

# CARI CAPTURES

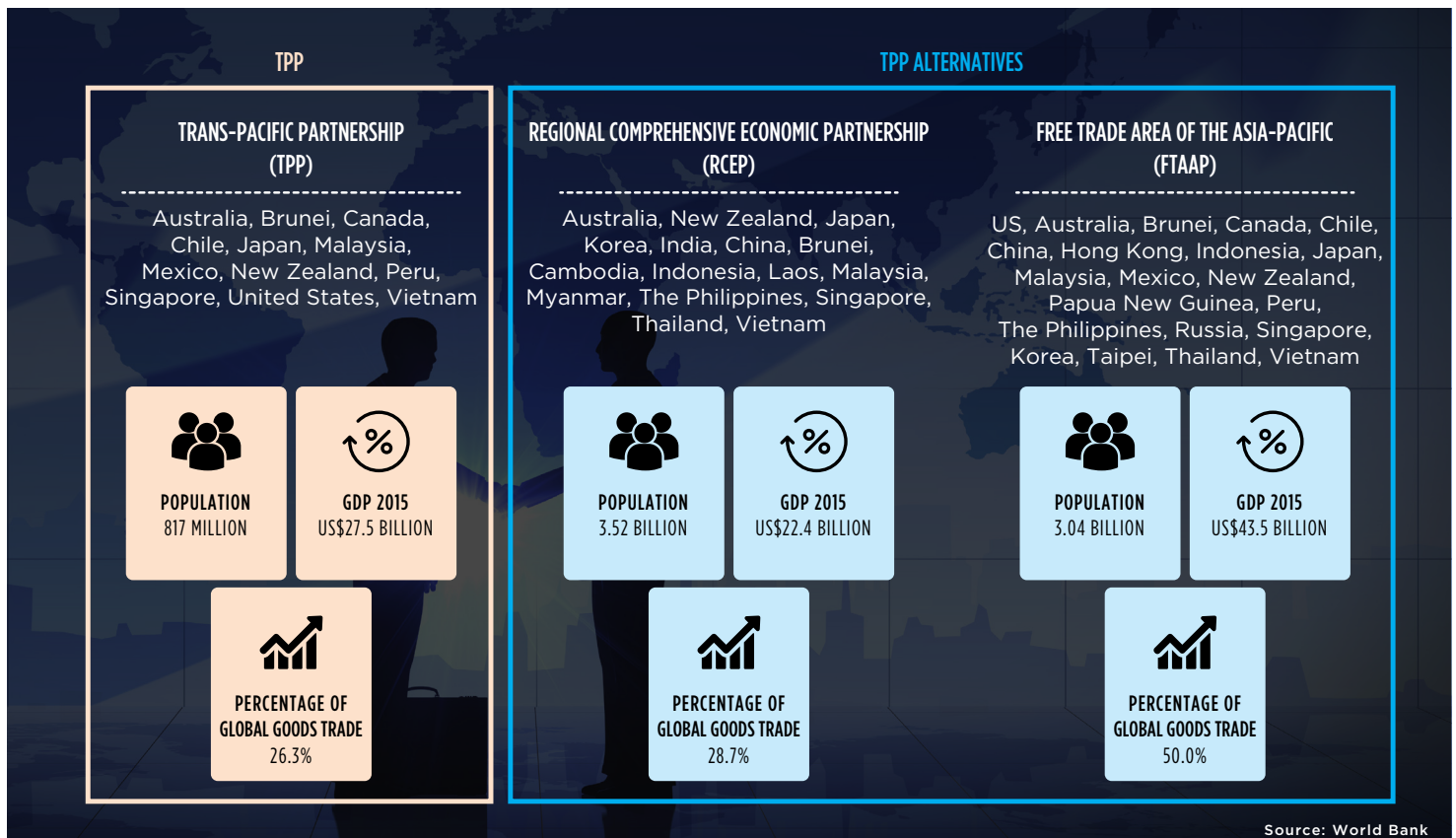
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01 ASEAN | ASIA-PACIFIC

## ASEAN-PACIFIC AXIS TABLED AS ALTERNATIVE TO TPP



**The Asia Pacific Economic Cooperation (APEC) summit 2016 was held in Lima, Peru on 19-20 November. On the first day of the summit, Indonesia made a proposal of a new trade bloc that would counterbalance the dominance of the United States and China. The forum ended with the members crafting a joint statement declaring a new APEC free trade agreement a goal of the partnership.**

- ▶ Indonesia called on APEC members to consider forming a free trade bloc between ASEAN and the Pacific Alliance countries if Trump decides to end the Trans-Pacific Partnership (TPP)
- ▶ The TPP, championed by the outgoing US President Barack Obama, was a US initiative to contain the dominance of China in APEC but its future is now uncertain as president-elect Donald Trump said he would focus on the US domestic economy and review the viability of the trade agreement once he is sworn-in as president on 20 January 2017

- ▶ Obama is no longer expected to seek ratification of the TPP pact by the US Congress before he leaves office because of Trump's victory
- ▶ Meanwhile, China has stepped up its effort to prop up the Regional Comprehensive Economic Partnership (RCEP), which excludes the US and is now seen as the only likely path to broader free trades of which the APEC aspires to
- ▶ The forum closed with a joint statement of the 21 members, in which they pledged to resist protectionism amid signs of increased free-trade scepticism and work toward a sweeping new free trade agreement that would include all 21 members as a path to "sustainable, balanced and inclusive growth," despite the political climate

[The Jakarta Post \(21 November 2016\)](#)

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

## DUTERTE THREATENS TO WITHDRAW THE PHILIPPINES FROM THE INTERNATIONAL CRIMINAL COURT

**A restructuring of geopolitical allegiances looks increasingly likely as Philippine President Rodrigo Duterte continues to express disillusionment with Western values, including his latest move of threatening to withdraw the Philippines from the International Criminal Court (ICC).**

- ▶ During a speech in Davao City on 17 November, Duterte described the court as useless and said the institution suffered from prosecutorial selectivity, unfairly focusing on small states, such as the Philippines, and turning a blind eye to war crimes committed by Western nations
- ▶ The president's threat to withdraw came just one month after the ICC released a statement affirming the court's right to prosecute any individuals involved in alleged extra-judicial killings during the Philippines' ongoing war on drugs, and only one day after Russia announced its intention to pull out of the ICC

- ▶ The Philippines and Russia continue to show signs of strengthening ties, latest of which is Russia's commitment to significantly boost its imports from the Philippines to about US\$2.5 billion - from only US\$46 million currently, following bilateral talks on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Leaders Meeting in Lima
- ▶ Another alarming news about the Philippines criminal justice system, are claims that the Philippine government is considering lowering the age of criminality to 12, or even nine years old, to deter people from using minors to commit crimes and carry drugs
- ▶ The United Nations condemned the plan and said the country could be defying international law designed to protect children

[Southeast Asia Globe \(21 November 2016\)](#)

[The Philippines Star \(22 November 2016\)](#)

[Sky News \(21 November 2016\)](#)

## EXPERT CLAIMS ASEAN FACES BANKING UNION PROBLEMS

**Although the ASEAN Banking Integration Framework (ABIF) appears to hold great promise, the insistence on sticking to the so-called "ASEAN Way" threatens to undermine possible success and poses a major challenge to ABIF's success, according to Florian Anderhuber, policy analyst at the European Parliament.**

- ▶ Ratified in 2014, the ASEAN Banking Integration Framework (ABIF) will complement the ASEAN Single Market with a banking dimension, similar to how the Banking Union complements the European Single Market
- ▶ ABIF allows banks that meet a certain criteria to be classified as "Qualified ASEAN Banks" (QAB) providing access to other ASEAN markets, but foreign banks will only receive

the same treatment as domestic banks only when there is a bilateral agreement in place between home and host country

- ▶ While Thailand, Singapore and Malaysia, which all have banks with a pan-ASEAN presence, are pushing for swift implementation measures, Brunei, Cambodia, Laos, Myanmar and Vietnam (BCLMV) do not boast any banks that are capable of operating regionally
- ▶ While Singapore, Malaysia and Thailand have a strong need for closer integration as they are by far the largest intra-ASEAN portfolio investors, others, notably Indonesia and Myanmar, chose a protectionist approach to banking as a response to underdevelopment and relative lack of competitiveness

[Global Risk Insights \(19 November 2016\)](#)

### PROGRESS OF ASEAN FINANCIAL INTEGRATION



Source: LTB Reports 2015 - Financial Services & Capital Markets

## INDONESIA STRESSES ASEAN UNITY FOR REGIONAL SECURITY

**During the opening session of the 2016 ASEAN Defense Ministers Meeting (ADMM) in Laos, Indonesian Defense Minister Ryamizard Ryacudu called for concrete action to follow up on regional security agreements signed by all ASEAN countries.**

- ▶ Furthermore, Ryamizard stressed the importance of two specific issues with regards to regional security, namely

terrorism and the disputed South China Sea

- ▶ Ryamizard emphasized the importance for all ASEAN's defense ministers to remain unified to uphold safety in the region. "We must continue our togetherness and even improve our cooperation," he said
- ▶ ASEAN Defense ministers gathered at the ADMM Retreat in Vientiane, Laos on 15-17 November to informally discuss security in the region

[The Jakarta Post \(16 November 2016\)](#)

## THREE THAI AIRLINES FACE CLAMPDOWN

**The Civil Aviation Authority of Thailand (CAAT) has ordered three Thai-registered airlines to devise financial rehabilitation plans in response their financial crunch after a sharp drop in Chinese tourists.**

- ▶ The number of tourists from China has fallen significantly after the government launched a major crackdown on zero-dollar tour scams in September
- ▶ The three unnamed airlines, which are said to operate flights to international destinations mainly in China,

- are to work on solutions to their financial problems and submit their plans to the CAAT agency this month
- ▶ The airlines have faced liquidity constraints and were unable to pay their debts including fuel costs and other expenses at airports overseas
- ▶ If the airline operators fail to meet the deadline, they could face tough measures including a suspension of their service, said CAAT director Chula Sukmanop

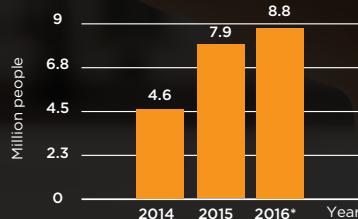
[Bangkok Post \(21 November 2016\)](#)

## THAI AUTHORITIES CRACKDOWN ON ZERO-DOLLAR TOUR SCAMS

NUMBER OF CHINESE TOURISTS ENTERING SUVARNABHUMI AIRPORT



CHINESE VISITORS TO THAILAND



\* Expected  
Source: Thailand Department of Tourism

**What is a zero-dollar tour scam?**  
Zero-dollar tour services offer cheap packages to tourists and some illegal operators would make large profits by taking them to associated shops and pressure them into buying overpriced food, accommodation and gifts.

Crackdown included the raid of OA Transport Co – the main bus provider for Chinese tourists

- 2,150 tour buses seized
- US\$131.67 million confiscated

## INDONESIA'S POLICE CHIEF WARNS OF PROTESTORS' THREAT TO PARLIAMENT

**An Indonesia-Singapore Business Council will be set up to allow businesses from both countries to network and understand opportunities on both sides, Singaporean Prime Minister Lee Hsien Loong announced on 14 November at a joint press conference with President Joko Widodo during the leaders' retreat.**

- ▶ Indonesian President Joko Widodo was quoted on 22 November that he was determined to prevent the growth of radicalism, after reports that Islamist extremists are planning protests to destabilize his government
- ▶ The day before, the National Police Chief Tito Karnavian warned of a threat to parliament during rallies expected on 25 November and 2 December
- ▶ Widodo said he wants to emphasize the spirit of pluralism, meaning the recognition of diversity within a political body, and has blamed "political actors" for fanning violence during the 4 November protest, without naming anyone
- ▶ There has been mounting alarm in the government since more than 100,000 Muslims, led by hardline Islamists, took to the streets of Jakarta on 4 November to demand the removal of the capital's governor, a Christian, for alleged blasphemy

[Reuters \(22 November 2016\)](#)

## ASEAN YOUNG LEADERS HOPE FOR REGION'S PEACE

**The talented young leaders of ASEAN will propel the region to new heights and will continue to forge peace within Asia, said US Ambassador to ASEAN Nina Hachigan during her speech at the Young Southeast Asian Leaders Initiatives in Lapu-Lapu City, Philippines.**

- ▶ "You will triumph over intolerance, holding violent extremism at bay. You will work to ensure that women and disadvantaged populations have equal opportunity. You will pull millions more out of poverty through strong economic growth, stimulated by the ASEAN Economic Community (AEC) and through creative programs like the ones some of you are creating," she said
- ▶ Under the AEC of the future, Hachigan said ASEAN economies will be highly integrated, relying on each other for markets and suppliers, students will be free to travel throughout the region to get an education, and foreign investment will continue to help create jobs, provide training and other technology
- ▶ Research shows that many young people have a strong desire to engage actively with their communities but lack understanding how decisions in society are made

[The Philippines Star \(18 November 2016\)](#)



**SECURITY**

▶ John McKissick of the UN refugee agency claims that Myanmar is seeking the ethnic cleansing of the Muslim Rohingya minority group. Armed forces have been killing Rohingya in Rakhine state, forcing many to flee to neighbouring Bangladesh but the government denies reports of atrocities and is "very, very disappointed" in the UN officer's comments, according to government spokesperson. Myanmar's new leader, Aung San Suu Kyi, is in a very delicate position as the international pressure for investigation into the alleged abuses is mounting but such a move could fracture her relationship with the autonomous armed forces.

[BBC News \(24 November 2016\)](#)

▶ One of Myanmar's most powerful ethnic militias, the Kachin Independence Army (KIA), joined three smaller groups in a weekend attack on 10 government targets in the country's northern provinces, killing at least nine people were killed and wounding 29 people. None of the four groups signed onto the country's 2015 nationwide ceasefire agreement but the KIA's political arm took part in Aung San Suu Kyi's 21-Century Panglong Conference in August. China has said its army is on high alert after armed groups in Myanmar attacked military and police posts close to their shared border at the weekend and that it is providing shelter for a number of people who fled the fighting.

[Radio Free Asia \(21 November 2016\)](#)  
[The Telegraph \(21 November 2016\)](#)

**ECONOMY**

▶ The Mekong Initiative for Startup Tourism (MIST) to catalyse tourism sector growth in Cambodia, Laos, Myanmar and Viet Nam has been launched. The MIST invites start-ups, particularly those led by local men and women, to participate in a contest to develop solutions for identified tourism market opportunities. Winners will be matched with suitable investors.

[FTN News \(21 November 2016\)](#)

▶ The Myanmar government is attempting to become a trading partner within the European Union's Forest Law Enforcement Governance and Trade (EU-FLEGT), with hopes to overcome doubts over the legality of exported timber in the European market. The process could take five to ten years.

[Irrawaddy \(22 November 2016\)](#)

**HEALTH**

▶ Myanmar is largely unprepared for an outbreak of Zika, experts say, with the health ministry slashing anti-virus measures due to lack of funds, overworked doctors skipping check-ups and pregnant women saying they are in the dark about the dangers. The World Health Organization's (WHO) warned Myanmar was likely to experience more cases of the mosquito-borne virus that has spread quickly in the region.

[Reuters \(19 November 2016\)](#)

**DIRECT RELIEF TO PROVIDE ASEAN DISASTER RELIEF AGENCY WITH PREPOSITIONED MEDICAL AID**

**Direct Relief will now be playing an even larger role in emergency response in ASEAN, following an agreement signed on 17 November in Jakarta, Indonesia.**

- ▶ The agreement is a memorandum of intent signed by Direct Relief and the ASEAN Coordinating Center for Humanitarian Assistance, known as the AHA Center, to provide prepositioned emergency medical supplies for ASEAN's collective response to regional disasters
- ▶ Direct Relief will preposition emergency supplies in ASEAN's three regional logistics hubs in Malaysia, Philippines and Thailand
- ▶ The AHA Center was created by ASEAN in 2011 to coordinate the collective response by to disasters within ASEAN but according to Said Faisal, executive director of the AHA Center, 2016 is the year when the AHA Center began to realize the spirit of One ASEAN One Response

[Relief Web \(17 November 2016\)](#)



**NO MORE FORMULA 1 IN ASEAN?**

**Malaysia's Tourism and Culture Minister Nazri Abdul Aziz confirmed that Malaysia will stop hosting the Formula One Grand Prix in Sepang after its current agreement expires in 2018. Singapore might also not host a grand prix after its current deal expires next year, according to industry insiders. Indonesia.**

- ▶ Mr. Nazri said the race had become too expensive to host and was no longer attractive, "I don't think there is anywhere in the world the number of spectators for F1 has increased", he told reporters
- ▶ Malaysian officials have said Sepang, which can accommodate 120,000 fans, drew just 45,000 to last month's grand prix, and added that race-day TV ratings were also poor
- ▶ "We are spending RM300 million (US\$67 million) million a year," he said, adding Malaysia has not produced quality F1 drivers in all the years that it has hosted the race
- ▶ The future of the F1 race in Singapore is also in doubt, after Formula One chief Bernie Ecclestone claimed that Singapore may not extend the deal, in an interview with German magazine published on 20 November
- ▶ If both countries back out of the race, the region would be left without a race for the first time since 1998

[Channel News Asia \(21 November 2016\)](#)  
[Reuters \(21 November 2016\)](#)

	Malaysia Grand Prix		Singapore Grand Prix	
Location	Sepang		Marina Bay Street	
First held	1999	- Costs US\$67 million per year - Can accommodate 120,000 but drew just 45,000 last month	2008	- Costs US\$105.04 million per year - This year's race averages 73,000 spectators each race day, down from 100,000 in 2008 and 87,000 in 2015
Circuit length	5.543 km		5.065 km	
Race length	310.408 km		308.828 km	
Laps	56		61	

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