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01 MALAYSIA

MALAYSIA'S FACTORY SUSTAINS SHRINKAGE

NIKKEI MALAYSIA MANUFACTURING PMI

50 = no change on previous month, S. Adj increasing rate of expansion



Purchasing Managers' Index (PMI) is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of sector operating conditions.

Source: Market Economics

Malaysia's manufacturing Purchasing Managers' index (PMI) contracted for the 18th straight month in September 2016, though at 48.6, this was the highest reading since January 2016; according to HSBC Global Research, this may trigger rate cuts with Malaysia's central bank.

▶ HSBC Global Research has highlighted that weak external demand remained a major drag, with new export orders expected to continue sinking into the foreseeable future; this could see Bank Negara Malaysia (BNM) reducing the Overnight Policy Rate (OPR) by another 25 basis points in its November 2016 meeting

- ▶ Co-head of Asian Economic Research HSBC Frederic Neumann added that the Markit manufacturing PMI data showed that three of the five PMI components that constitute the headline reading, output, new orders, and stocks of purchases all contracted in September 2016
- ▶ Manufacturing is the country's largest employment sector alongside the wholesale and retail sectors. In general, however, labour market conditions remain soft, pushing the unemployment rate gradually higher to 3.5% in July 2016
- ▶ The government's recalibrated 2016 budget will not provide any additional fiscal impulse, with the budget deficit to GDP ratio maintained at 3.1% of GDP versus an estimated 3.2% of GDP for 2015

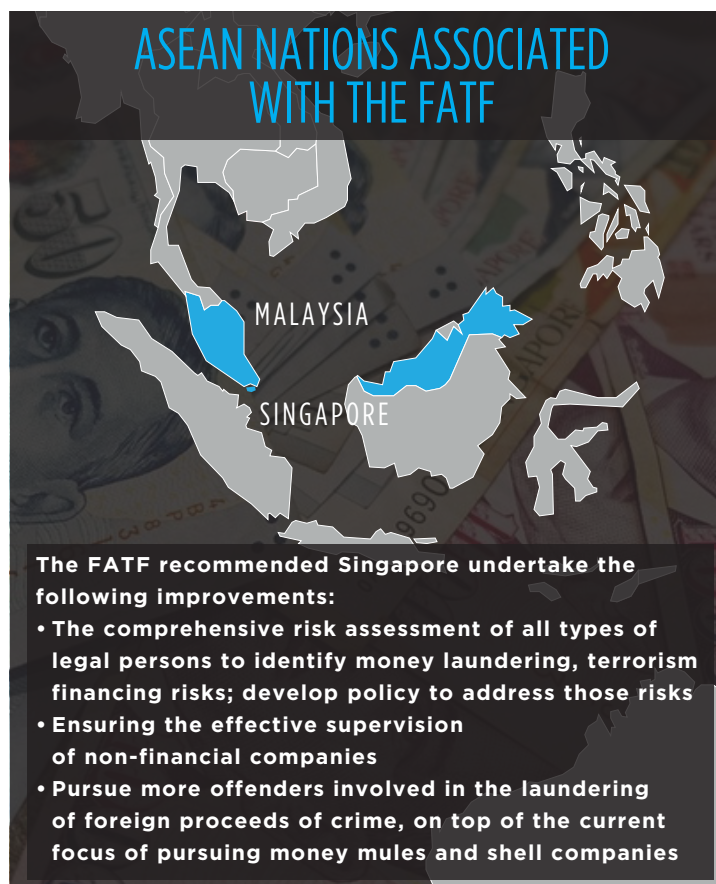
The Star (30 September 2016)

SINGAPORE NEEDS TO DO MORE ON MONEY LAUNDERING, REPORT SAYS

According to a review by the Financial Action Task Force (FATF), Singapore has improved its efforts against money laundering and terrorist financing in the past few years but has prosecuted fewer complex cross-border cases than would be expected.

- ▶ While the report, based on an inspection last December, commended Singapore for significant improvements since the last FATF visit in 2008 and cited its strong regulatory framework and record of international cooperation, the criticisms will likely sit uncomfortably with regulators; they have sought to shake perceptions of the city-state as a banker for rich individuals who may have obtained their wealth illegally
- ▶ Tuesday's FATF report didn't take into account actions taken by Singapore regulators since the evaluation in December 2015; in May 2016, Singapore revoked the local banking license of Swiss bank BSI SA and fined it for allegedly failing to prevent suspected money laundering and bribery related to 1MDB
- ▶ Furthermore in June 2016, Singapore said it would overhaul its system to combat money laundering, establishing a dedicated department; Among the FATF's key recommendations are that Singapore make information about the beneficial owners of "legal persons" like shell companies more accessible, and pursue more cases of complex transnational money laundering

[Wall Street Journal \(27 September 2016\)](#)



THOUSANDS OF INDONESIAN WORKERS PROTEST AGAINST TAX AMNESTY

Thousands of Indonesian union workers marched to the heart of Jakarta to protest against a government tax amnesty scheme, which is meant to plug a large budget deficit but which they say unfairly pardons wealthy tax dodgers.

- ▶ The amnesty program, under which Indonesians are encouraged to repatriate previously undeclared overseas assets to avoid increasing penalties, was launched in July 2016 and is a top priority for President Joko Widodo who believes the initiative will bolster the nation's dwindling budget by increasing its tax base
- ▶ Almost \$200 billion of assets have been declared so far under the program, according to finance ministry data; however, a rising number of blue-collar workers,

who make up the bulk of Indonesia's workforce, consider it unconstitutional because they say it forgives the past crimes of rich taxpayers.

- ▶ The government is banking on the amnesty to bring in US\$12.6 billion in 2016 to help keep the budget deficit from breaching a legal limit of 3% of gross domestic product; as September 2016 comes to a close, the tax amnesty's first phase elapses
- ▶ The first phase carries the lowest penalties for registering previously unreported assets applied; the penalty rates will rise after September 2016, which lasts until March 2017

[Reuters \(29 September 2016\)](#)

ASEAN MOVE TO REMOVE NON-TARIFF BARRIERS AMONG MEMBERS POSITIVE

The ASEAN move to remove non tariff barriers among members is positive as the countries involved progressively find a common platform to resolve the problem.

- ▶ Deputy International Trade and Industry Minister, Datuk Chua Tee Yong, said even though the members faced problems yet they kept engage with each other to find solutions; "That shows the common unity that we have in terms of finding the solution," he told reporters after launching ASEAN Border Trade Exhibition in September 2016

- ▶ Also present were Thailand's Deputy Minister of Commerce Winichai Chamenchang, Malaysian Ambassador to Thailand Datuk Nazirah Hussain and Malaysia External Trade Development Corp (Matrade) CEO, Datuk Dzulkifli Mahmud
- ▶ Chua said ASEAN was different from European Union (EU) as it focused on a consensus among the countries involved; "EU is governed by one central agency but for us it is more on consensus-building, and that's the reason why the grouping has been able to grow progressively."

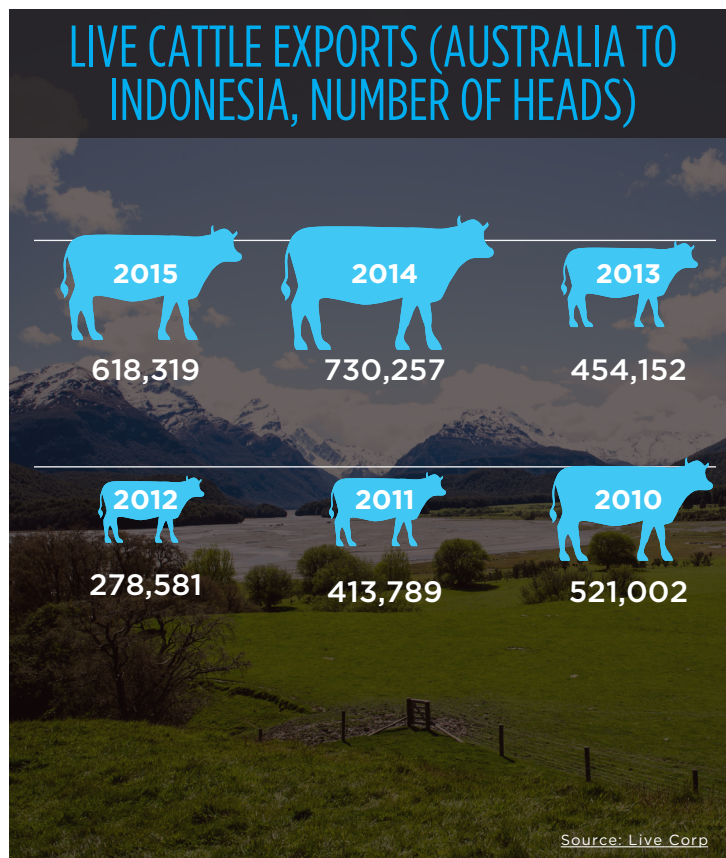
[Astro Awani \(01 October 2016\)](#)

INDONESIAN-AUSTRALIAN CATTLE TRADE RESUMES

After a month of uncertainty, the live cattle trade from Australia to Indonesia has resumed; trade was largely halted with Indonesia's decision to introduce a new trade rule stipulating that a certain percentage of all cattle imports must be for breeding purposes.

- ▶ It is understood that four Indonesian companies have now received import permits after agreeing to the new breeder protocol; Two of those companies, Santori and Great Giant Livestock, have established breeding programs in Indonesia, which no doubt helped in their decision to accept the new trade rule
- ▶ One source has told ABC Rural the vast majority of importers were not in a position to take on breeders, and face the risk of not getting any permits; "Feedlotter and breeders are two different businesses. These two cannot be mixed," the source said
- ▶ The delays caused by Indonesia's new trade rule has meant no Australian cattle have arrived in Indonesia for the entire month of September 2016, which has proved extremely costly for exporters
- ▶ Australian Minister Barnaby Joyce affirmed that he had been in contact with his counterpart in Indonesia and the Department of Agriculture, along with the Department of Foreign Affairs and Trade, had also been in "constant communication" with the Indonesian Government over said issue

[ABC \(30 September 2016\)](#)



SOUTH KOREA SHIPPING BUSINESS LEAVES SHIPS STRANDED IN SINGAPORE

With nine containers of goods stranded at sea following the sudden collapse of South Korean behemoth Hanjin Shipping, leaving the company in a chaotic state as the logistics department of Yong Wen Food Industries attempts to address its issues.

- ▶ While most of the company's stranded goods are non-perishable items such as canned food, the firm does have two containers carrying 3,600 cartons of fresh milk from Italy; employees at the Singapore-based food group have thus far received little detail regarding the whereabouts of most of its containers. Daily queries made to Hanjin's Singapore office have also gone unanswered since the

shipping giant filed for court receivership

- ▶ For the time being, the local food importer and distributor is relying on other shipments to make up for the stranded goods meant to be distributed to local supermarkets, bakeries and retailers; with updates from Hanjin Shipping being slow and scarce, the company has decided to engage freight forwarders to try to locate and retrieve its goods
- ▶ Yong Wen Food Industries is not the only one in Singapore caught up in the global supply-chain mess triggered by the demise of the world's seventh-largest container line, which has left more than 100 ships and their cargo in limbo at sea

[Channel News Asia \(30 September 2016\)](#)

CARTER, ASEAN MINISTERS REAFFIRM COMMITMENT TO REGIONAL SECURITY

According to US Defense Secretary Ash Carter, The United States and its Asian-Pacific allies reaffirmed their commitment to strengthen defense cooperation in areas including maritime security and counterterrorism.

- ▶ Defense Ministers of ASEAN met in Kapolei, Hawaii, where they deepened their countries' partnership and renewed pledges to address shared security challenges, Carter told reporters following the talks; "We all recommitted our militaries to keeping the region's waterways open and secure and to help all our nations see more, share more and do more in Southeast Asia's vital waterways,"
- ▶ The ministers spent a considerable amount of time

discussing the threats posed by terrorists affiliated with the Islamic State of Iraq and the Levant, as well as from returning foreign fighters and other extremists in the region, according to Carter

- ▶ Carter applauded ASEAN for its enduring commitment to peace and stability over the years, saying it has helped provide the security and uphold the principles that have benefited nations and the entire region
- ▶ Carter also said he shared with his counterparts the U.S. plans and commitments of the third phase of the rebalance to the Asia Pacific, which is meant to cement the progress of the previous phases that enhanced and improved the U.S. military force posture there

[U.S. Department of Defense \(01 October 2016\)](#)

▶ The Asian Infrastructure Investment Bank (AIIB) has issued its first loan in Myanmar. The AIIB will lend US\$20mn to the Myingyan gas-fired power plant, which will also receive US\$58mn from the International Finance Corporation (IFC) and potentially US\$42.2mn from the Asian Development Bank (ADB). The 230MW plant will be constructed by Singapore's Sembcorp Industries, who won what is considered to be the first wholly international tendering process in the country's sector.

[Global Trade Review \(5 October 2016\)](#)

POLITICS

▶ Myanmar has scrapped the stringent Emergency Provisions Act which had been used by the former military leaders to silence opponents. The law allowed the authorities to detain people without charge and prescribed jail or execution for a wide range of offences considered treason.

[BBC News \(5 October 2016\)](#)

ECONOMY

▶ Myanmar's banking sector is expected to undergo intense transformations and create 120,000 more jobs by 2025. The sector's asset base is bound to expand eightfold from its current size in almost a decade, to US\$ 247 billion at 23% CAGR from 2015, according to German consultancy firm Roland Berger. By 2025, loans will have increased more than tenfold to US\$ 164 billion at 29% CAGR.

[Mizzima \(5 October 2016\)](#)

▶ Myanma Posts and Telecommunications plans to have 230 stores by spring 2018, an 80% increase, as Myanmar's largest telecom operator faces tougher competition from the entry of new foreign companies. MPT's 130 current shops handle repairs and sell SIM cards and smartphones. The company plans about 100 new stores to help push smartphone sales and use of its internet services.

[Nikkei \(6 October 2016\)](#)

▶ As global manufacturers are no longer looking at China as their manufacturing base, they are shifting their facilities to Asean countries, one of which is Myanmar, mainly due to the abundance of low-cost labour and a strategically placed logistics hub, according to Solidiance, an Asia-focused management consulting firm. The industrial sector's share of Myanmar's GDP has surged from 11% in 2008 to 34% in 2015, and will continue to drive economic growth.

[Bangkok Post \(3 October 2016\)](#)

THAILAND PLEDGES US\$1M TO KICK OFF ASEAN SCIENCE DEVELOPMENT FUND

The science development fund hopes to address areas of cooperation to stimulate education in science and technological development in the region, and is expected to be implemented towards the end of 2016.

- ▶ After the first Asean Science & Technology Innovation (STI) Forum, held in Bangkok, Science and Technology Minister Pichet Durongkaveroj said the forum had come up with three plans to stimulate education in science and technological development in the region
- ▶ "As host of the event, Thailand proposed providing \$1 million in initial investment capital to set up a Science, Technology and Innovation (STI) Development Fund for ASEAN, so that ASEAN countries will have a tangible plan to direct responsible development of science and technology," he said
- ▶ After Thailand's proposal, representatives of other ASEAN countries responded to the idea and said they would ask their governments to approve budgets for contributing to the fund; ASEAN cooperation in science and technology affects many sectors, such as food, energy and alternative energy, and biodiversity
- ▶ Durongkaveroj said the Newton Fund, which is managed by the UK Department of Business, Energy and Industrial Strategy in collaboration with 16 partner countries, would support the establishment of the STI Development Fund for ASEAN




[The Jakarta Post \(28 September 2016\)](#)

MALAYSIA IS OVERALL CHAMPION AT ASEAN SKILLS COMPETITION

Malaysia emerged overall champions of the Asean Skills Competition Kuala Lumpur 2016, with an impressive haul of 24 gold, four silver and five bronze medals.

- ▶ The host country also clinched six medallions of excellence, to cap a memorable outing for them; Mohamad Farhan Zaki, who took part in the Automobile Technology category, was the toast of Malaysia after being awarded the "Best of Nation" prize, which is given to the best participant of each country
- ▶ Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said the development of technical & vocational education and training (TVET) is vital in Asean as the region faces increasing demand for skilled workforce
- ▶ The theme of the six-day competition, which is in its 11th edition, was "Skills for a Brighter Future"; Among the categories in the competition included automobile technology, mobile robotics, fashion technology, mechanical engineering design and IT network systems administration

[The Star \(28 September 2016\)](#)

	MEMBER RESULTS COMPARISON COMPARISON BY TOTAL MEDAL POINTS 11TH WORLD SKILLS ASC					
	Total Medal Points	Number of Competitors				Medallion for Excellence
MALAYSIA	124.00	44	24	4	5	6
INDONESIA	86.00	38	13	2	7	14
VIETNAM	66.00	40	7	5	4	15
THAILAND	49.00	30	5	1	7	12
SINGAPORE	37.00	32	3	1	7	8
PHILIPPINES	21.00	22	1	1	4	6
CAMBODIA	5.00	12	0	0	1	3
LAOS	2.00	13	0	0	0	2
MYANMAR	2.00	12	0	0	0	2

Source: World Skills ASEAN

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