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)
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.”

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.

The FATF recommended Singapore undertake the following improvements:

- The comprehensive risk assessment of all types of legal persons to identify money laundering, terrorism financing risks; develop policy to address those risks
- Ensuring the effective supervision of non-financial companies
- Pursue more offenders involved in the laundering of foreign proceeds of crime, on top of the current focus of pursuing money mules and shell companies.

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 beneficiary owners of “legal persons” like shell companies more accessible, and pursue more cases of complex transnational money laundering.

SINGAPORE needs to do more on money laundering, report says

THOUSANDS OF INDONESIAN WORKERS PROTEST AGAINST TAX AMNESTY

03 INDONESIA

04 SINGAPORE

ASEAN nations associated with the FATF

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CARI CAPTURES

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.

- 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; “Feedlotters 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.

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**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 thus far 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.

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**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.
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 Durongkaverj 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.

Durongkaverj 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 JAKARTA POST (28 SEPTEMBER 2016)

MEMBER RESULTS COMPARISON BY TOTAL MEDAL POINTS 11TH WORLD SKILLS ASC

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

THE JAKARTA POST (28 SEPTEMBER 2016)

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