

CARI CAPTURES



01 JUNTA APPROVES SINO-THAI RAIL LINKS



New Railway Link Offers International Connectivity



Thailand's National Council for Peace and Order (NCPO) recently approved a US\$23 billion infrastructure project which will link China's railways to Thailand by 2021.

The project, which was initially green lit by Thailand's previous administration under Yingluck Shinawatra, had been halted along with US\$62 billion infrastructure projects pending review by the NCPO; the railway lines will link connect northern Thailand to Southern China, whilst also connecting Bangkok and other key cities with airports, seaports, border areas and cargo depots

Furthermore, the completion of the project will mean that a high-speed line from Southern China, passing through Laos, Thailand, and ending in Singapore will exist; potentially increasing the collective GDP's of all nations involved by US\$375 billion according to a former Chinese railway chairman

The approval of a Sino-Thai infrastructure project opens up the Junta's ability to broker further deals with China, whilst also affirming its ability to develop stronger foreign policy ties with neighbouring nations

02 INDONESIAN COURT HEARS SUBIANTO'S CHALLENGE TO ELECTION RESULTS



The candidate determined to have lost Indonesia's presidential election last month waged a last-ditch effort in court to have the results overturned, while his camp said that even should he fail he'll push his agenda in the legislature his allies currently control.

▶ Prabowo Subianto, a former army general, said that "systematic and massive cheating" cost him the tightly contested two-man race. The country's election commission declared 22 June that had he lost by 8.4 million votes in an official count issued two weeks after more than 133 million ballots were cast

▶ Indonesia's Constitutional Court, which has the final say in election disputes, listened to Mr. Subianto and his lawyers' claims of voting irregularities and fraud. Chief among Mr. Subianto's claims is that ballots exceeded the number of eligible voters at more than 50,000 of the sprawling country's 479,000 polling stations

▶ Mr. Subianto's lawyers claimed to the court that the election committee hadn't conducted the election "justly and fairly," and if it had, Mr. Subianto would have emerged with 67.14 million votes, or 50.25%. Under the count issued last month, he garnered 62.58 million, or 46.85%

[The Wall Street Journal Online \(6 August 2014\)](#)

03 STRAINED INFRASTRUCTURE ERODES PHILIPPINE GROWTH PROSPECTS



Crumbling infrastructure threatens to hold back economic growth in the Philippines, one of the fastest growing economies in Asia.

▶ The Philippines has been one of the fastest-growing economies in Asia in recent years, with 7.2 percent GDP growth in 2013. However infrastructure problems now threaten to hinder the country from reaching the next level of economic development and improving its manufacturing base

▶ Manila is plagued by power failures, chronic water shortages, an antiquated telecommunications system, deteriorating roads and bridges and a subpar airport

▶ Infrastructure problems have surpassed corruption as the leading economic obstacle in the country, according to the most recent World Economic Forum competitiveness report, which is based on

responses from people doing business in the country

▶ "Infrastructure in the Philippines — transport, energy and communication — is in a difficult state to say the least," said Thierry Geiger, an economist with the World Economic Forum. "Year after year, when we ask business executives based in the country about the state of infrastructure, they say that it is improving. Yet it remains a major bottleneck."

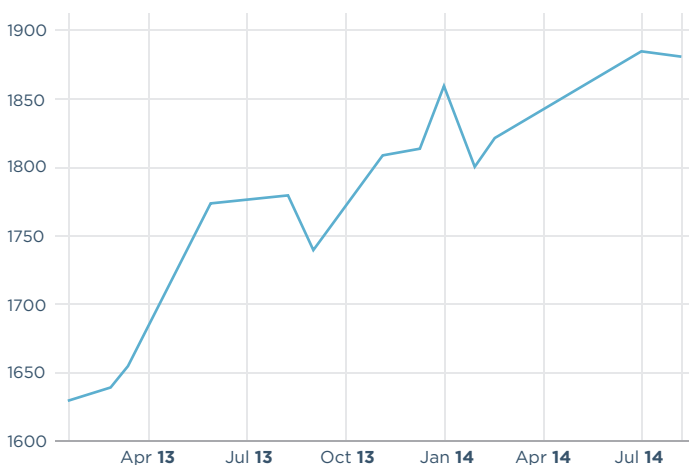
▶ Philippine's President Benigno S. Aquino III has repeatedly acknowledged the need to invest in infrastructure, noting in recent speeches that the government had increased spending in this area to 400 billion pesos this year, or about \$9.1 billion, from 200 billion pesos in 2011

[New York Times \(8 August 2014\)](#)

04 MALAYSIAN EXPERIENCES CAPITAL FLIGHT



Malaysia Stock Market (FTSE KLCI)



Malaysian equity markets recorded US\$4 billion worth in net outflows of foreign portfolio funds over the past 15 months.

▶ The largest outflow of funds occurred between May 2013 and July 2014, following the announcement that the US Federal Reserve would cut back on its asset purchase programme due to optimistic expectations of future economic performance

▶ According to Allliance Research economist Manokaran Mottain however, Malaysia's capital markets will likely see a reversal of such trends in the coming 3 to 6 months due to the lacklustre performance of the US economy

▶ Whilst optimism in the Malaysian market prevails, should the US seek to raise interest rates, continued outflows in capital may continue to plague emerging markets around the world; meanwhile, Bank Negara has acknowledge the need to address financial imbalances, raising the Overnight Policy Rate (OPR) by 25 basis points to 3.25% in a bid to halt capital flight in Malaysia

[The Star Online \(5 August 2014\)](#)

	Malaysia	May 2011-July 2014	July 2014
	OPR Rate	2.75%	↑ 0.25% 3.00%

Source: [Tradingeconomics.com](#)



05 SINGAPORE APPROVES BILL TO FINE DOMESTIC, OVERSEAS AIR POLLUTERS



Singapore's parliament passed a bill proposing fines for companies that cause haze pollution caused by smoke from forest clearing in neighbouring Indonesia regardless of whether the companies operate on the island.

- ▶ Under the bill, companies found guilty of causing haze could be fined up to SGD 100,000 (\$79,981) for each day they pollute, with the maximum aggregate amount being SGD 2 million (\$1.6 million). They will also be subject to civil claims from parties who say they have suffered damage caused by haze
- ▶ The bill targets entities directly or indirectly involved in slash-and-burn, and grants use of circumstantial evidence to prosecutors, such as satellite images or maps from non-government organizations. Defendants will bear the onus to prove the evidence wrong
- ▶ The law is designed to have extra-territorial reach, meaning it could be applied to culprits outside Singapore, though enforcement might be difficult
- ▶ Lawmakers hope overseas companies will comply to retain access to Southeast Asia's banking and business hub. A number of palm oil and forestry companies are listed on the Singapore Exchange

[Reuters \(5 August 2014\)](#)

07 INDONESIA IN NEED OF BANK CONSOLIDATION



Banking consolidation has been put on the agenda of president-elect Joko "Jokowi" Widodo's five-year term that begins this October — a policy that is expected to boost the competitiveness of domestic banks, especially in the regional market.

- ▶ Arif Budimanta, a member of the Jokowi-Jusuf Kalla economic team, said the new administration had put banking consolidation on its agenda and was looking to establish two lenders that will focus on aquaculture and development during its first year
- ▶ Indonesia currently boasts the largest number of banks in Southeast Asia. That has resulted in the most fragmented banking industry in the region, with the average assets of local banks being extremely small compared to that of their foreign neighbors — making it difficult for banks even as big as Bank Mandiri to expand overseas
- ▶ Fauzi Ichsan, who heads Jokowi's banking and finance advisory team, said the ideal number of banks should be 80, versus the 119 that currently exist. However, he said he feared talks on banking reciprocity and foreign ownership caps would hamper consolidation instead of further it
- ▶ Financial regulators have been aware of the need to consolidate the nation's banking industry, but the implementation of it has been slow, with an average of only one to two mergers or acquisitions taking place per year during the past 10 years

[The Jakarta Post \(1 August 2014\)](#)

06 CANADA ESTABLISHES ASEAN MISSION



Canada recently established a diplomatic mission to the Association of Southeast Asian Nations (ASEAN), hoping to bolster its diplomatic footprint in the region and build upon pre-existing ties.

- ▶ The mission will be headed by Canada's first dedicated ambassador to ASEAN, and will be co-located with Canada's embassy in Jakarta, Indonesia, a statement from the Canadian embassy in the Philippines said
- ▶ "Canada has been one of the longest-serving Dialogue Partners of ASEAN and has worked hard to enhance and foster this important

relationship. Our comprehensive engagement with ASEAN covers issues like supporting human rights, improving regional security, reducing transnational crime, and increasing trade and investment opportunities," said Canada's Foreign Affairs Minister John Baird

▶ To date, 77 nations have ambassadors to ASEAN, affirming their ties to the region and the development of regional and international cooperation

[Global Nation \(5 August 2014\)](#)

Countries with Ambassadors to ASEAN



08 MYANMAR MONITOR

POLITICS

- ▶ Myanmar ranks in the 89th place out of 99 countries in terms of how rule of law is experienced in everyday life, according to the Washington-based NGO World Justice Project. The index, published on August 6, is based on over 100,000 household and 2,400 expert surveys conducted worldwide. Out of the eight ASEAN countries included in the survey, Singapore had the highest rank of 10 while Cambodia had the worst rank of 91 out of 99.

[Mizzima \(7 August 2014\)](#)

ECONOMY

- ▶ Thailand's state-owned upstream firm PTTEP started exports of natural gas from the offshore Zawtika project in Myanmar to Thailand on 5 August. PTTEP holds an 80% stake while the state owned Myanma Oil and Gas Enterprise holds a 20% stake in the Zawtika projects which began supplying natural gas for domestic use in Myanmar in March this year.

[Platts \(6 August 2014\)](#)

- ▶ An anti-tax avoidance campaign will be launched in August in a bid to increase the Ministry of Finance's revenue generation for the 2014-15 fiscal year. A tax advisory board recently found 20% of Yangon's enterprises in industrial areas paid no tax last year.

[Myanmar Times \(4 August 2014\)](#)

- ▶ A national "hackathon" will be held in Myanmar on 5-7 September, with the focus on helping small to medium businesses take advantage of technological solutions. The Business Solutions Hackathon is organised by the company Code for Change.

[Mizzima \(7 August 2014\)](#)

- ▶ South Korean lender Hana Bank said on 4 August that it has established a microfinance institution in Myanmar. Hana Microfinance, the first overseas microfinance unit established by a Korean bank, plans to extend small-sum loans under US\$485 to residents of 23 townships across Myanmar.

[Global Post \(4 August 2014\)](#)

FOREIGN AFFAIRS

- ▶ Myanmar President Thein Sein stressed the continuation of ASEAN on a platform of peace, stability and prosperity for the region, during the 47th ASEAN Day celebrations held in Naypyidaw on 6 August. The event comes two days before Myanmar's first hosting of the ASEAN Foreign Ministers Meeting (AMM) on 8 August.

[Global Post \(6 August 2014\)](#)

- ▶ The Human Rights Watch has called on US Secretary of State John Kerry to press Myanmar government officials on what the group calls a "deteriorating rights situation" in the country. Kerry arrived in Naypyidaw on 9 August to attend a series of annual ASEAN led meetings, including Asia's biggest annual security gathering, the ASEAN Regional Forum (ARF).

[The Irrawaddy \(7 August 2014\)](#)

09 PHILIPPINES SPEARHEADS SEA ACTION PLAN



The Philippines has affirmed its commitment to establishing its sovereignty within the South China Sea through an immediate moratorium of activities which escalate tensions in the region.

- ▶ So far, the plan has managed to garner the support of Vietnam, Indonesia, and Brunei; the plan, which is to be discussed during the upcoming ASEAN meeting in Myanmar, hopes to unite the region with a common front of cooperation in the ongoing dispute
- ▶ In addition to calling for a moratorium, the plan hopes to develop and implement a code of conduct in the sea, whilst focusing on both shipping and oil and gas rights; Manila, meanwhile, has called for the implementation of a 2002 ASEAN-China declaration of conduct in the South China Sea, which it feels has not been upheld
- ▶ The ASEAN meeting in Myanmar will also involve talks between the ASEAN foreign ministers and counterparts from the bloc's main regional trading partners, which include China, Japan and South Korea; there will also be a regional security dialogue involving 27 countries, including the ASEAN members, China, Japan, South Korea, the United States, Russia, and Australia

[Channel NewsAsia \(4 August 2014\)](#)



Source: The Economist

10 REDESIGNING PLANS FOR SINGAPORE AIRPORT



Rendered images of the future Changi Airport, which was voted the 'world's best airport' earlier this year at the World Airport Awards, have been unveiled by the architect behind the £800m (\$1.47m) project known as Project Jewel.

- ▶ Moshe Safdie, an Israeli/Canadian architect who also designed Singapore's Marina Bay Sands Resort, will be behind the airport's expansion. A giant doughnut-shaped glass and steel dome complex will be built connecting the airport's existing three terminals via all-glass walkways
- ▶ The five-storey structure will be built over the 3.5 hectares car park currently in front of Terminal 1. It will feature a grand indoor garden area with 'green walls' to offset carbon emissions from planes flying overhead, as well as a cascading waterfall, a range of retail shops, leisure attractions and a central communal facility. A multi-storey basement car park will help clear more space for the arrival hall, baggage claim and taxi areas
- ▶ Changi Airport aims to serve 85 million passengers by the completion of the project that may be ready 2018 and is hoping to "strengthen its position as an international hub" and create "an iconic global attraction" as a result of the new complex

[Telegraph \(5 August 2014\)](#)