

CARI CAPTURES

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01 INDONESIA | SINGAPORE

INDONESIANS DECLARE US\$8.9 BILLION OF SINGAPORE ASSETS UNDER TAX AMNESTY

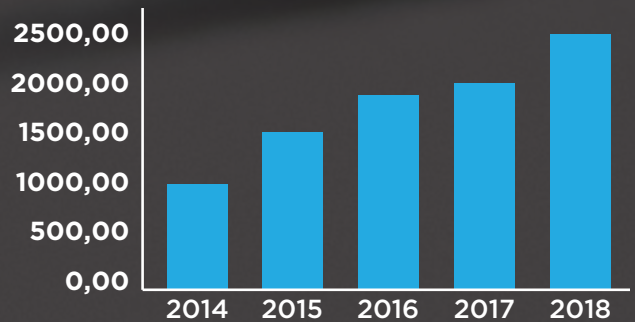
Tax Rates in Selected ASEAN Countries

	Corporate Income Tax	Individual Income Tax	
		Min	Max
Brunei	20%	0%	0%
Cambodia	20%	20	20%
Indonesia	25%	5%	30%
Lao PDR	24%	0%	24%
Malaysia	25%	0%	26%
Myanmar	5% - 40%	1%	35%
Philippines	30%	5%	32%
Singapore	17%	0%	20%
Thailand	20%	5%	37%
Vietnam	25%	5%	35%

Tax Ratio (in %)



Tax Collection (in trillion Rp)



Source: ASEAN Briefing

US\$1 billion, or 12% of the total declared funds have been repatriated.

- ▶ Under the tax amnesty programme that was passed by Indonesia's parliament in June 2016, Indonesians can declare all assets that have not been taxed and repatriate their funds at rates between 2% and 10%, up until March 2017
- ▶ Banks in Singapore are required to file suspicious transaction reports (STRs) on clients embracing the Indonesian tax amnesty; a move which whilst

designed to deter the uptake of Indonesia's tax amnesty program, will do little to change current trends

- ▶ In a recent statement, the Monetary Authority of Singapore said it had advised local banks to encourage their clients to use the opportunity accorded by tax amnesty programmes to regularise their tax affairs, and clarified that participation in such programmes did not in itself attract criminal investigation

[Channel News Asia \(16 September 2016\)](#)

ASEAN LEADERS EYE NEXT STEPS FOR BOOSTING ECONOMIC INTEGRATION

The Association of Southeast Nations (ASEAN) concluded a series of leaders' level meetings last week, gathering in Vientiane, Laos, for three days of talks on "Turning Vision into Reality for a Dynamic ASEAN Community."

▶ Overall, the ASEAN Economic Community (AEC) represents a market of US\$2.6 trillion and more than 622 million people, making it the third largest economy in Asia and the seventh globally; however, the 10 members of ASEAN showcase a wide variety in their levels of development, including emerging economies such as Indonesia and least developed countries (LDCs) such as Cambodia, Laos, and Myanmar making the challenge of group-wide integration even greater

- ▶ In 2015, Kuala Lumpur, the group adopted its AEC Blueprint 2025, which launched the economic community and aimed to guide its formation from 2016 to 2025, building on the progress of an earlier 2008-2015 blueprint
- ▶ According to the new AEC Blueprint 2025, the measures suggested will lead to "a networked, competitive, innovative, and highly integrated and contestable ASEAN." This new blueprint builds from the previous one of 2008-2015, and features five linked elements that together aim to make the 10-country group more integrated internally, while competitive and innovative abroad. It also refers to the importance of making the group's work inclusive and people-oriented

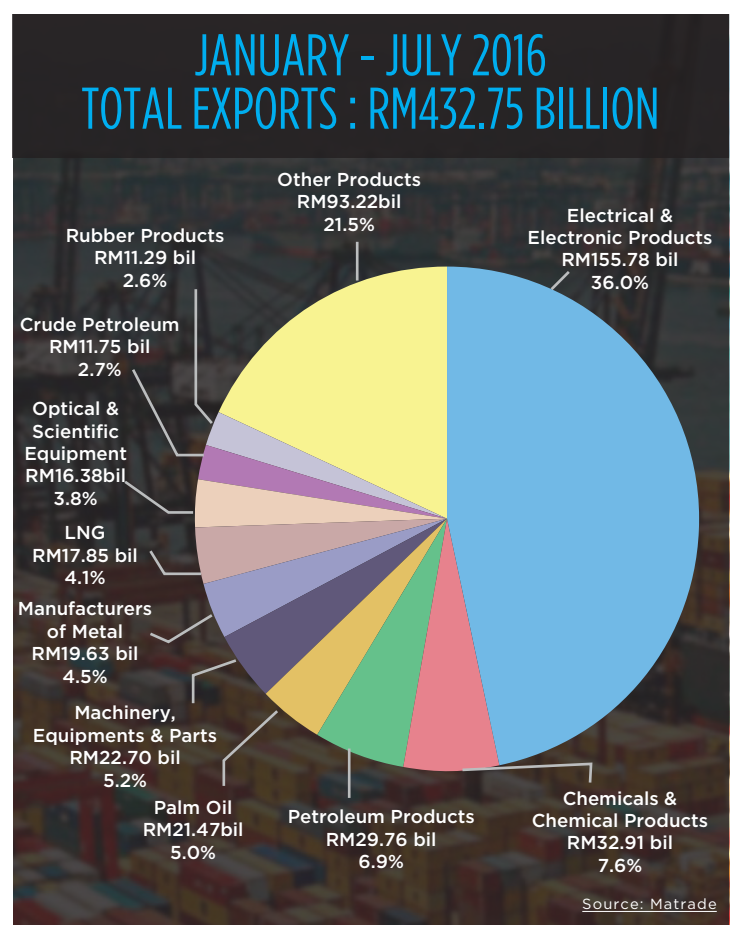
[ICTSD \(15 September 2016\)](#)

MALAYSIA'S SOFT EXPORTS GAINING MOMENTUM

Malaysia External Trade Development Corporation (Matrade) has recorded a steady export growth in these product categories, such as fashion, textile, clothing and footwear, jewellery, gifts and premium, cosmetics, beauty care and toiletries, and furniture.

- ▶ The agency said exports of lifestyle products, also known as "soft exports", had been gaining momentum in recent years; soft exports rose 13.2% to US\$8.91 billion last year from US\$7.87 billion the previous year
- ▶ In terms of growth, gifts and premium posted the highest growth at 20.4% followed by cosmetics and toiletries 8%, furniture 14.1%, jewellery 13.7% and fashion, textile, clothing and footwear 9.1%
- ▶ Seeing this upward trend, Matrade chief executive officer Datuk Dzul kifli Mahmud affirmed in a statement that it was encouraging local players in the soft exports sector to register as members as this would enable them to access a databank of market and trade information as well as incentives
- ▶ Matrade offers incentives to help Malaysian companies sustain and enhance their export business; these incentives cover financial and non-financial aspects, financial assistance, Matrade offers market development grant (MDG), services export fund (SEF) and eTRADE, a programme that extends subsidised participation fee in selected e-marketplaces

[New Straits Times \(17 September 2016\)](#)



ASEAN REMAINS INDONESIA'S FOREIGN POLICY PRIORITY

Indonesia has expressed its commitment to staying in ASEAN and contributing more to Southeast Asia's growth and unity amid current regional challenges and concerns about Indonesia's focus on other international cooperation.

▶ Brushing off concerns that Indonesia would focus more on the G20 cooperation with major economies, Coordinating Political, Legal and Security Affairs Minister Wiranto reiterated during his speech at the 2016 Conference on Indonesian Foreign Policy that ASEAN had and would always be the major interest of Indonesia's foreign policy

- ▶ Meanwhile, Foreign Ministry director general for ASEAN cooperation Jose Tavares said ASEAN remained a priority in the country's foreign policy, although Indonesia also took part in global cooperation through various international forums
- ▶ He asserted that Indonesia would further strengthen its leadership within the regional body to ensure that all member states stood in unity to overcome regional challenges, as well as to stay relevant for people in the region

[The Jakarta Post \(17 September 2016\)](#)

WHO WILL BANG THEIR HEADS IF MALAYSIA AND THAILAND BUILD A BORDER WALL

Prime ministers from Malaysia and Thailand have started to discuss building a wall along their land border to control rebels that have vexed Bangkok for decades.

- ▶ Thai junta leader Prayut Chan-o-cha and Malaysian Prime Minister Najib Razak broached the topic last week at an annual consultation, leaving doors open to more talks; whilst a wall can feasibly be erected, it is unclear how many people would bang their heads against a wall along the 640 km-long Thai-Malaysia border
- ▶ A well guarded wall would make it easier to quell the violent Muslim-backed insurgency in southern Thailand; separatists in four southern provinces had killed 6,500 people and injured 12,000 over the decade to 2015

- ▶ Thailand may be asked to pay for most of the wall as it benefits them more, says Thitinan Pongsudhirak, director of the Institute of Security and International Studies at Chulalongkorn University in Bangkok
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- ▶ If the two sides can work out the bill, their wall would also stop a certain amount of border trade in oils and rubber, analysts say; Malaysia is Thailand's biggest trading partner, with exports and imports worth US\$22 billion per year, but there is no guarantee that trade passes through legal channels that would not be hindered by a wall

[Radio Free Asia \(16 September 2016\)](#)

PHILIPPINE FOREIGN MINISTER REASSURES ON STRONG U.S. RELATIONS

The Philippines will maintain its alliance with the U.S. but will go own way when it disagrees and won't be lectured on human rights, Foreign Minister Perfecto Yasay said in Washington.

- ▶ Yasay's remarks amounted to a defense of new Philippine President Rodrigo Duterte, whose crackdown on illegal drugs has resulted in the deaths of hundreds of people without judicial proceedings and has drawn accusations of human rights violations. Duterte also has called for U.S. troops to leave the restive southern island of Mindanao and suggested a willingness to seek closer ties with China
- ▶ Duterte, elected this year, has repeatedly stressed the need for an "independent foreign policy" and questioned the

U.S.'s willingness to intervene if China were to seize territory in the South China Sea as part of a continuing territorial dispute there; his statements have raised broad concerns in Washington that the former U.S. colony is realigning its priorities away from Washington

- ▶ Yasay sought to downplay the controversy surrounding comments by Duterte, who had warned President Barack Obama that "I will curse you" if the American president criticized him and called United Nations Secretary-General Ban Ki-moon "a fool."; he also sought to tamp down concerns that the Philippines will forsake its agreements with the U.S.

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

US, INDONESIA ECONOMIC TIES SET TO STRENGTHEN

The total value of the Indonesia-US economic relationship could reach US\$131.7 billion in 2019, a 46% increase from US\$90.1 billion in 2014, according to the "US-Indonesia Investment Report 2016" released by the US Chamber of Commerce and American Chamber of Commerce (AmCham) Indonesia.

- ▶ The prediction was made with a best-case scenario assumption that President Joko "Jokowi" Widodo achieves his goal of a staggering 7% economic growth by the end of his term, from 4.79% last year, the lowest in six years
- ▶ The report also cautions that Indonesian government policy will be central in determining whether this best scenario can actually be realized over the next few years
- ▶ Though it acknowledges that the Indonesian president has already begun to undertake certain economic reforms, it highlights priorities for further change, including promoting greater legal certainty, boosting communication with the private sector, incentivizing innovation and risk-taking as well as expanding bureaucratic and policy reforms like ending the Negative Investment List (DNI), rationalizing the work permit process, and streamlining permitting at all government levels
- ▶ Apart from the aggregate numbers, the report also looks at nine industrial, extractive, and service sectors. It concludes that finance, infrastructure, and creative economy have a high degree of future potential when assessed through a ranking system developed in the report. Oil and gas, consumer goods, and agriculture have average prospects, while extractive, information communications technology, and pharmaceutical/healthcare/life sciences are seen to have an even lower potential

[The Diplomat \(15 September 2016\)](#)
[The Jakarta Post \(16 September 2016\)](#)

VALUES OF INDONESIA - US ECONOMIC ACTIVITIES IN THE THREE SCENARIOS

YEAR	5.1% WORLD BANK GROWTH SCENARIO	3.5% GROWTH SCENARIO	PRESIDENT'S WIDODO'S 7% GROWTH BY 2019 SCENARIO
2015	98.7	97.2	100.5
2016	103.7	100.6	107.5
2017	109.0	104.1	115.0
2018	114.5	107.7	123.1
2019	120.4	111.5	131.7

(\$ billion)

Source: Chamber of Commerce of the United States of America

▶ US President Barack Obama said the US will lift the sanctions program in place against Myanmar after nearly 20 years, a decision that clears one of the last remaining obstacles to fully normalized relations. Obama made the announcement on 14 September after meeting Aung San Suu Kyi in the Oval Office during her Washington visit. "It is the right thing to do in order to ensure that the people of Burma see rewards from a new way of doing business and a new government," he said.

[The Wall Street Journal \(14 September 2016\)](#)

▶ Refugees from Myanmar have quietly outpaced Syrian arrivals in the US in recent years, even as Syria's civil war intensifies, with an increasing number coming from the marginalized Rohingya Muslim community, according to US State Department figures. From Oct. 1, 2015 to Sept. 15, 11,902 Myanmar nationals were resettled in the United States, compared to 11,598 arrivals from Syria over the same time period. That was out of a total of nearly 79,600 refugees who arrived in the United States in that period, with the largest group of just over 15,000 from the war-torn Democratic Republic of Congo.

[Reuters \(20 September 2016\)](#)

▶ Officials from Myanmar and Indonesia are compiling the ASEAN Handbook on Disaster Recovery, focusing particularly on prevention and recovery measures, with input from regional experts. In development since 2013, the handbook will feature in-depth studies of natural disasters that have occurred in ASEAN countries.

[Myanmar Times \(21 September 2016\)](#)

POLITICS

▶ The so-called "midnight inspections" law, which allowed Myanmar police to raid homes late at night and harass activists, are to be scrapped. Some parts of the law has been kept for security reasons, according to U Win Htein, aide to Aung San Suu Kyi, meaning the police will no longer be able to force their way into homes but can "ask about the presence of strangers in an honourable way."

[Sky News \(20 September 2016\)](#)

ECONOMY

▶ With an embryonic banking system, about 90% of the Myanmar population still do not have a bank account. With just some 1,500 branches in a largely rural country, experts say it will take years to build enough banks to reach the entire population. The government is therefore banking on mobile money as a shortcut. Wave Money, one of the first mobile banking firms to roll out services, has already built a network of 4,000 mum-and-pop shops around the country where clients can deposit and withdraw cash by phone.

[New Straits Times \(21 September 2016\)](#)

▶ Shinhan Bank, South Korea's fourth-largest bank by assets, said on 20 September that it has set up a branch in Myanmar as part of its diversification strategy. The bank said its branch could help South Korean companies enter the Myanmar markets. This is the first time a South Korean lender sets up a branch in Myanmar.

[New Straits Times \(21 September 2016\)](#)

MALAYSIA TO LAUNCH WORLD'S FIRST ISLAMIC VENTURE CAPITAL FUND

A plan to establish the world's first Islamic venture capital fund is now in the final stage and will be launched at the right time, said Treasury Secretary-General, Tan Sri Irwan Serigar Abdullah.

- ▶ Teams from the ministry and Jeddah-based Islamic Development Bank (IDB) had met twice to finalise the structure of the fund, spearheaded by Malaysia in collaboration with the IDB; Irwan Serigar said Malaysia was also in talks with Indonesia to rope it to join the venture capital fund, which would have an initial fund size of US\$100 million
- ▶ He said even without Indonesia's participation, Malaysia would still go ahead with the proposed fund with IDB and Malaysia's largest venture capital company, Malaysia Venture Capital Management Bhd
- ▶ Irwan Serigar said the fund would be used to finance start-up companies not only in Malaysia but also in the region and other Islamic countries

[New Straits Times \(15 September 2016\)](#)

MALAYSIAN BANKS SPUR CAMBODIA'S GROWTH

Malaysian banks like Public Bank and Maybank are reaping good profits from their foray into Cambodia, including offering affordable housing loans that is strict in Malaysia at present.

- ▶ Cambodian Public Bank, established in May 1992, is now the largest 100% foreign-owned commercial bank by asset in Cambodia and has expanded its branch network to 30 throughout Cambodia
- ▶ Cambodian Public Bank has won a record number of repeated recognition awards, among them "The Bank of the Year in Cambodia" (for the 9th time) and "Best Domestic Retail Bank of the Year in Cambodia" (for the 4th consecutive year)
- ▶ A focus on affordable housing loans as well as providing the infrastructure to funnel foreign investment into the nation was viewed as a primary goal by Cambodia's Public Bank

[Daily Express \(18 September 2016\)](#)

