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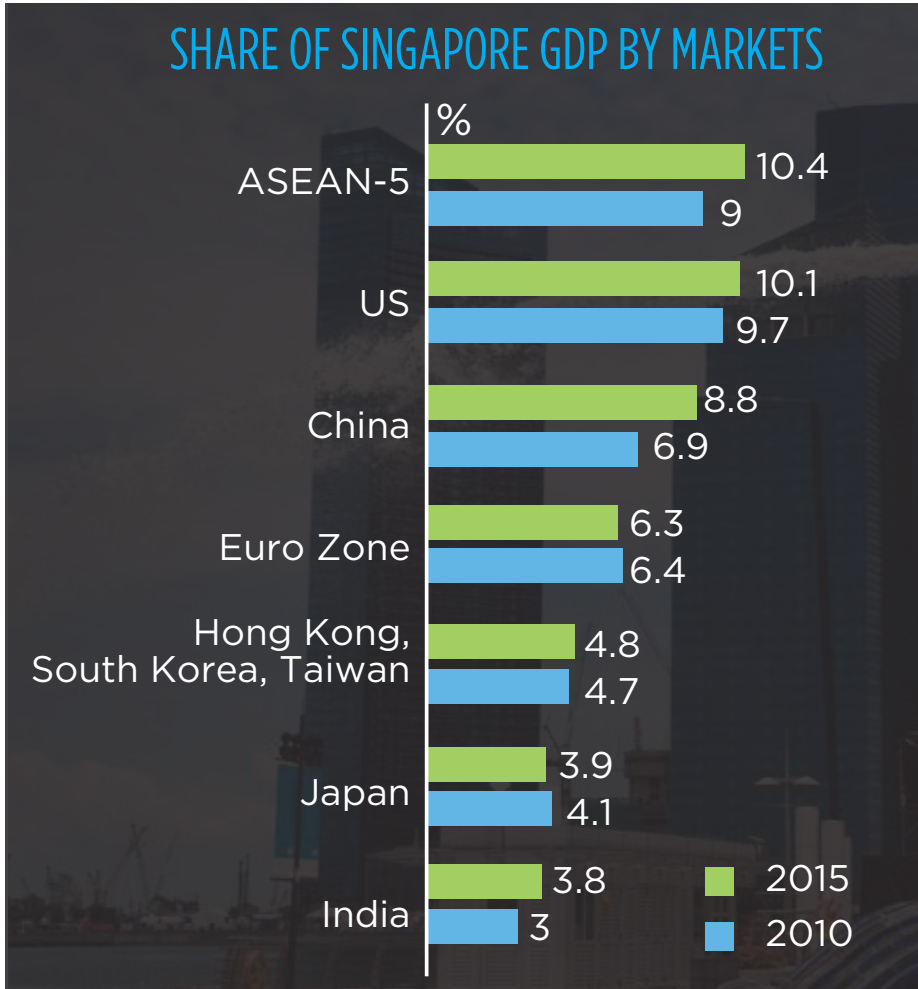
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ASEAN NOW BIGGEST MARKET FOR SINGAPORE



Source: Ministry of Trade and Industry Straits Times

According to the Singaporean Ministry of Trade and Industry (MTI), ASEAN has overtaken the United States in the trade of Singaporean goods and services.

- ▶ Trade data released by the MTI indicated that the top 5 largest ASEAN markets which include Indonesia, Malaysia, Thailand, the Philippines, and Vietnam, made up 10.4% of Singapore’s GDP in 2015; this shows an increase of 9% since 2010, and is marginally higher than the US and China, which respectively contribute to 10.1% and 8.8% of Singapore’s GDP through trade
- ▶ The MTI indicated that the growth in trade within ASEAN can be attributed to increased investment

in the region, as well as Singapore’s ability to capitalise upon regional markets; CIMB economists further underlined that the slowing of US and China’s economies have also worked towards increasing the proportion of Singaporean GDP attributable to ASEAN economies

- ▶ With the US and Chinese economies expected to slow down in 2016, the trend of increased intra-ASEAN trade is expected to persist; however, said slowdown is also one of the external risks that led MTI to narrow Singapore’s 2016 growth forecast from 1% - 3%, to 1% - 2%

Straits Times (12 August 2016)



ASEAN'S ANSWER TO THE SOUTH CHINA SEA

Faced with disunity on the foreign policy front, ASEAN's answer to handling relations with China and the South China Sea dispute may lie instead in its economic agenda.

- ▶ ASEAN's past successes and track record in trade agreements stand testament to its ability to forge positive foreign relations whilst holding a united front; since 2005, the region bloc has successfully implemented five ASEAN+1 Free trade agreements with China, Korea, Japan, India, Australia, and New Zealand
- ▶ The ASEAN China Free Trade Agreement (ACFTA), which was implemented in 2005, is reflective of ASEAN's abilities in forwarding ASEAN interests with China; ERIA senior economist Ponciano Intal Jr. has affirmed

that the Regional Comprehensive Economic Partnership (RCEP), which is currently being negotiated, can be considered as a good way to dampen foreign policy friction in the region

- ▶ Furthermore, initiatives set forth by China such as China's newly created Asian Infrastructure Investment Bank, are expected to fund major parts of that vision and increase infrastructural connectivity, both within the region and to major partners beyond
- ▶ Initiatives such as this as well as China's vision for a "One Belt, One Road" which aims to connect the entire region by developing the infrastructure of China's neighbours can be used to further solidify ties and further ASEAN interests through cooperation

[Today \(15 August 2016\)](#)

JAKARTA PLANS TAX HAVEN ON TWO ISLANDS NEAR SINGAPORE

Indonesia has earmarked two islands near Singapore as its own tax havens to prevent taxpayers from keeping their assets offshore according to Coordinating Maritime Minister Luhut Panjaitan.

- ▶ The Senior Cabinet minister mentioned Singapore explicitly as a tax haven that these two islands will hope to compete with; Bintan and Rempang, the two islands in question are located next to Batam and are about an hour's ferry ride away from Singapore
- ▶ If the plan comes to fruition, Indonesian and foreign businesses can set up shell companies there to keep their offshore investments, with low taxes to lure them, Mr Luhut said; having Indonesia tax havens will be useful for the country's ongoing tax amnesty scheme, with billions of dollars expected by officials to be repatriated home.
- ▶ However, there is some concern that these funds may leave the country again when the obligatory three years of keeping the monies onshore expired; President Joko Widodo aims to use the funds repatriated to pay for an ambitious infrastructure agenda and boost economic growth
- ▶ It should be noted that this would not be the first tax haven to be created in the region, with Malaysia's tax haven on Labuan island, off Sabah, offering corporate tax rates as low as 3% attracting both foreign and local businessmen to set up shell companies

[Straits Times \(15 August 2016\)](#)



[Source: Sunday Times](#)

GROWTH SLOWS FURTHER IN MALAYSIA

Malaysia's growth pace slid for the fifth straight quarter in April to June 2016; avoiding a further decline could depend on domestic demand staying resilient at a time when demand for the country's commodities remains weak.

- ▶ The trade-dependent Southeast Asian economy had annual growth of 4% in the second quarter, the central bank said, the slowest pace in nearly seven years; Malaysia's problems include the slowdown in top trade partner China and poor prices for its energy and other commodity exports

- ▶ Bank Negara Malaysia (BNM) governor Muhammad Ibrahim indicated confidence that the economic growth rate won't slide further; "To date, our economy remains resilient, driven by domestic demand and is on track to grow within the projected 4% to 4.5% (for 2016) amid a challenging global environment,"
- ▶ However, some economists are not so sanguine. ANZ said "any faltering in domestic demand could be the dynamic that triggers significant growth deterioration" and also possibly another 25-basis-point rate cut by the central bank

[Straits Times \(13 August 2016\)](#)

INVESTORS MAKING HUGE RETURNS IN VIETNAM DRUG STOCKS

As Vietnam opens up to more foreign money, the country's fast-growing pharmaceutical industry is emerging as one of the most attractive prizes for overseas investors.

- ▶ Domesco Medical Import-Export JSC, the third-biggest listed drug maker, has shot up about 150% this year as it got shareholder approval to scrap the 49% foreign ownership limit on its stock
- ▶ DHG Pharmaceutical JSC, the largest, has risen about 44%, with Japan's Taisho Pharmaceuticals Holdings Co. buying a 24.5% stake in July 2016; Vietnamese health-care companies have returned 46% in 2016, the best performance among 10 industry groups on the VN Index
- ▶ The government cleared Vietnam Dairy Product JSC, the

biggest listed company, to scrap its foreign investment cap in July 2016, driving the VN Index to an eight-year high amid optimism further approvals would follow

- ▶ Overseas ownership of many local drug makers is already at or near the limit, creating pent-up demand from money managers seeking to benefit as the country's burgeoning middle class spends more on health care
- ▶ Vietnam's pharmaceutical market is forecast to increase to US\$7.2 billion by 2020 from US\$4.2 billion in 2015 and then maintain double-digit annual growth through 2025 according to a report by BMI Research; the industry will keep growing at about 10% to 15% a year, said Chris Freund, the founder of Mekong Capital Ltd., a private equity firm

[The Globe and Mail \(15 August 2016\)](#)

VIETNAM'S PHARMACEUTICAL MARKET



Set to increase to US\$7.2 billion by 2020



Double industry growth expected to grow at about 10% to 15% a year through 2025



Driven by liberalisation and a burgeoning middle class population

LAOS TO SHARE HYDROPOWER DEVELOPMENT EXPERTISE WITH MYANMAR

Laos is now ready to be share its technical expertise with its neighbours as fellow Mekong-side nation of Myanmar is progressing with its own aspirations for the development of its own vast hydropower potential.

- ▶ The developments are parts of big plans for increased regional connectivity and cheaper, cleaner and more abundant energy for development that can benefit the majority of the millions of rural dwellers still living without stable electric power in their daily lives; the developments are expected to benefit up to 34 million, or 66% of those living in Myanmar alone
- ▶ In mountainous and sparsely populated Laos, the increasing volume of power being generated not only goes to larger neighboring markets to produce much needed export

revenue to support national expenditure, but also helps power the domestic market to support everything from the electrification of rural and remote Lao villages to the supply of affordable and stable power supplies to factories

- ▶ Such factories are essential to powering increasingly regionally-focused manufacturing value chains that in turn create employment opportunities for more people within their own nation; with its vast expertise and experience gathered in hydropower developments at home, Chinese operators have been well placed to be represented in the rapid development of the sector in Laos, and are already key stakeholders as operations in Myanmar move to a new stage in their development

[Xinhua Net \(13 August 2016\)](#)

IMPORTANT TO IMPLEMENT PEACE AGREEMENT IN MINDANAO: PHILIPPINES' DUREZA

Philippines' presidential advisor Jesus Dureza on reiterated the importance of implementing peace agreements in Mindanao, in order to ward off Islamic State militants from establishing a foothold in the Philippines.

- ▶ The remarks came as representatives from the Philippines government and the country's largest Muslim rebel group, Moro Islamic liberation Front (MILF), began talks in Kuala Lumpur to craft out an enabling law after the Bangsamoro Basic Law (BBL) failed to pass Congress in February 2016
- ▶ The peace talks are the first under President Rodrigo Duterte, aimed at ending decades of violence that has claimed tens of thousands of lives; armed Muslim

groups have been fighting since the 1970s for an independent Islamic State or autonomous rule in the south, which they regard as their ancestral home

- ▶ The conflict has condemned millions of people across Mindanao to brutal poverty and created fertile conditions for Islamic extremism, with the Al-Qaeda-linked Abu Sayyaf and other hardline militants making remote areas their strongholds
- ▶ Both Dureza and MILF chief Murad Ebrahim welcomed Nur Misuari, chairman of Moro National Liberation Front (MNLF), to come on board the peace talks; the Philippine Muslim separatists comprise three main groups, which include the MNLF and breakaway factions the MILF and the Abu Sayyaf kidnap-for-ransom group

[Channel News Asia \(13 August 2016\)](#)

FOREIGN AFFAIRS

- ▶ AYA Bank has become the first lender in Myanmar to offer bank cards with a stamp from global payment network provider JCB, bringing the country one step closer to connecting Myanmar with the global financial system. The bank is issuing debit and credit cards with a joint stamp from Japan's JCB and Myanmar Payment Union (MPU), meaning it can be used in Myanmar and across a JCB network, which spans some 31 million merchants in 190 countries and territories.

[Myanmar Times \(17 August 2016\)](#)

- ▶ Myanmar's Ministry of Commerce has published a list of 267 items that can be imported from September onwards without a licence, in the new government's first step toward liberalising permit requirements. Goods that can be imported without a licence now include cotton; products made of iron, steel and stainless steel; copper, brass, aluminium and their products; electrical appliances; vehicle parts; and trains. More than 4000 products still require licences.

[Bangkok Post \(17 August 2016\)](#)

FOREIGN AFFAIRS

- ▶ State Counsellor Aung San Suu Kyi arrived in Beijing on 17 August for a trip that should give the first big steer on how the new government will position the country between world powers vying for influence. Suu Kyi is visiting China before the US and aims to warm relations that grew frosty under the previous military-backed government in Naypyidaw. "The outcome of Aung San Suu Kyi's meetings could well come to define Myanmar-China relations for many years to come," Yun Sun, a Sino-Myanmar relations expert at US think-tank the Stimson Center.

[Financial Times \(17 August 2016\)](#)

- ▶ Diplomatic negotiations are under way to finalise demarcation and posting of Myanmar's borders with Thailand and India, Myanmar's vice minister for Foreign Affairs U Kyaw Tin told the lower house on 15 August. A Thai delegation will visit Myanmar on 16-17 September, following an agreement to reboot border-defining efforts in the south made during Aung San Suu Kyi's recent visit to Thailand.

[Bangkok Post \(17 August 2016\)](#)

SOCIAL

- ▶ A new law was introduced last year, which allows ethnic groups to broadcast radio programmes for the first time in their own languages. Minority leaders however feel more needs to be done to preserve their cultures and bring ethnic languages to the state schools. State Counsellor Aung San Suu Kyi has set up a new ethnic affairs ministry to address these concerns.

[Aljazeera \(17 August 2016\)](#)

INDONESIA TO GRANT EXPORT PERMIT TO FREEPORT IN WEST PAPUA

The Indonesian government's mining ministry is said to have recommended the granting of a new short-term export permit to Freeport-McMoRan's Grasberg mine in West Papua.

- ▶ Freeport's local subsidiary is required to apply for renewal of export permits at six-month intervals; in February 2016, an export permit was renewed by the trade ministry through August 2016
- ▶ Reuters cited Bambang Gatot, Director-General of Coal and Minerals, within the mining ministry, as saying the latest renewal would run for less than six months until January 2017, but did not explain why; the Indonesian government continues to impose a 5% export duty while it reviews the company's smelter plans
- ▶ The company is still in discussions with government to obtain an extension of its long-term rights under its original contract-of-work agreement as it looks to extend operations beyond 2021; It has agreed to construct new smelter capacity in Indonesia and to divest an additional 20.64% interest in PT Freeport Indonesia at fair market value

[Asia Pacific Report \(15 August 2016\)](#)



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SINGAPORE HOME SALES AT HIGHEST IN A YEAR AS PRICES DROP

The number of new homes sold in Singapore rose to the highest in a year in July 2016, with buyers snapping up new projects after almost three years of price declines.

- ▶ Developers sold 1,091 units in July 2016, compared with 536 in June 2016, according to data released by the Urban Redevelopment Authority; this represents the highest number of homes sold since July 2015, when 1,655 units were sold
- ▶ Singapore's government has been steadfast in its commitment to cool the housing market, maintaining real estate tightening measures rolled out since 2009 even as the city-state's home prices dropped for an 11th quarter
- ▶ An index tracking private residential prices fell 0.4% in the three months ended June 2016 from the previous quarter, capping the longest series of quarterly losses since 1975 when prices were first published, according to data from the URA
- ▶ Meanwhile, National Development Minister Lawrence Wong has reaffirmed his stance that it remains premature to relax housing curbs, as any reversals could result in a market rebound and a property bubble

[Bloomberg \(15 August 2016\)](#)

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