

# CARI CAPTURES

WORSENING CRONYISM  
IN THE PHILIPPINES

SINGAPORE TOPS FINANCIAL  
LITERACY INDEX IN ASIA-PACIFIC

MALAYSIA AIRLINES 'ON COURSE'  
TO BREAK EVEN BY 2018

01 ASEAN

## ASEAN TO FORCE THE PACE IN RCEP NEGOTIATIONS

### REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP



NEGOTIATIONS BEGAN IN 2012 TOWARDS THE DEVELOPMENT OF AN FTA, WHICH WOULD UNTANGLE OVERLAPPING BI/MULTILATERAL AGREEMENTS BETWEEN STAKEHOLDERS IN EXISTING ASEAN+1 FTAS. FURTHERMORE, THE RCEP WOULD HELP TO DEEPEN COMMITMENTS IN THE FOLLOWING AREAS:

TRADE IN GOODS  
TRADE IN SERVICES  
INVESTMENT  
ECONOMIC AND TECHNICAL COOPERATION  
INTELLECTUAL PROPERTY  
COMPETITION  
DISPUTE SETTLEMENT  
OTHER EMERGING ISSUES

Source: Department of Foreign Affairs and Trade, DFAT, Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership.

**With the 13th Regional Comprehensive Economic Partnership (RCEP) Trade Negotiation Committee deliberations to finish in under a week, Ronnarong Poonpipat, deputy head of Thailand's Trade Negotiations Department has called for speeding up the negotiation process.**

▶ The RCEP covers issues including the liberalisation of trade in goods, services, and investment, intellectual property right laws, rules of origin, customs procedure, trade facilitation, sanitary and phyto-sanitary standards, technical barriers, electronic commerce, finance, telecommunication, and economic cooperation

▶ Previously, RCEP countries had agreed to reduce tariff on 65% of trade in goods, about 8,000 to 9,000 goods items, to zero immediately; meanwhile, tariffs on approximately 20% strategic goods would be reduced to zero within 10 years after RCEP's implementation

▶ Tariff on the remaining 15 per cent of trade in goods would be negotiated in the future, as they are considered extremely sensitive products for each country; a second meeting in 2016 is to occur in September in the hopes of finalising the agreement.

[The Nation \(13 June 2016\)](#)

## VIETNAM LEADS GROWTH AMONGST ASEAN

**Under the latest update of its Global Economic Prospects report, the WB forecast that among the large developing ASEAN economies, Vietnam and the Philippines have the strongest growth prospects.**

- ▶ In its latest forecast, The World Bank predicted an average of 6.3% growth for Vietnam between 2016 and 2018; this growth would be due to rising foreign direct investment, growing exports of manufactures and solid labour markets
- ▶ The World Bank also predicted that State-owned enterprise (SOE) reforms in Vietnam, which include improving transparency and governance, could reduce drains on fiscal resources; furthermore, banking sector reforms would be priorities for improving efficiency and the allocation of capital in Vietnam, which would provide support for the burgeoning economy
- ▶ Vietnam's ability to outpace the region's economic growth can be also attributed to the less than favourable conditions in the world economy's commodity markets; growth in developing economies reliant on commodity exports is projected to advance at 0.0% in 2016, a downward revision of 1.2% points since the World Bank's initial estimates in January

[Vietnam Net \(12 June 2016\)](#)

## FOREMOST PRODUCER TO MAKE THAILAND ASEAN EXPORT HUB

**Netherlands based Royal FrieslandCampina, the producer of Foremost dairy products, plans to make Thailand its Asean export hub.**

- ▶ According to their Chief Executive officer Roelof Joosten, the company expects income from Asia to be contributing half of its total revenue globally within five years; Thailand would be well placed to serve the emerging markets of the ASEAN region, with a particular focus on the high potential growth states of Cambodia, Laos, Myanmar, and Vietnam
- ▶ Joosten said the company would keep on investing in production, research and development, and marketing to make Thailand its Asean supply hub; FrieslandCampina (Thailand) will invest approximately US\$28.3 million in each of the next five years on expanding its production line and on research, innovation and marketing
- ▶ Besides the parent company in the Netherlands, Thailand is FrieslandCampina's largest supplier of ready-to-drink milk. The Thai unit purchases 360 tonnes of high quality raw milk from 5,000 Thai farmers every day to supply its production line, and expects to increase those numbers under its strategy to use Thailand as its Asean export hub

[The Nation \(06 June 2016\)](#)

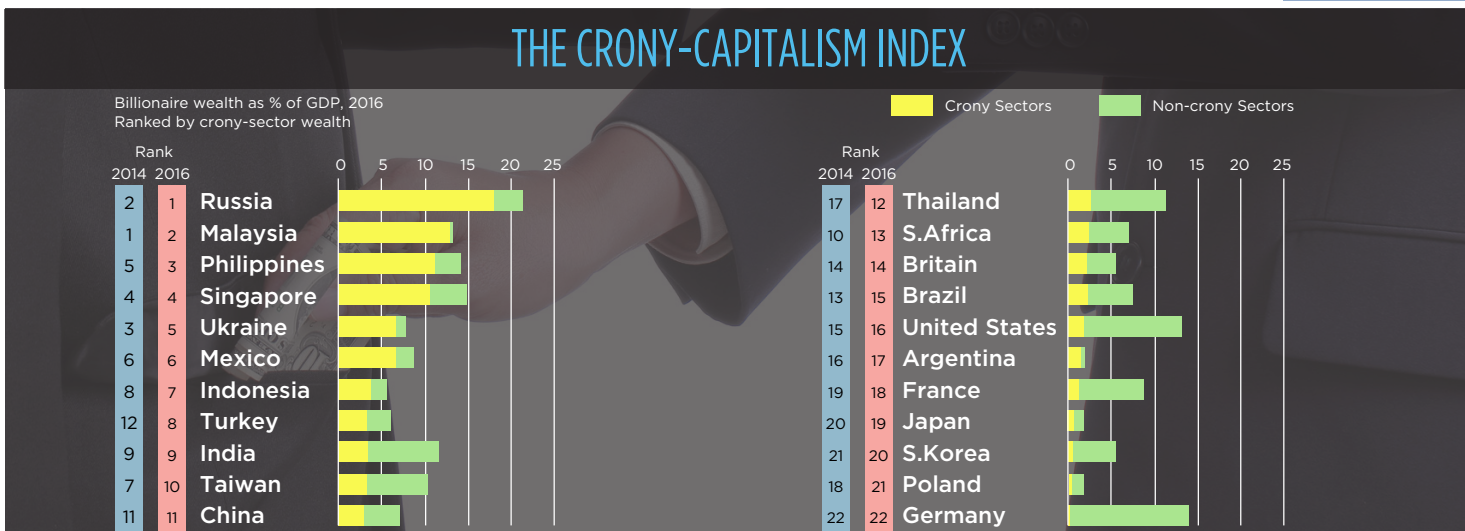
## WORSENING CRONYISM IN THE PHILIPPINES

**According to the Economist, crony capitalism has worsened in the Philippines over the past two years, becoming the third most crony-ridden of 22 economies in the study.**

- ▶ According to the Economist, four fifths of the Filipino GDP goes to crony companies; the election of Rodrigo Duterte is but a reflection of sentiment within the nation, where individuals hope the incumbent president will reform the nation's feudal political system which has allowed cronyism to flourish
- ▶ The Economist Ranked 22 countries in it's 2016 Crony Capitalism Index, placing Malaysia second, the Philippines third, Singapore fourth, Indonesia seventh, and Thailand 12th.

- ▶ In general, the updated index shows a steady shrinking of crony billionaire wealth to US\$1.75 trillion, a fall of 16% since 2014; In rich countries, crony wealth remains steady, at about 1.5% of GDP, whilst in the emerging world it has fallen to 4% of GDP, from a peak of 7% in 2008
- ▶ The index uses data on billionaires' fortunes from rankings by Forbes; billionaires are labeled as cronies based on the industry in which he or she is most active
- ▶ A country's total crony wealth is also compared to their GDP; it should be noted that the index does not attempt to capture petty graft, for example bribes for expediting forms or avoiding traffic penalties, which is endemic in many countries

[Philstar \(13 June 2016\)](#)



## EU TO START ASEAN AVIATION TALKS

**The EU is hoping to create new airline routes and new business opportunities for European firms through bilateral agreements with ASEAN and countries like Turkey and Qatar; the moves are part of an EU aviation strategy published in December 2015.**

- ▶ An ASEAN-EU agreement would aim to provide more direct flights between the two blocs, and create business opportunities for airlines by reducing restrictions on access to the EU and ASEAN markets. Such an agreement would bring almost US\$9 billion in economic benefits during the first seven years, according to EU estimates

- ▶ The EU already has an open skies system, where any European carrier can operate a flight between any two EU countries, and has been assisting ASEAN's efforts to create its own single aviation market; the ASEAN Air Transport Integration Project (AATIP) was launched by the EU in 2012 to help ASEAN create common regulations, safety standards and build regional institutions
- ▶ An AATIP seminar in Yangon was held with the aim of helping Myanmar and its airlines understand the impact of aviation liberalisation, including fifth freedom air traffic rights, and to identify barriers to competition in Myanmar

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

## SINGAPORE AIMS TO PROSECUTE INDONESIAN POLLUTERS UNDER HAZE LAW

**Singapore is prepared to prosecute any Indonesian companies found responsible for the fires that produced hazardous ash clouds last year, a minister said, standing his ground even as recent efforts to take firms to account drew ire from the country's largest Southeast Asian neighbor.**

- ▶ Under the Transboundary Haze Pollution Act of 2014, Singapore has ordered six suppliers of Indonesia's Asia Pulp and Paper Group to provide information on steps they are taking to prevent fires on their land, Environment and Water Resources Minister Masagos Zulkifli said in an interview
- ▶ The six companies have been told that Singapore has the right to bring their directors to court, and firms involved in haze-producing fires face fines of up to US\$74,000 a day for every day of fire, the minister said
- ▶ Indonesian President Joko Widodo, known as Jokowi, backed Singapore's plans to wield heftier fines against overseas polluters as long as sovereignty is respected, before he took office in 2014; in 2015, severe haze from fires in Indonesia caused Singapore's three-hour index to peak at 316, near the 321 level reached in 2013

[Bloomberg \(10 June 2016\)](#)

### TRANSBOUNDARY HAZE POLLUTION ACT OF 2014

- Enacted in line with the ASEAN Agreement on Transboundary Haze, which calls for member states to take legislative, administrative and/or other measures to implement their obligations to prevent and monitor transboundary haze pollution
- The Singapore Haze Pollution Act makes it an offence to engage in acts which contribute to any haze pollution in Singapore
- Whilst the ASEAN Agreement stipulates any trans-national information requested in relation to the haze must be provided, the Singaporean Act takes this a step further and uses such information to persecute identified offenders

Source: S. Rajaratnam School of International Studies

## MALAYSIA AIRLINES 'ON COURSE' TO BREAK EVEN BY 2018

**Malaysia Airlines' outgoing CEO Christoph Mueller tells DW that the company is on course to break even by 2018; the aviation firm is stepping up efforts to turn a profit after facing tragedies and record losses.**

- ▶ In an interview with DW, Christoph Mueller said one reason the airline was in dire conditions when he took over as CEO was because of the airline's poor personnel management and bloated workforce; this led Mr Mueller to terminate 6,000 employees and streamline the firm's operations

- ▶ The outgoing CEO also said that Malaysia Airlines was placed in a dire situation partly because the airline bought products from suppliers at prices 20 to 25% higher than market value; everything from pens to US\$200-million aircraft were purchased at these rates
- ▶ Mr Mueller also praised the Airline's proud heritage, with its stellar customer service; furthermore, citing the country's macroeconomic growth and potential, he believes that Malaysian Airlines will grow in the future

[DW \(10 June 2016\)](#)

**ECONOMY**

▶ The Asian Development Bank will lend Myanmar about US\$1.75 billion in low-interest loans from 2017 over five years to improve infrastructure, education and for rural development, the ADB president Takehiko Nakao said on 15 June. The spending will be aligned with the government's priorities, still being hammered out for inclusion in a five-year economic plan, he said.

[Bangkok Post \(15 June 2016\)](#)

▶ The US government's development finance institution has launched operations in Myanmar with a US\$250 million loan to a telecoms company, it said on 15 June. The Overseas Private Investment Corporation (OPIC) will lend the money to Yangon-based Apollo Towers Myanmar Limited, which is focused on the construction and maintenance of telecommunications towers.

[Reuters \(15 June 2016\)](#)

▶ The special commodities tax was passed by the former government in January, payable in addition to income tax and capital gains tax, and the new government has also prioritised tax collection. Planning and Finance Minister U Kyaw Win received a barrage of requests to cut taxes during a meeting with a group of almost 50 business associations in Yangon earlier this week. Myint Soe, chair of the Myanmar Garment Manufacturers Association, asked the minister to cut taxes on his industry entirely as the garment sector depends on the cut-make-pack model, which operates on narrow margins.

[Myanmar Times \(15 June 2016\)](#)

▶ A total of 38 South Korean delegates, each representing a company, participated in the Korea-Myanmar Business Forum and Seminar, held last week. The trade between the two countries has risen steadily during the past five years, surpassing US\$850 million in 2015. Currently, South Korea is the sixth largest foreign investor in Myanmar, two of the notable corporations in Myanmar being conglomerates Daewoo and Lotte.

[Mizzima \(14 June 2016\)](#)

**FOREIGN AFFAIRS**

▶ Myanmar leader Aung San Suu Kyi has a moral responsibility to try to ease tension between majority Buddhists and minority Rohingya Muslims, her fellow Nobel laureate, the Dalai Lama, said on 13 June. He said he had stressed the issue in meetings with Suu Kyi, who had responded to his calls by saying that the situation was "really complicated". Suu Kyi however recently formed a committee to bring peace and development to Rakhine state.

[Reuters \(14 June 2016\)](#)

## GRAB'S CARPOOLING SERVICE GOES CROSS-BORDER BETWEEN SINGAPORE, MALAYSIA

**Private car owners can offer rides between Singapore and the Malaysian state of Johor Bahru under the ride-sharing operator's GrabHitch service, with one-way fare charges starting form US\$6.64.**

- ▶ Grab has extended its ride-sharing service to bring passengers across Singapore borders into the Malaysian state of Johor Bahru, offering drivers who ply the route a way to earn some extra cash; Tte ride-hailing operator, which services are currently available in Singapore, Malaysia, Indonesia, Thailand, Vietnam, and the Philippines, said the new cross-border option for its GrabHitch carpooling service would provide a cheaper alternative for frequent drivers and passengers travelling between Singapore and its northern neighbour
- ▶ Citing stats from Singapore's Immigration & Checkpoints Authority and Malaysia's Immigration Department, the company said about 400,000 commuters cross the Woodlands and Tuas checkpoints daily
- ▶ Furthermore, the company pointed to its own research, which revealed that 89% of private car owners expressed willingness to offer others a lift while 88% or commuters said likewise to hitching a ride between the two cities; both cited cost-sharing as the biggest reason to do so, showcasing a willingness and ability for ride sharing services to work in this instance

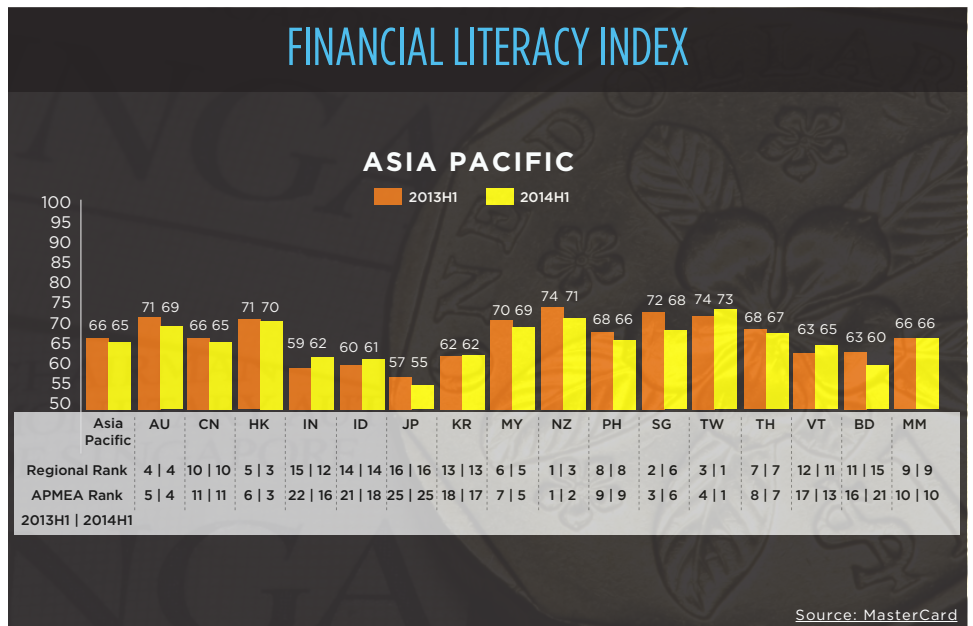
[ZD Net \(13 June 2016\)](#)

## SINGAPORE TOPS FINANCIAL LITERACY INDEX IN ASIA-PACIFIC

**Singapore tops financial literacy index in Asia-Pacific.**

- ▶ This is the first time Singapore has ranked first in the MasterCard financial literacy index; for the 2015 index, the Republic beat 16 other markets including Hong Kong, South Korea, and Japan whilst achieving a huge leap from its sixth-place ranking in 2014
- ▶ The index measures respondents' knowledge of basic money management, financial planning and investment matters; It surveyed 422 respondents in Singapore aged from 18 to 64 in May and June in 2015
- ▶ Across the region, developed economies recorded largely unchanged scores, while emerging markets showed the biggest declines in scores, with the most disappointing performances observed in Vietnam, Myanmar and the Philippines according to the report

[Straits Times \(12 June 2016\)](#)



YOU CAN SUBSCRIBE OUR WEEKLY CAPTURES AT : [WWW.CARIASEAN.ORG/NEWSLETTER-SIGNUP](http://WWW.CARIASEAN.ORG/NEWSLETTER-SIGNUP)