

CARI CAPTURES

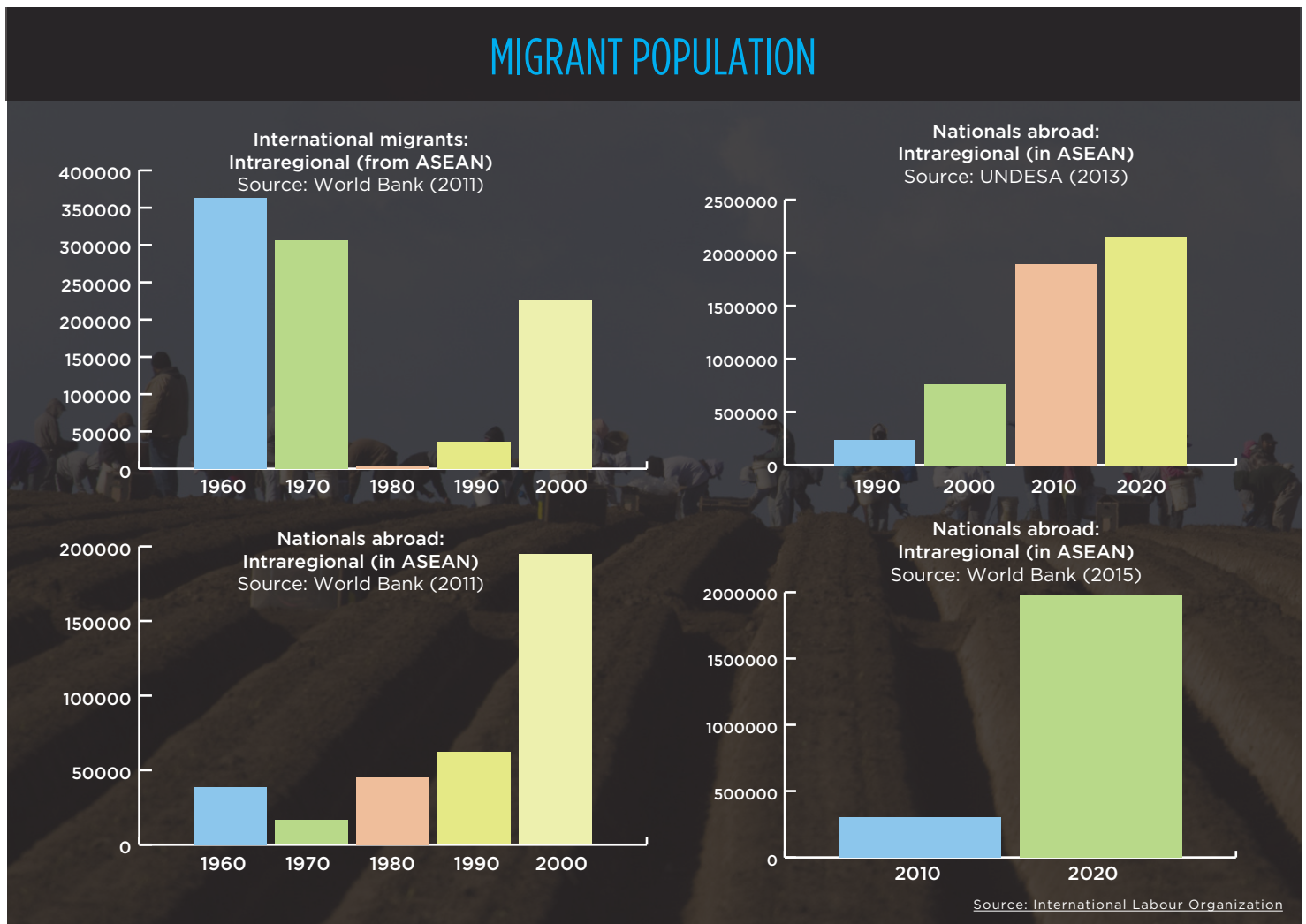
FUTURE ECONOMY COMMITTEE
ZOOMS IN ON 5 AREAS

VIETNAM, UK TO BOOST
COFFEE TRADE

THE STATE OF ASEAN M&AS
IN 2016

01 ASEAN

CANADA TO FUND ASEAN MIGRANT WORKER PROJECT



During a UN Summit for Refugees and Migrants, Canadian Prime Minister Justin Trudeau announced that Canada would provide US\$4.1 million for a project to protect migrant workers in the ASEAN region.

▶ The project will ensure that migrant workers receive equitable economic and social benefits, and help improve job mobility across ASEAN; Canada will work in partnership with the International Labour Organisation (ILO) to support ASEAN’s regional efforts to strengthen policies that defend migrant workers, particularly women

▶ In 2013, there were an estimated 6.5 million ASEAN nationals who migrated to other ASEAN countries for work, and women accounted for 47.8% of all migrants

▶ The ILO has a global mandate and responsibility to set international standards on labour and employment and has been mandated by the UN to protect the rights of all workers.

[Vietnam News \(22 September 2016\)](#)



PROPOSED ASEAN-HONG KONG FTA (AHKFTA) TO BROADEN TAX EXEMPTIONS

A recent presentation by the Department of Trade and Industry before the Tariff Commission revealed that the proposed AHKFTA will lead to lowered tariff rates across traded goods between Hong Kong and ASEAN.

- ▶ The Philippines may have to eliminate tariffs covering 85% of the goods being traded with Hong Kong over a 10 year period under a proposed free trade agreement (FTA) being negotiated between the latter and ASEAN
- ▶ Brunei, Malaysia, Singapore, and Thailand were expected to implement the same tariff elimination

scheme, whilst Indonesia and Vietnam are expected to eliminate tariffs for 70% of goods over a 10 year period; Cambodia, Laos and Burma will eliminate duties for 65% of goods over a longer 15 year period under the agreement

- ▶ Hong Kong, for its part, has committed to bind all its tariffs at zero under the proposed AHKFTA, which was expected to open more market opportunities for all parties under the agreement

[Business Inquirer \(04 September 2016\)](#)

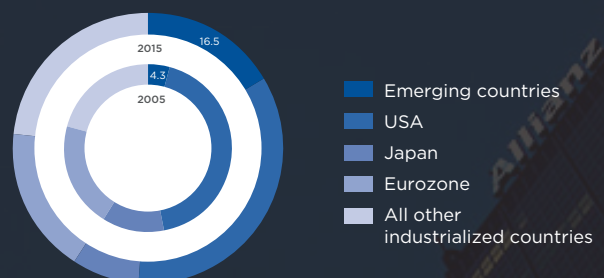
ALLIANZ WEALTH REPORT HIGHLIGHTS HOUSEHOLD LOAN LEVELS IN MALAYSIA

Loans to private households increased at a faster pace than national gross domestic product (GDP) and also their financial assets in 2015, according to the Allianz Global Wealth Report.

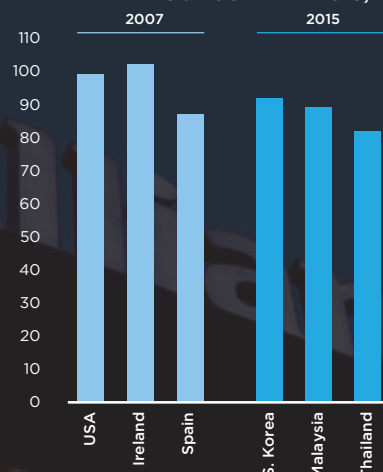
- ▶ The report underlined that the 7.2% growth rate of loans to households exceeded the GDP of growth rate of 4.6%, surpassing even the growth of financial assets at 4.9%; these trends worsen the balance of private debt to GDP and asset to debt ratio at unhealthy rates
- ▶ The report also pointed out that at the end of 2015, every inhabitant of Malaysia had debts to the tune of US\$8110 as against average financial assets of US\$16660; Malaysia was pointed out to have an assets to liabilities ratio of 2.1, seeming to indicate that most households would be able to repay their debts
- ▶ It was also highlighted that only Thailand had a lower ratio when compared to Malaysia; In Taiwan, for example, a country with a similarly high debt to GDP ratio of 90.4%, the respective ratio was 5.5

[The Star \(22 September 2016\)](#)

SHARE OF GLOBAL DEBT BURDEN 2005 AND 2015, IN %



DEBT RATIOS 2007 AND 2015, IN %



Source: Allianz

FUTURE ECONOMY COMMITTEE ZOOMS IN ON 5 AREAS

The committee tasked with charting the blueprint of Singapore's economic future has zeroed in on five key areas: the digital economy, jobs and skills for the future, Singapore as a connected city, innovation, and governance.

- ▶ These themes will be covered in an upcoming report by the Committee on the Future Economy (CFE), which will be making its recommendations on how Singapore should position itself in the years ahead, said Minister in the Prime Minister's Office Chan Chun Sing
- ▶ This year, 430 tertiary students competed to come up with strategies for the digital economy, one of

the key themes the recommendations by the CFE will centre on.

- ▶ Mr Chan said data and connectivity will help Singapore overcome its geographic and resource constraints, and lead to more economic opportunities; he also said companies can identify new business opportunities through collecting and analysing data, and this, in turn, will help them create new products and services and generate jobs
- ▶ Mr Chan added that the CFE's recommendations for the digital economy will complement existing initiatives like the Smart Nation drive and the masterplans for infocomm technology

[Straits Times \(25 September 2016\)](#)

INDONESIAN TEXTILE MANUFACTURERS REQUEST LEGAL CERTAINTY ASEAN COMMUNITY

Textile companies urge the government to provide more legal certainty in relation to the continuously rising flow of imported textile products; a rising flow in direct result of the implementation of the ASEAN Economic Community (AEC) at the start of 2016.

- ▶ This inflow of relatively cheap textile imports puts pressure on Indonesia's domestic textile manufacturing industry, an industry that has already been under pressure due to external and internal factors; since the launch of the ASEAN China Free Trade Agreement (ACFTA) in January 2010, the Indonesian market has seen a great surge in cheap textile imports from China
- ▶ Many of the textile products that are imported into Indonesia from member ASEAN countries are actually

(partly) manufactured in non-ASEAN countries and then transshipped into Indonesia; this means domestic textile manufacturers need to compete not only with Chinese textiles and ASEAN textiles but also with textile producers from outside these regions

- ▶ Textile products need to fulfill two requirements in order to be imported under the AEC framework; firstly the cloth needs to be manufactured in the ASEAN member nation and secondly it needs to be sown in that country
- ▶ However, several ASEAN member nations import the cloth that was manufactured abroad and are only engaged in the sowing process before exporting the product to Indonesia, which is not in line with the regulations, thus creating calls to clarify legislation

[Indonesia Investments \(24 September 2016\)](#)

THAILAND AGREES TO US\$5.1 BILLION COST FOR RAIL PROJECT'S FIRST PHASE

China and Thailand agreed that the first phase of a planned high-speed railway project will cost US\$5.1 billion, with both countries calling for closer ties following rocky negotiations.

- ▶ The 873km rail line will link Thailand's border with Laos to the ports and industrial zones in Thailand's east; the rail is part of China's new Silk Route initiative, with ambitious railway plans to connect the southwestern Chinese city of Kunming to Thailand, through Laos, whilst also modernising Thailand's ageing railway infrastructure

- ▶ Earlier this year China put the total project cost at US\$16 billion, which Thailand rejected for being too high, halting the construction of the link; Thailand has agreed to bear the full construction costs, while China will provide funds for technical systems
- ▶ The first phase will focus on a 250km track from Bangkok to the northeastern Thai province of Nakhon Ratchasima, with construction commencing in December 2016; Thailand's junta has targeted infrastructure spending as a long-term fix to help boost the economy in light of weak exports and consumer confidence

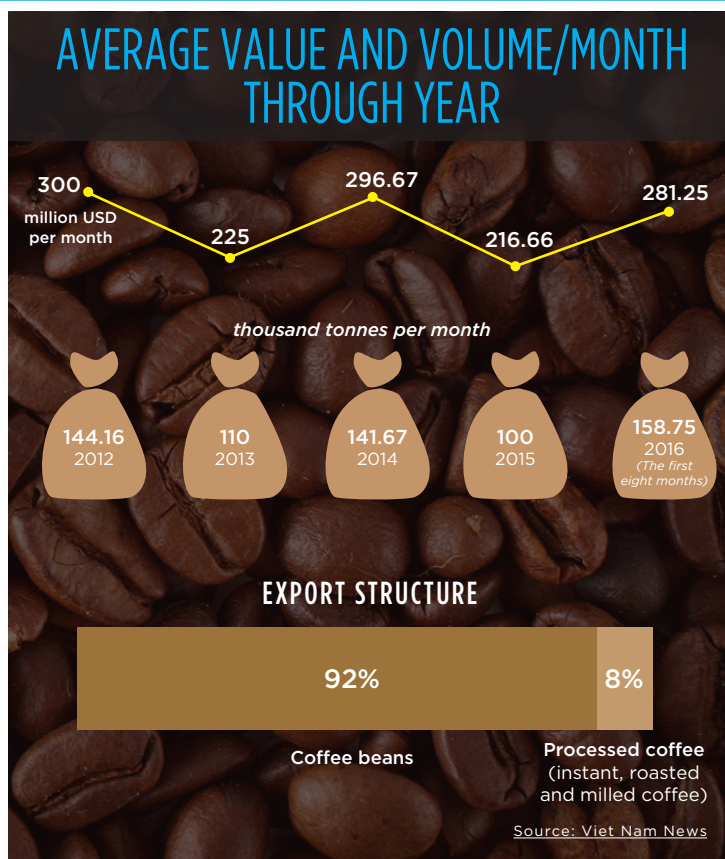
[Coconuts Bangkok \(22 September 2016\)](#)

VIETNAM, UK TO BOOST COFFEE TRADE

According to Viet Nam Coffee and Cocoa Association (VICOFA) Chairman Lurong Van Tu, private British and Vietnamese coffee enterprises have expressed interest in further ventures in the future, which is expected to boost the industry's already burgeoning growth.

- ▶ Vietnamese Ambassador to the UK Nguyen Van Thao pledged his strong support to facilitate Vietnamese market access to UK enterprises; Deputy Minister of Agriculture and Rural Development Lê Quoc Doanh said Vietnam encouraged foreign investors to pour capital into agriculture, including the coffee processing technology
- ▶ Vietnam's coffee exports in August 2016 reached 2.54 million bags, or 152,678 tonnes, a growth of 9.2% from July 2016, according to the General Department of Customs' statistics; This number is significantly higher than the market's expectation of 100,000 to 120,000 tonnes, as well as the Government's estimated 140,000 tonnes
- ▶ Further collaboration between the UK enterprises and Vietnamese coffee producers is expected to continue to push growth above expectations well into the future

[Viet Nam News \(23 September 2016\)](#)



FOREIGN AFFAIRS

▶ Aung San Suu Kyi pledged to promote human rights in the troubled Rakhine state as the Nobel laureate made her UN debut as Myanmar's de facto leader on 21 September. However, some western supporters have voiced dismay as she has yet to recognise the Rohingya - a persecuted Muslim minority. But she did pledge to back a commission led by former UN chief Kofi Annan that was recently set up to advise on Rakhine state, where thousands of Rohingya have spent four years in dire displacement camps.

[The Guardian \(21 September 2016\)](#)

▶ The International Committee of the Red Cross (ICRC) instituted a conditional cash grant programme in January this year and so far 860 families have received conditional cash grants to set up or restart a small business. These benefit more than 4,330 people who are directly or indirectly affected by conflict.

[ICRC \(27 September 2016\)](#)

SOCIETY

▶ Myanmar's ancient city of Bagan is "very likely" to be listed as a World Heritage site in 2019, the head of Unesco's Yangon office, Sardar Umar Alam said on 26 September, promising a boon to a tourist attraction battered by a recent earthquake. Bagan is home to more than 2,000 ancient Buddhist monuments that are among Myanmar's most venerated religious sites and is a major attraction for its nascent tourist industry.

[The Malay Mail \(26 September 2016\)](#)

ECONOMY

▶ Myanmar is due to sign a memorandum of understanding (MoU) with Indonesia to export 500,000 tons of rice a year until 2019, according to Myanmar's Commerce Ministry. About 90 percent of rice exports currently go overland to China, but the Myanmar Rice Federation is looking to increase sales to Indonesia, the Philippines and Japan.

[The Jakarta Post \(25 September 2016\)](#)

▶ The business community is waiting news from Myanmar's State Counselor Aung San Suu Kyi for news on future investment and economic policy following the US lifting of economic sanctions. A scheduled meeting between Myanmar's business community and Suu Kyi has been postponed following her two-week international trip to the US and the UK and reports of fatigue. The National Planning and Finance Ministry is still expected to clarify new foreign investment policy details before the end of the month, as previously scheduled.

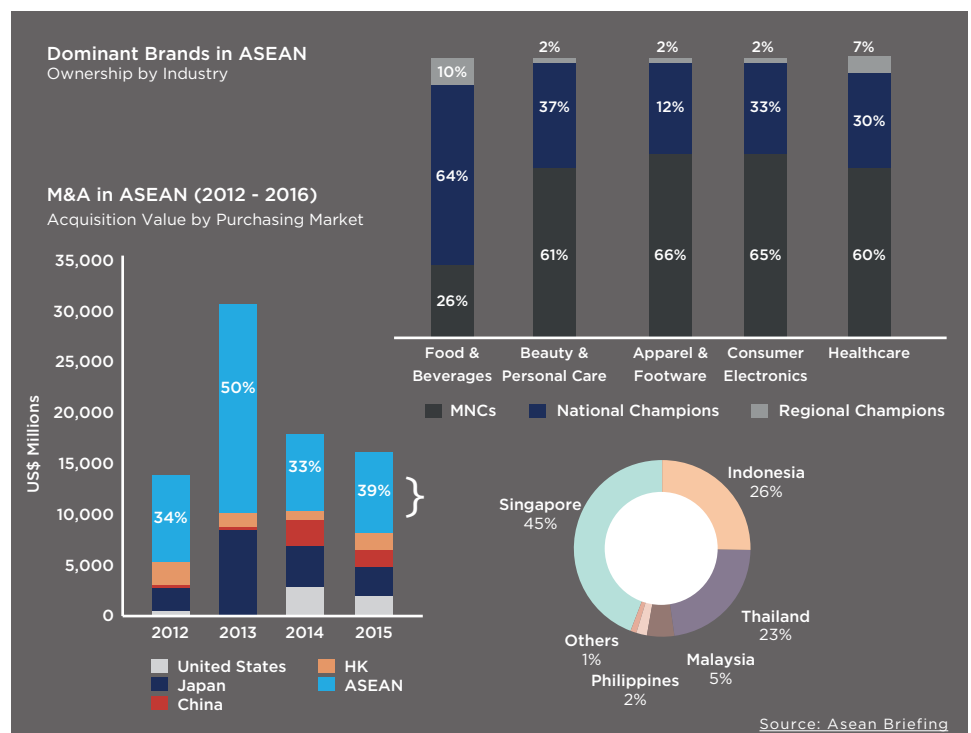
[The Irrawaddy \(26 September 2016\)](#)

THE STATE OF ASEAN M&As IN 2016

In its most recent investment report for 2016, ASEAN has focused heavily upon the intertwined issues of mergers and acquisitions (M&A).

- ▶ The report sheds light on the use of these tools by international investors as well as states within the bloc, providing insight on sentiment of varying parties. For those seeking to enter the region for the first time, understanding these trends is sure to provide important insight in the formation of effective entry and expansion strategy
- ▶ In recent years, while total value of M&As has fluctuated slightly, the composition of transactions has changed significantly and can be analysed by potential investors; both the United States and China have broken into the M&A scene in a large way in recent years
- ▶ On the part of China, this appetite can be explained by adoption of China plus one manufacturing within ASEAN, and a need to quickly supplement existing production with low cost alternatives
- ▶ On the part of the United States, pending completion of the Trans Pacific Partnership (TPP) is likely to make key markets such as the Vietnam, Malaysia, and Singapore more attractive for US companies

[Asean Briefing \(22 September 2016\)](#)



MALAYSIA TO BUY POWER FROM LAOS VIA THAI POWER GRID

Thailand and Malaysia concluded a deal which will see Malaysia buy 100 MW of electricity from Laos via Thailand's power grid.

- ▶ Top energy officials of the three countries signed the Memorandum of Understanding (MoU) on the sidelines of the 34th ASEAN Ministers on Energy Meeting (AMEM) in the Myanmar capital of Nay Pyi Taw, according to the Lao Ministry of Energy and Mines
- ▶ Officials hailed the landmark agreement as the first multilateral power trade to be implemented under the ASEAN Power Grid Initiative; the is MoU is to pave the way for Malaysia to purchase up to 100MW of hydro power from Laos via Thailand's network by 2018
- ▶ A joint statement said the initiative is aimed at enhancing energy security in ASEAN through the establishment of a network of interconnections between the three member states; It is anticipated that the power integration project will be extended to Singapore in the future

[AsiaOne \(23 September 2016\)](#)

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