONOMIC FORUM 2016 ON ASEAN AGENDA

- ENHANCING PRODUCTIVITY THROUGH TECHNOLOGY SHIFTS
- DEMOGRAPHIC SHIFTS AND STRENGTHENING SOCIAL PROTECTION SYSTEMS
- PROMOTING STABILITY THROUGH EFFICIENT GOVERNANCE
- ACCELERATING REFORMS TO BUILD REGIONAL RESILIENCE

### KEY SPEAKERS



**NAZIR RAZAK**  
CHAIRMAN, CIMB  
GROUP HOLDINGS  
BERHAD



**ULF EWALDSSON**  
SENIOR VICE-  
PRESIDENT AND CHIEF  
TECHNOLOGY OFFICER  
TELEFONAKTIEBOLAGET  
LM ERICSSON



**MARI ELKA  
PANGESTU**  
PROFESSOR OF  
INTERNATIONAL  
ECONOMICS,  
UNIVERSITY OF  
INDONESIA



**HASLINDA AMIN**  
CORRESPONDENT  
AND ANCHOR,  
BLOOMBERG NEWS



**YSHIAKI FUJIMORI**  
PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER, LIXIL  
GROUP CORPORATION



**SHAHRIL SHAMSUDDIN**  
PRESIDENT AND  
GROUP CHIEF  
EXECUTIVE OFFICER,  
SAPURAKENCANA  
PETROLEUM BERHAD

Source: World Economic Forum

The two day World Economic Forum for ASEAN in Kuala Lumpur involves heads of states from various ASEAN member states including Malaysia, Cambodia, Vietnam, and Indonesia; whilst economic growth, trade, digital innovation, infrastructure, and gender rights are currently on the agenda, ASEAN's worst drought in more than 50 years is not.

- ▶ Though a pledge from ASEAN ministers as the World Humanitarian Summit to conduct a through study on the situation has already been committed, economists such as Rajiv Biswas, the chief economist at IHS Global Insight, has stated that the lack of environmental issues on the WEF agenda is a travesty

- ▶ The current weather phenomenon, El Nino, has created droughts across the region due to crippling heat waves across the region; staple crops such as Thailand and Vietnam have already seen around 230,000 hectares of rice ruined in the first half of the year, representing an estimated 9% drop in global rice production
- ▶ According to Matthew Morell, director general of the International Rice Research Institute (IRRI), 95% of rice research came from non-ASEAN governments; IRRI also recommends that ASEAN's begin addressing agricultural issues through increased R&D and agricultural outreach initiatives by ASEAN member states

CNBC (30 May 2016)

## WHY THAI RETAILERS LIKE VIETNAM

In recent years, Vietnam's growing retail market has been attracting attention from several Thai corporations that see better opportunities in Vietnam than in their own country.

- ▶ The previous airshow in 2014 garnered 44 deals, including 20 disclosed deals totalling US\$32 billion; according to Experia Events, the lack of disclosed details reflects the growing sophistication and competitiveness of the aviation industry
- ▶ In particular, Vietnam's increasing demand in both range and quality alongside burgeoning growth in purchasing power have been ideal characteristics Thai firms hope to capitalise on; Thai firms have entered the Vietnamese market in a variety of ways include mergers and acquisitions (M&As), partnerships, and franchising
- ▶ Foreign owned supermarkets have also challenged local producer in a variety of ways, imposing significantly higher commission rates of 5-10% on total revenue, compared to the 1-2% charged by local retailers; this has given rise to an increasing trend and market share of foreign goods as foreign retailers continue to maintain product sales mixes identical to those in Thailand

[Forbes \(31 May 2016\)](#)



## SINGAPORE-INDIA DIALOGUE AFFIRMS PEACEFUL RESOLUTION TO SOUTH CHINA SEA DISPUTE

**Speaking to the media after the first Singapore-India Defence Ministers' Dialogue, the defence ministers of India and Singapore say that there should be freedom of navigation when it comes to international waters.**

- ▶ India's Defence Minister Manohar Parrikar said its stance on the South China Sea disputes remains the same - that countries involved should settle them through discussion and not via forceful actions; furthermore, the Minister said India will engage individual countries in the east through its Act East policy

- ▶ Meanwhile, Singapore's Defence Minister Ng Eng Hen said India and Singapore will continue to deepen their defence relations; currently, there are agreements which allow Singapore's air force and army to train in India
- ▶ Dr Ng noted that both countries will work to renew those agreements in 2017 and 2018 respectively; he added that they will also boost the scale and complexity of bilateral military exercises, and stressed the importance of working with India

[Channel News Asia \(30 May 2016\)](#)

## PUTIN PITCHES ARMS AND ENERGY

**Though the ASEAN-Russian Summit of 2016 yielded the affirmation of an aspirational "strategic partnership", little to no inroads into moving from Russia's status as a "dialogue partner" has been made.**

- ▶ A strategic partnership, which is currently enjoyed by all ADMM-Plus members (Australia, China, India, Japan, New Zealand, South Korea, and the United States) except Russia, allows for greater involvement within policy creation as well as the lucrative and comprehensive benefits offered within ASEAN+1 Free Trade Agreements

- ▶ Russia's ties with other Southeast Asian nations are likely to remain more transactional than strategic, with a strong focus on energy and arms deals as well as military and security cooperation
- ▶ According to Jeremy Maxie, a Senior Energy Advisor at Longview Global Advisors, it is more likely that Russian-ASEAN ties will be developed by individual bilateral agreements with ASEAN member states rather than sweeping multilateral free trade agreements; this is evidenced by Russia's recent ratification of an FTA between the EAEU and Vietnam, demonstrating that similar agreements with other ASEAN states are likely

[Forbes \(01 June 2016\)](#)

## VIETNAM'S HEALTHCARE SECTOR IS POISED FOR DECADES OF GROWTH

**A growing population, rising incomes, and a burgeoning awareness for medical services has led to a spike in demand for medical services which cannot currently be met by the Vietnamese healthcare system.**

- ▶ With spending on private healthcare growing by 241% in the past decade alone and accounting for 7.2% of Vietnam's GDP as of 2015, Vietnam's healthcare spending is now the highest in the region as a percentage of GDP; according to the World Health Organisation (WHO), this sharp rise is unmatched on the supply side

- ▶ As of 2015, there are on average 7 to 8 healthcare workers and 25 hospital beds for every 10,000 Vietnamese citizens; this is much lower than the global average of 15 healthcare workers and 30 beds per 10,000 people
- ▶ Additionally, the per capita disposable income will rise from US\$1400 to US\$3400 per year over the same time period

[Forbes \(31 May 2016\)](#)

## INDONESIA TO PROPOSE MINIMUM WAGE FOR ASEAN WORKERS

**Indonesia will propose a minimum wage be set for workers in Southeast Asian countries at the next ASEAN manpower ministers meeting in an effort to protect employees in the region.**

- ▶ When speaking at the World Economic Forum in Malaysia recently, Vice President Jusuf Kalla proposed a standard minimum wage be applied throughout the Southeast Asian region; standardising rates across the region would eliminate labor cost competition between the nation, whilst hopefully preventing the exploitation of workers
- ▶ Currently, minimum wages across ASEAN countries differ significantly in both quantitative and qualitative requirements; for an example, nations such as the Philippines, Malaysia, and Indonesia have differing minimum wages across regions whilst Cambodia, Thailand, and Myanmar have a standard rate
- ▶ According to Vice President Kalla, currently only Cambodia has expressed an interest in developing a minimum wage across the region; however, further deliberations would be required by the manpower ministries of member states for further action to be taken

[Nation Multimedia \(03 June 2016\)](#)



## MALAYSIA BANKING INDUSTRY LARGELY INSULATED FROM 1MDB FALLOUT: NAZIR RAZAK

**"1MDB's liability to the banking industry seems to have been resolved," said Mr Nazir, who was speaking on the sidelines of the ongoing World Economic Forum in Kuala Lumpur.**

- ▶ His comments come after the fund was linked to the closure of merchant bank BSI in Singapore, where BSI was kicked out of the island state over breaches of money laundering rules, poor management oversight and staff misconduct; however, no ripple effect appears to have hit Malaysia
- ▶ Furthermore, the CIMB Group Chairman, who has been in the banking industry for more than 25 years,

has blamed political distractions for hitting business confidence; according to Chairman Nazir, political certainty is a necessary prerequisite for attracting investment and talent

- ▶ Chairman Nazir hopes that the outcome of the twin by-elections in Sungai Besar and Kuala Kangsar on 18 Jun will provide a greater clarity on the political front; additionally, the repayment of domestic loans by 1MDB and its freeze on further borrowings has certainly added to preventing further shifts in investor confidence

[Channel News Asia \(01 June 2016\)](#)

**POLITICS**

▶ Over a thousand hard-line Buddhists gathered on the outskirts of Yangon for the annual summit of their ultra-nationalist group on 5 June, as the anti-Muslim network looks to stay relevant under Myanmar's new civilian leadership. The gathering celebrated the third anniversary of the founding of Ma Ba Tha, which has been at the forefront of anti-Muslim sentiment in Myanmar in recent years.

[Mizzima \(6 June 2016\)](#)

▶ The National League for Democracy is preparing to hold internal elections, the party's secretariat announced on 7 June. The internal elections come as many party members have assumed new responsibilities, while others have been expelled or are for other reasons unable to carry out their duties. A nationwide internal election to fill vacant seats within the party's central committees in townships, districts, and states and regions will start on 15 June.

[Myanmar Times \(8 June 2016\)](#)

**FOREIGN AFFAIRS**

▶ Singapore's Prime Minister Lee Hsien Loong asked Aung San Suu Kyi to use her high profile in the international community to boost the status of ASEAN during a visit to Naypyidaw on 7 June, his first state visit to the country since the new government took office at the end of March.

[Frontier Myanmar \(8 June 2016\)](#)

**BUSINESS AND INVESTMENT**

▶ BOT Lease - the leasing arm of Bank of Tokyo-Mitsubishi UFJ - is applying to be the first foreign leasing company to open a representative office in Myanmar. The firm first applied to open an office in 2013, before the country welcomed two waves of foreign banks to set up branches and the new Financial Institutions Law passed in January, which designates leasing companies as non-bank financial institutions.

[Myanmar Times \(8 June 2016\)](#)

▶ Singapore is looking to introduce multi-city flights within Myanmar by its carriers Singapore Airlines or SilkAir, Singapore's Prime Minister Lee Hsien Loong said on 8 June in a visit to Yangon. The current 49 direct flights a week between Singapore and Myanmar are international, with flights to and from Singapore and Mandalay, or Singapore and Yangon.

[The Straits Times \(9 June 2016\)](#)

▶ A prepaid card system has been introduced to cut queues at toll gates along the main trading route between Myanmar and China in an attempt to reduce severe traffic congestion and free up trade. The dangerous two-lane trading route has grown increasingly congested over the past few years, and fruit and vegetables destined for China's Yunnan province often rot before they arrive.

[Myanmar Times \(8 June 2016\)](#)

**MALAYSIA OPPOSITION TO COMPETE WITH ITSELF IN BY-ELECTION**

**Parti Amanah Negara will field a candidate for the parliamentary seat of Sungai Besar in Selangor state, whilst the opposition Pan-Malaysian Islamic Party, known as PAS, and Prime Minister Najib's United Malays National Organisation have also named entrants for the race.**

- ▶ Disunity among opposition parties helped hand Prime Minister Najib's coalition a bigger majority in an election last month in Sarawak, the country's biggest state; the by election polls are to provide another opportunity to test the voter mood on Prime Minister Najib, who has faced funding scandals and financial troubles at a government investment company as well as residual public anger over the implementation last year of a goods and services tax
- ▶ The by-elections were triggered when deputy plantation minister Noriah Kasnon and Wan Mohammad Khair-il Anuar Wan Ahmad, chairman of the Malaysian Palm Oil Board, were killed in a helicopter crash in Sarawak; both were lawmakers from UMNO, the lead party in one of the longest-ruling coalitions in the world
- ▶ PAS had called on other opposition groups to avoid three-way contests in the June by-elections; the seats have traditionally been contested by PAS, deputy president Tuan Ibrahim Tuan Man was quoted as saying

[Bloomberg \(02 June 2016\)](#)

**INDONESIA LISTED AMONG TOP 39TH IN GLOBAL SLAVERY INDEX**

**According to Global Slavery Index, the Indonesia is among the top 50 countries with the largest number of people trapped in modern slavery practices.**

- ▶ With a population of over 252 million, 0.3% of Indonesia's population, or around 736,000 individuals, are trapped in modern slavery practices; this number has placed the country in 39th place in the global index, specifically in terms of prevalence
- ▶ In Southeast Asia specifically, Cambodia, Myanmar and Brunei were the top three countries respectively with the highest prevalence; meanwhile Singapore, one of the region's most prosperous countries, was listed at number 10 in Southeast Asia
- ▶ Meanwhile, Indonesia is listed at sixth in terms of prevalence in the Southeast Asian region; according to Katherine Bryant, a research manager at the Walk Free Foundation, "Walk Free Foundation survey data reveals that forced labor in agriculture and the construction industry is one of the most prevalent forms of modern slavery in Indonesia."

[Jakarta Post \(03 June 2016\)](#)

GLOBAL SLAVERY INDEX - ASEAN		
	Estimated Number of Individuals Living In Slavery	Proportion of total population
Indonesia	736,100	0.286%
Myanmar	515,100	0.956%
Philippines	401,000	0.398%
Cambodia	256,800	1.648%
Vietnam	139,300	0.152%
Malaysia	128,800	0.425%
Laos	20,000	0.295%
Singapore	9,200	0.170%
Brunei	3,400	0.805%

[Global Slavery Index](#)

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