

CARI CAPTURES

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01 ASEAN

ASEAN'S INFRASTRUCTURE BUILDOUT

INCREASED SAVINGS AND UNDER LEVERAGED ASEAN COULD FUND INFRASTRUCTURAL DEVELOPMENT

	Current Account (% of GDP)		Fiscal Account (% of GDP)		Interest Rate (%) 10yr Govt Bond	Inflation YoY (%) Latest	Capital Adequacy (%)
	2015	2016	2015	2016			2015
Hong Kong	3.1	2.3	1.9	0.8	1.2	3.1	14.0
Australia	-4.6	-4.2	-1.9	-2.5	2.5	1.7	10.4
Taiwan	14.6	13.8	-0.2	-1.4	0.8	2.4	9.0
Korea	7.7	7.5	0.0	0.1	1.8	1.0	11.6
Malaysia	3.0	2.0	-3.2	-3.2	3.8	4.2	12.7
China	2.7	2.7	-3.5	-3.0	2.9	2.3	11.3
Thailand	8.9	5.3	-3.0	-2.5	1.7	-0.5	13.9
Vietnam	0.7	0.3	-5.4	-5.0	6.9	1.7	13.3
Indonesia	-2.1	-2.3	-2.4	-2.5	7.7	4.5	19.2
India	-1.1	-1.0	-3.5	-3.9	7.5	5.2	5.5
Philippines	2.9	3.6	-0.9	-1.9	4.3	0.9	13.9
Singapore	19.7	20.0	-0.1	0.3	1.8	-0.8	13.8

	Total Household	Total Non-Financial Corp	Total Govt	Total
China	39	166	44	249
Hong Kong	67	218	5	290
Indonesia	17	24	27	68
India	10	50	68	128
Korea	87	106	42	235
Malaysia	70	68	55	193
Philippines	10	29	53	92
Singapore	61	86	104	251
Thailand	71	52	31	154

Source: BIS, Philippines Central Bank Department of Finance, Mavbank Kim Eng, China's

Following decades of progress, ASEAN's burgeoning infrastructure development is likely to see sustained growth into the future.

▶ According to the Asian Development Bank in its 2015 ASEAN Investment Report on Infrastructure and Connectivity, the region needs US\$110 billion per year until 2025 in infrastructure spend; focusing on purely the ASEAN-6, estimates predict that Indonesia, Vietnam, Singapore, Malaysia, Thailand and the Philippines could see collective government spending of US\$84 billion this year

▶ Whilst domestic funding is to be propped up by a rising savings rate and increased domestic borrowing, the bulk of ASEAN nations are currently under leveraged, which may give rise to an alternative avenue for funding infrastructural projects

▶ Current bottlenecks plaguing ASEAN infrastructure development primarily centre around land acquisition; this problem is evident in countries like Thailand, Indonesia, the Philippines and Vietnam where transport infrastructure is a pressing issue and land is urgently required

Forbes (08 July 2016)

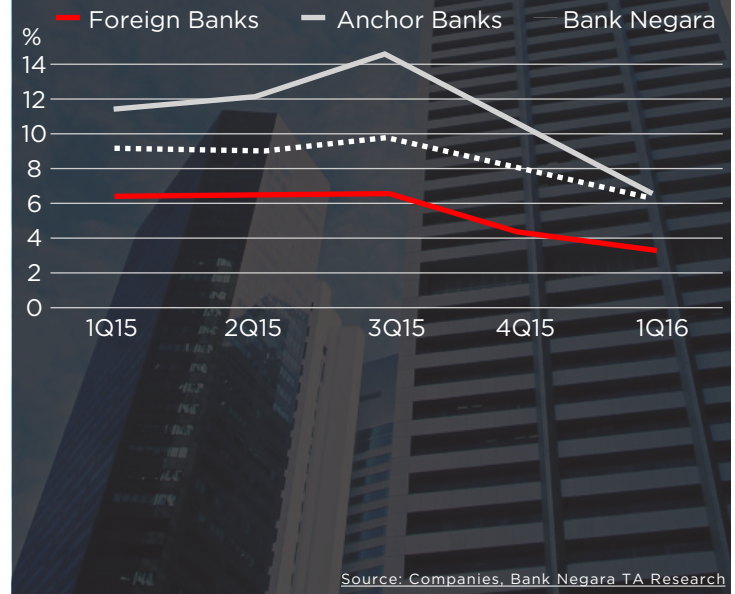
FOREIGN BANKS LOSING MARKET SHARE IN MALAYSIA

Recent Bank Negara statistics indicate that foreign banks have been losing market share on Malaysian markets.

- ▶ According to TA Research, the combined net interest income (NII) of Standard Chartered, OCBC, Citibank and UOB's Malaysian operations have contracted for five straight quarters; whilst loan yields have held steady, foreign banks have shied away from competition, with lower interest income from other assets along with the rising cost of funds contributed to softer overall NII
- ▶ However, TA also noted that these foreign banks have been growing more business and corporate-based loans; foreign banks were noted to have been growing in the residential and non-residential space, albeit not too aggressively
- ▶ The report also noted that the asset quality of the four foreign banks that it was tracking had been holding up quite well; combined, total gross impaired loans fell by close to 2% year on year in the first quarter after rising for three straight quarters, with the gross impaired loan ratio stabilising at 2.5% since the second half of 2015

[The Star \(08 July 2016\)](#)

LOAN GROWTH COMPARISON FOR LOCAL AND FOREIGN BANKS



INDONESIAN MORATORIUM ON COAL SHIPMENTS TO PHILIPPINES EXTENDED

Following the abduction of seven crew members off an Indonesian vessel in Filipino waters, Indonesia has halted coal shipments to the Philippines until Manila is able to ensure maritime safety.

- ▶ The abduction follows a string of similar incidents which occurred in quick succession, resulting in Indonesian ministers declaring a temporary moratorium on coal barge shipping to the Philippines; Filipino Energy Secretary Zenaida Y. Monsada affirmed that the ban would have little to no effect on the Filipino energy sector

- ▶ The Energy Secretary further stated that the the ban only covers Indonesian-flagged vessels while the country's coal supply is delivered by bigger ships bearing other foreign flag, whilst noting that the ban on Indonesian tugboats do not include bigger ships which are less susceptible to piracy and follow a different route
- ▶ However, Ms. Monsada herself noted that "Of our importation of coal for power, cement and other industries, 96% of these come from Indonesia," following up the statement assuring the public that should there be a shortfall in supply, the ministry would work with the private sector to source coal from alternative countries

[Philstar \(08 July 2016\)](#)

PHILIPPINES SUSPENDS 2 NICKEL MINES, HALTS PERMITS IN ENVIRONMENTAL CRACKDOWN

The Philippines has ordered the suspension of operations at two nickel ore mines for environmental violations and halted the issuance of exploration permits as a nationwide crackdown led by a new mining minister begins.

- ▶ The move could curb nickel ore shipments from the Southeast Asian country, the top supplier to the largest market, China, and push up global prices further; news that the Philippine government would review all mining operations in the country lifted the price of nickel by 8% in two days, bringing prices to an eight-month high of US\$10,410 a tonne

- ▶ The two nickel mines to be suspended are operated by BenguetCorp Nickel Mines Inc and Zambales Diversified Metals Corp in Zambales province, north of the capital Manila; the suspensions followed "various complaints of environmental degradation,"
- ▶ The mining minister, Regina Lopez, a staunch environmentalist, separately said there would be a ban on fresh mining exploration in the country for a month while a review of all existing mines was underway; The Southeast Asian country has stopped issuing new permits to develop mines since 2012 but has allowed exploration until now

[Reuters \(07 July 2016\)](#)

BRITISH PETROLEUM TO EXPAND INDONESIAN LNG OPERATIONS

BP is moving forward with a US\$8 billion expansion of its Tangguh LNG facility in Indonesia; the venture, which began in 2009, will add a third train to its operations.

- ▶ After sharply cutting expected development costs, the third Tangguh LNG train is economically competitive with other LNG operations; analysts have lauded the move as the Tangguh natural gas fields are geographically located in a prime spot to service surging domestic demand and the lucrative Asian LNG markets
- ▶ RCO Exploration discovered several major natural gas fields near Bintuni Bay in the Papua Barat Province of Indonesia back in the 1990s, before BP Amoco (as it was known back then) bought up ARCO; those

fields were known as the Tangguh natural gas fields, which included the massive Wiriagar Deep and Vorwata gas fields alongside the smaller Roabiba, Ofaweri, Wos and Ubadari gas fields which have an estimated 18.3 trillion cubic feet of natural gas reserves

- ▶ The Tangguh complex is supplied with natural gas produced from those fields, which are covered by the Wiriagar, Berau and Muturi production sharing contracts; in order to support operations at the third train, the consortium developing the project plans to add two additional offshore platforms, 13 new production wells, expanded LNG loading capacities and the associated infrastructure to tie this all in together, on top of a third LNG train

[Seeking Alpha \(06 July 2016\)](#)

MALAYSIANS AND SINGAPOREANS ENTERING INDONESIA TO FACE STRICTER SCREENINGS

Malaysians and Singaporeans entering Indonesia will face stricter screening in the future in an attempt to prevent drug smuggling.

- ▶ PT Angkasa Pura II, the company handling airports in Indonesia, said it was to ensure they did not bring in prohibited items especially drugs; Managing Director Budi Karya Sumadi said the action was being taken because drug smuggling into the country mostly involved citizens of the two nationalities
- ▶ "In our discussions with the Transport Ministry, the issue of illegal items being brought in by people from the two neighbours, especially drugs, was raised. The ministry agreed that more random checks will be done on Malaysians and Singaporeans coming into Indonesia," he said in a statement carried by local media
- ▶ Prior to this, Indonesian Transport Minister Ignasius Jonan in a statement had asked airport authorities to increase random checks on visitors to curb smuggling of drugs into the republic; it should be noted that PT Angkasa Pura II has yet to receive the official go ahead to implement additional measures

[The Star \(09 July 2016\)](#)

STRICTER SCREENINGS FOR MALAYSIANS AND SINGAPOREANS

- **The Indonesian Transport Ministry has yet to issue an official notification enacting the stricter screening**
- **Singaporeans and Malaysians will face an increase in random check frequency from Indonesian immigration authorities**
- **In addition to the usual baggage scans, Indonesian officials in civilian clothes will "call up suspicious visitors for full checks"**

GAINS FROM THAILAND'S BLOODY WAR ON DRUGS PROVED FLEETING

Prime Minister Thaksin's all out war on drugs policy called for police district chiefs to seek out and kill drug dealers, resulting in the deaths of almost 2,800 individuals in the first three months of Thaksin's regime alone.

- ▶ The statistics were released by an investigative committee created by the military Junta which ousted Thaksin in 2006; further findings noted that over half of those killed had no links to the drugs trade, with the 'shoot-to-kill' policy being based on flawed blacklists
- ▶ On the other hand, according the U.S. State Department's International Narcotics Control

Strategy Report (INCSR), 73,231 people were arrested, over 23 million drug pills were seized, and 320,000 drug users surrendered to undergo treatment; the price of yaa baa (the drug of choice among most Thai users) doubling, availability and consumption declined significantly

- ▶ GlobalSecurity.org considered Thailand's 2003 war on drugs a "relatively successful campaign in a long war, (but) not as a victorious end to the war itself."; many local, street-level drug dealers were killed but most major Thai drug lords were spared, and the campaign did not exactly reduce cross-border trafficking

[Global Nation \(09 July 2016\)](#)

HUNDRED DAYS OF MYANMAR'S DEMOCRACY

With the first hundred days of Myanmar's civilian government now over, progress has been made in certain areas and is lacking in others.

- ▶ Whilst the constitutional clause 59F banned Aung San Suu Kyi from assuming the Presidency of Myanmar, her newly created position of "State Counsellor" serves the same purpose; and whilst bypassing the constitution has been key to the Counsellor's success, her pledges to reduce the political power of the Burmese army through amending the constitution has seen little to no progress
- ▶ The new government's greatest challenge will be to reinvigorate the stalled peace process between ethnic

groups in Myanmar; the Counsellor hopes to do so by calling together the "21st Century Panglong Conference", which will oversee as many as 15 armed groups negotiating peace in a conflict which has raged on since Myanmar's independence from Britain

- ▶ A former detainee herself, Aung San Suu Kyi promised to release all political prisoners, and dozens have been set free since March; the problem is that Myanmar's repressive laws are still putting people behind bars
- ▶ To its credit, the Burmese parliament has started changing some of the worst laws, but this will take time

[Khmer Times \(01 July 2016\)](#)

THAI AIRASIA SEEKS TO RAMP UP FLIGHTS TO LAOS

Fresh after inaugurating its long-awaited service to Vientiane last Friday, Thai AirAsia (TAA) is seeking to boost the frequency of its flights and establish more connectivity between Thailand and Laos.

- ▶ Thailand's biggest low-cost carrier has sought permission from Laotian authorities for a second daily flight from Bangkok to both Vientiane and Luang Prabang, where service was launched on March 24
- ▶ Upbeat about traffic demand, TAA is also looking to establish new air links from Vientiane and Luang Prabang

with other Thai cities beyond Bangkok, such as Phuket; TAA chief executive Tassapon Bijleveld revealed the airline's strategic plan for the landlocked state, voicing confidence about air travel demand between the two countries

- ▶ TAA was given a green light to fly the socialist state's restricted skies after pursuing the matter for eight years. In part, Laotian authorities have appeared to soften to the idea that LCCs can spur much needed tourism in a country hungry for foreign exchange

[Bangkok Post \(05 July 2016\)](#)

GOVERNMENT AGENCIES TO AFFIRM ASEAN

Government agencies are enjoined to sing the ASEAN anthem, wear ASEAN-inspired attire on first Monday of every month.

- ▶ Civil servants in various government agencies are enjoined by the Civil Service Commission (CSC) to celebrate ASEAN Day every 8th of August, to sing the ASEAN Anthem and wear ASEAN-inspired attire every the first Monday of every month; CSC issued the Memorandum Circular No. 6 series of 2016 in view of the formal establishment of ASEAN Community and in support of the preparations leading to the Philippines' Chairmanship of the ASEAN in 2017
- ▶ MC No. 6 series of 2016, issued by CSC Chairperson Alicia Bala on 29 February 2016, enjoins heads of constitutional bodies, departments, bureaus and agencies of national government, local government units, government owned and controlled corporations with original charters, and state colleges and universities, to help spread the awareness campaign in support of the ASEAN Community 2015 and the Philippines' ASEAN Chairmanship in 2017
- ▶ This, they can do by conducting programs and activities towards this end, including posting of ASEAN materials in their respective agency websites; display of ASEAN Community banner; inclusion of the singing of the ASEAN Anthem in the first flag ceremony of the month; sharing of information on ASEAN during flag ceremony and other employee fora and; wearing of ASEAN inspired attire during the conduct of the flag ceremony

[Gov PIA \(05 July 2016\)](#)

THE ASEAN ANTHEM; THE ASEAN WAY

RAISE OUR FLAG HIGH, SKY HIGH
EMBRACE THE PRIDE IN OUR HEART
ASEAN WE ARE BONDED AS ONE
LOOK-IN OUT TO THE WORLD.
FOR PEACE, OUR GOAL FROM THE VERY START
AND PROSPERITY TO LAST.
WE DARE TO DREAM WE CARE TO SHARE.
TOGETHER FOR ASEAN
WE DARE TO DREAM,
WE CARE TO SHARE FOR IT'S THE WAY OF ASEAN.

[by Mr.Kittikhun Sodprasert, Mr Sampow Triudom, Mrs.Payom Valaipatchra](#)

Source: ASEAN Anthem

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