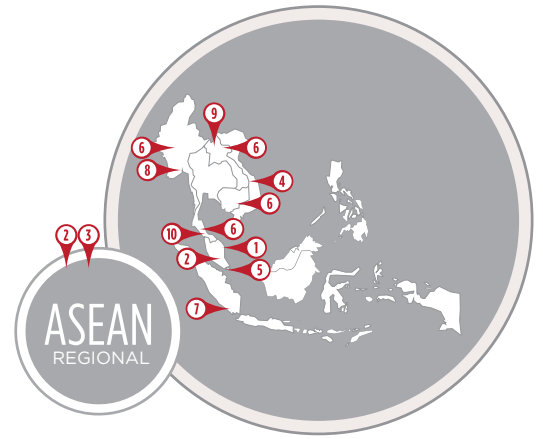


CARI CAPTURES



01 INTERNATIONAL OUTRAGE AFTER MALAYSIAN PASSENGER JET DOWNED NEAR UKRAINE-RUSSIA BORDER



MH17 Shot Down

FLIGHT MH17
Left Amsterdam's Schipol Airport at 12.15pm local time heading to Kuala Lumpur carrying 283 passengers and 15 crew.

Netherlands 191	Australia 27	UK 10	Belgium 4	Canada 1	USA 1
Malaysia 44	Indonesia 12	Germany 4	Philippines 3	New Zealand 1	

SHOT DOWN
A surface-to-air missile blasted the Malaysia Airlines Boeing 777 on Thursday over the Donetsk region of Ukraine near the Russian border.

SAFE ZONE TO FLY
The Federal Aviation Administration and other national civil aviation authorities had yet to designate the area where the Malaysian aircraft was shot down as part of the conflict zone in Ukraine.

32,000 FEET
The missile could come from a Buk or Russian-made S-200 missiles. Russia has been arming and supplying the rebels in eastern Ukraine, and US officials said heavy weaponry, including rocket launchers, recently went across the border into the conflict area.

Source: Daily Mail

World leaders demanded an international investigation into the shooting down of a Malaysia Airlines passenger jet over eastern Ukraine that killed all 298 people on board.

- ▶ Flight MH17 was on a scheduled flight from Amsterdam to Kuala Lumpur when it was shot down. The plane crashed about 40 km from the border with Russia near the regional capital of Donetsk, an area that is a stronghold of Kremlin-backed rebels who have been fighting Ukrainian government forces
- ▶ Of the dead, 191 were Dutch citizens, 44 were Malaysian, 27 Australian, 12 Indonesian, 10 British, 4 German, 4 Belgian, 3 Filipino and 1 each from Canada, US and New Zealand. All 15 crew members were Malaysian

- ▶ The loss of MH17 is the second devastating blow for Malaysia Airlines this year, following the mysterious disappearance of Flight MH370 in March, which vanished with 239 passengers and crew on board on its way from Kuala Lumpur to Beijing
- ▶ One US official said Washington strongly suspected the Malaysian Airlines Boeing 777 was downed by a sophisticated surface-to-air missile fired by Ukrainian separatists backed by Moscow
- ▶ The US called for an immediate ceasefire to allow international investigators access to the crash site, while pro-Russian separatists told the Organization for Security and Cooperation in Europe (OSCE), a regional security grouping, they would ensure safe access for any multinational investigation team

02 CIMB, RHB CAPITAL, AND MBSB TO MERGE



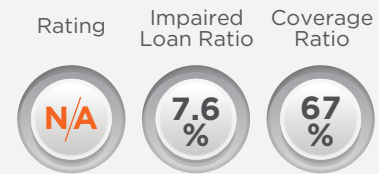
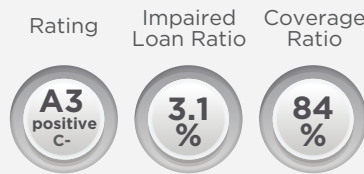
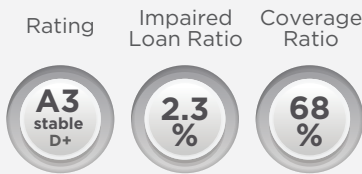
According to Moody's Investor Service, the proposed merger is expected to be credit positive for RHB Capital and the Malaysia Building Society Bhd (MBSB), both of which will benefit from CIMB's larger distribution network and stronger funding profile.

The three entities entered into a 90 day exclusivity agreement in discussion of a potential merger for their business, which had already received approval from Bank Negara Malaysia; the merger would create Malaysia's largest financial group by assets, which would total US\$188 billion, making them the national leader in terms of banking assets, loans, and deposits

- In terms of impaired loans, MBSB has a ratio of 7.6% impaired loans out of total healthy loans, versus CIMB's 3.1% and RHB's 2.5%; consequently, the merger would reduce CIMB's healthy credit ratings, which also sported higher coverage ratios
- It should also be noted that the Employees Provident Fund (EPF) owns 41% of RHB Capital, 65% of MBSB and 14.5% of CIMB, and therefore will be affected by the merger; as such, the EPF hired Deutsche Bank to advise the fund on matters related to the transaction

[The Star \(16 July 2014\)](#)

Merger Stakeholders



- Combined, MBSB and RHB equal 61% of CIMB's total Assets
- Deal would have a market capitalisation of **US\$188 billion**, assuming the deal is at 1.75 times book value

Source: [Tradingeconomics.com](#)

03 TAIWANESE BANKS EXPAND INTO ASEAN MARKETS AFTER TAX INCREASE



As the business tax rate on banking and insurance sectors increases to 5 percent, an increasing number of Taiwanese banks have recently been forging ahead toward the ASEAN market

- The hike in business tax rate on core business revenues of the banking and insurance sector to 5 percent from 2 percent which came into effect on 1 July 2014 is adding to the pressure on the banking sector in the already crowded Taiwan market
- The island's banks are planning to switch their development focus to other areas of Southeast Asia. Reportedly, underdeveloped Myanmar and Laos are the favored countries
- Taiwanese banks, namely First Bank, E. Sun Bank and Cathay United Bank, will likely be the first foreign investors to tap the financial market in Myanmar with the country reportedly soon to allow foreign banks to set up branches
- Myanmar has in recent years gradually opened its door to foreign investors as its political and economic situations improved. The country is attractive to foreign investors, with more than 60 foreign banks reportedly on the waiting list to open branches

[The China Post \(15 July 2014\)](#)

04 CHINESE OIL RIG MOVED AWAY FROM DISPUTED WATERS OFF VIETNAM'S COAST



A Chinese oil company has completed drilling in disputed waters off the coast of Vietnam and moved a rig that sparked skirmishes between boats of the two countries and deadly anti-Chinese riots in Vietnam.

- The said HYSY 981 rig completed drilling off Zhongjian Island in the Xisha Islands, as the Paracel Islands are known in Chinese, on 15 July according to Chinese state-owned enterprise China Oilfield Services Ltd
- The removal comes one month ahead of schedule. It will now be deployed in the LingShui blocks near China's Hainan Island. Separately, China said yesterday it released 13 Vietnamese fishermen it detained for fishing in its waters
- The departure of the rig and the release of the fishermen may not however mend ties with Vietnam, which no longer views China as a friendly ideological partner and may seek alliances with countries such as the Philippines, Japan and even the US, said Le Hong Hiep, a lecturer at Vietnam National University in Ho Chi Minh City
- Hanoi demanded that China never return rigs to the waters or any area belonging to Vietnam, Le Hai Binh, Vietnam's foreign ministry spokesman, said in an e-mailed statement
- Beijing however remains resolute in its territorial claims. "The Xisha Islands are integral parts of China," Chinese Foreign Ministry spokesman Hong Lei said in a statement on the ministry's website

[Bloomberg News \(16 July 2014\)](#)



05 SINGAPORE BECOMES FOURTH MOST EXPENSIVE CITY FOR EXPATRIATES



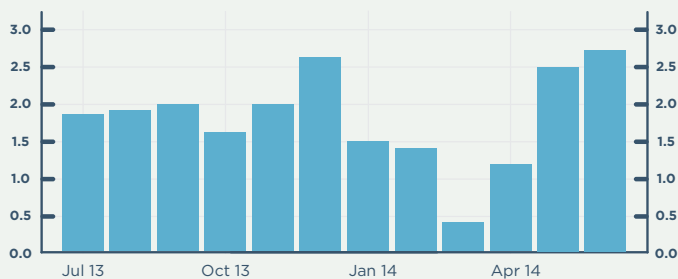
According to a recently released surgery by Mercer, Singapore was found to be the fourth most expensive city in the world for expatriates, second in the Asian region only to Hong Kong.

- ▶ The island state's high cost of living is not, however, limited to expatriates alone; with inflation rates rising as high as 5.3% in 2011, real wages have recently fallen by 0.4% in 2013, whilst Singapore's GINI coefficient stands at 0.463 in 2013
- ▶ Such statistics reflect an increasingly divergent pay structure within the economy, with growth in real household incomes for the lowest 20% between 2007-2012 being 4.4%, compared to the median of 9.3%, essentially showcasing a falling level of social mobility
- ▶ Under the present Finance Minister and Deputy Prime Minister Tharman Shanmugaratnam the government's policies on social support for the poor has softened somewhat, with policies for the poor shifting towards a little left of centre in support for Singapore's burdened local populace

[The Straits Times \(14 July 2014\)](#)

Singapore Inflation Rate

Annual Change on Consumer Price Index



Singapore Just Got More Expensive

RANK 2014	RANK 2013	CITY	COUNTRY
1	1	Luanda	Angola
2	4	N'Djamena	Chad
3	6	Hong Kong	SAR in China
4	5	Singapore	Singapore
5	8	Zurich	Switzerland
6	7	Geneva	Switzerland
7	3	Tokyo	Japan
8	9	Bern	Switzerland
9	2	Moscow	Russia
10	14	Shanghai	China

Source: Tradingeconomics.com

06 LAOS, CAMBODIA AND MYANMAR BACK NEW THAI LABOUR POLICIES



Officials from Myanmar, Laos and Cambodia gave their support to new Thai labour policies on regulating migrant workers.

- ▶ The new policies drafted by the National Council for Peace and Order (NCPO) are intended to reduce problems and protect workers' rights and conditions
- ▶ Diplomats from the aforementioned countries voiced their approval for the new measures during the opening of a one-stop-service - centre for migrant workers in Samut Prakan Province, Thailand
- ▶ Laos's ambassador to Thailand Ly Bounkham said the move will help prevent labour abuses and human trafficking while Cambodian

Ambassador Eat Sophea stated that the rights of migrant workers will be better protected. Burmese diplomat U Win Maung meanwhile urged workers from his country to register themselves with Thai authorities to fully benefit from the new measures

- ▶ Thai army Chief-of- Staff, Gen. Sirichai Distakul, who led the one-stop service inspection warned "those who have been taking advantage of migrant workers to stop doing so, or face punishment." The Thai Labour Ministry has confirmed that Thailand has about 2.2 million registered migrant workers

[Karennews.org \(15 July 2014\)](#)

07 INDONESIA NEEDS TO NARROW DOWN ITS INFRASTRUCTURE GAPS



This year's Indonesian election plays a vital role in determining Indonesia's future economic undertakings especially during the time when citizens are struggling with poor infrastructure networks.

- ▶ Poor accessibility and infrastructure networks such as bad roads surfaces and limited access to water and electricity especially in the eastern province halted the country's economic development; the country needs a decent infrastructure system that could drive its productivity and the whole economy to its full potential
- ▶ According to the World Bank June report, Indonesia has spent a low investment level on infrastructure, which currently sits at roughly 4% of the nation's GDP; the small allocation on investment had contributed to its 1 percent loss of growth over the last decade; other factors that halted infrastructure improvements include

corruption and lack of a structure in implementing regulations

- ▶ Indonesia has to take actions to tackle its infrastructure issues, including economic reform in order to take its place as a global economic leader; to correctly do so, Indonesia must first improve its competitiveness by closing its infrastructure and skills gaps and making sure that its market functions well
- ▶ The reform will eventually raise productivity and incomes, and would require more efficient government spending that cuts inefficiencies, such as fuel subsidies; as told by Edimon Ginting, the deputy country director for Indonesia at the Asian Development Bank, "The new government needs to focus on reforms, improving Indonesia's competitiveness - during the election campaign both candidates have hit hard on this, whether it's infrastructure, human resources or productivity"

[CNBC \(16 July 2014\)](#)



08 MYANMAR MONITOR 

POLITICS

▶ The National League for Democracy said the public support for their campaign to amend the country's constitution far exceeded their expectations but so far 3.3 million signatures have been collected. The NLD expects that number to rise to more than ten million before the campaign wraps up on Myanmar's Martyrs' Day on 19 July and signatures are submitted to the President and Parliament.

[Channel NewAsia \(17 July 2014\)](#)

ECONOMY

▶ Singaporean companies contributed almost all of Myanmar's incoming foreign investment in the first five months of this year, the Directorate of Investment and Companies Administration said. Singapore accounted for US\$1.9 billion of the total US\$2 billion in the January-May period. Thailand was a distant second, investing US\$114 million, while third-placed China invested US\$51 million.

[The Irrawaddy \(12 July 2014\)](#)

▶ The first ever British Chamber of Commerce was launched in Myanmar on 16 July, making the UK the first European nation to open a chamber of commerce after the European Union lifted economic sanctions against the country in 2013. The body, which will work with the local Union of Myanmar Federation of Chambers of Commerce (UMFCCI), aims to support responsible, sustainable and transparent investment in Myanmar.

[The Irrawaddy \(17 July 2014\)](#)

FOREIGN AFFAIRS

▶ The new UN special human rights envoy to Myanmar for arrived on 16 July on her first mission to the country. Korea's Yanghee Lee succeeds Argentina's Tomas Ojea Quintana in the job to gather first-hand information on the country's human rights situation during a scheduled 10-day visit to Yangon, Naypyidaw, Rakhine and Kachin state.

[The Philippine Star \(17 July 2014\)](#)

▶ The US State Department's top human rights official on 16 July accused Myanmar authorities of resorting to police-state tactics after five journalists got sentenced to 10 years of hard labour for a disputed story about a chemical weapons factory. The comments are the stiffest US criticism yet as the case is troubling for the Obama administration, which has supported Myanmar's democratic reforms.

[Bangkok Post \(17 July 2014\)](#)

▶ Thailand's military government said on 14 July it would send home 100,000 refugees who have been living in camps for at least two decades along the border with Myanmar, a move rights groups say would create chaos at a tense time for both nations. Myanmar has talked about repatriating the refugees, but non-governmental organisations say they are concerned by a lack of infrastructure to help returnees rebuild their lives.

[Reuters \(14 July 2014\)](#)

09 LAOS MOVES TO READJUST IMPORT TAXES



In a bid to shore up revenue collection through tariffs, as well as fulfill its obligations towards the AEC and WTO, the Lao government is moving to abolish reference prices used to calculate import taxes.

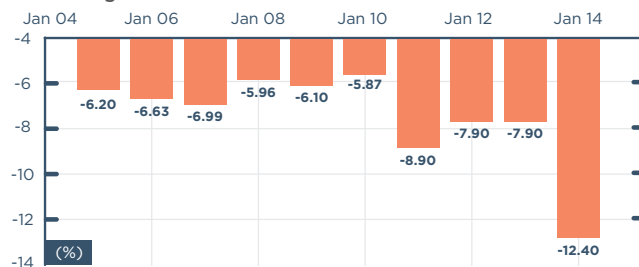
- ▶ The government has assured that the new tax scheme will do little to impact entrepreneurs or potential buyers, but will instead help to enhance sincerity, honesty and transparency from all parties
- ▶ In nine months of this financial year the Ministry of Finance has collected revenue equal to 61% of the annual plan, with tightened measures, the ministry hopes that revenue collection this year will reach 93% of the annual plan
- ▶ It is hoped that the adoption of modern management mechanisms and greater coordination between the ministry and relevant public and private sectors will also allow for more transparent business dealings

[The Shanghai Daily \(15 July 2014\)](#)

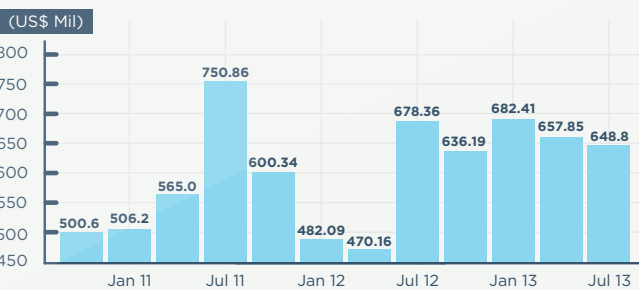
Laos Seeks to Improve Imports

Laos Government Budget

Percentage of GDP



Laos Imports



Source: Tradingeconomics.com

10 THAI VISA RUNNERS DENIED RE-ENTRY



Foreigners who do regular visa runs in order to extend their stay in Thailand have till 12 August before a crackdown by the authorities to enforce immigration laws more strictly.

- ▶ Visa runners are those who leave Thailand and return immediately for the purpose of extending their stay. By exploiting 60-day tourist visas and 30-day visa exemptions, many foreigners can work illegally in language schools, or restaurants and other businesses. It is easier for some to get jobs this way, as some employers do not want to go through the complicated process of seeking work permits and like to avoid the expense if they can.
- ▶ From 13 August, people will not be able to re-enter the country, regardless of their choice of transport. The Immigration Bureau has already instructed officials to deny entry to foreigners doing visa runs as a measure to stop the exploitation of tourist visas and visa exemptions to live or work here.
- ▶ Visa runs have been common among foreigners in Thailand recently, given that a simple search on the online turns up several companies offering "visa trips" for expatriates staying or working here.

[The Nation \(15 July 2014\)](#)

