

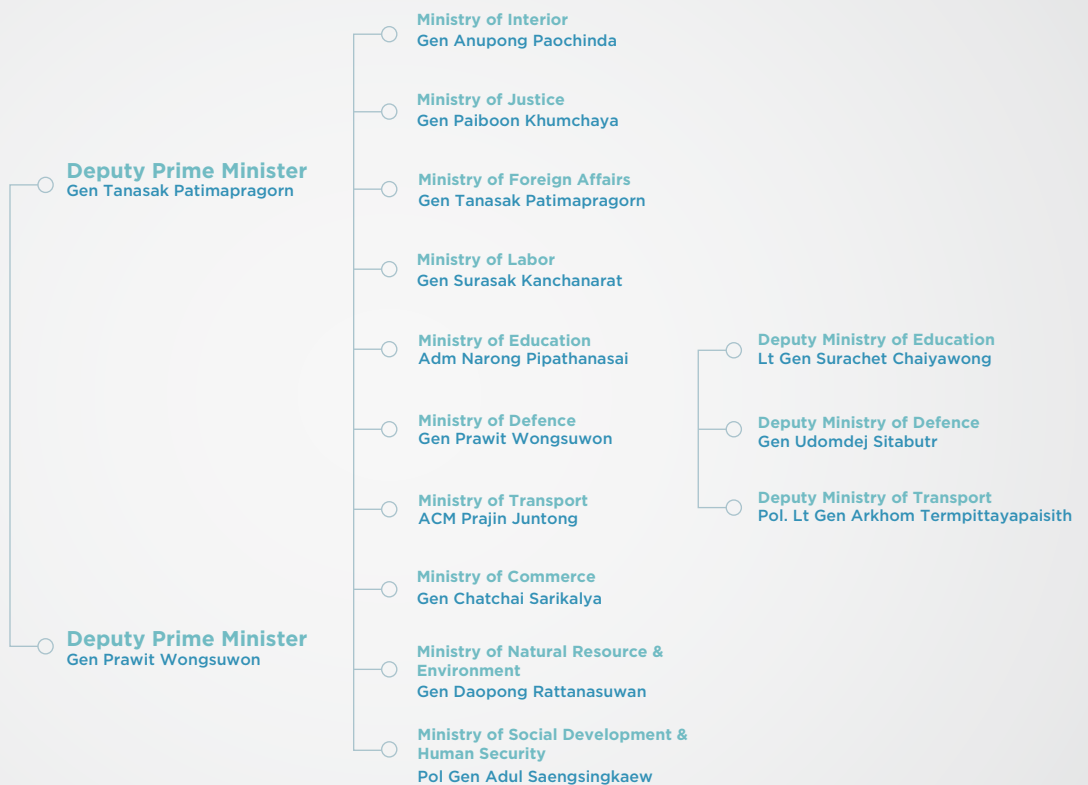
CARI CAPTURES



01 THAI PM APPOINTS MILITARY FILLED CABINET



Cabinet Positions held by Military Figures



Current interim prime minister of Thailand General Prayuth Chan-ocha handed several key top cabinet jobs to his closest military allies; with senior armed forces officers holding more than 1/3 of the 32 ministerial posts.

- ▶ Former and serving generals will head the defence, justice, foreign affairs and commerce ministries, while an air marshal will take the top post at the transport department; meanwhile, the civilian portion of the cabinet includes longstanding allies of the military
- ▶ Amongst key appointments within Thailand's political cabinet,

Sommai Phasee, deputy to Mr Pridiyathorn during the 2006 coup, was given the title of finance minister; in the past, Sommai Phasee was known to be a proponent of strict capital controls which caused the stock market to plunge by 15% overnight in 2006

- ▶ The naming of Anupong Paochinda as minister of interior, and Prawit Wongsuwan as deputy prime minister, have both rallied the support of urban based "yellow shirt" activists whilst alienating "red shirt" rural voters; both men were key figures in cracking down on "red shirt" protestors in 2010

02 ASEAN ECONOMIES UNDERPERFORM

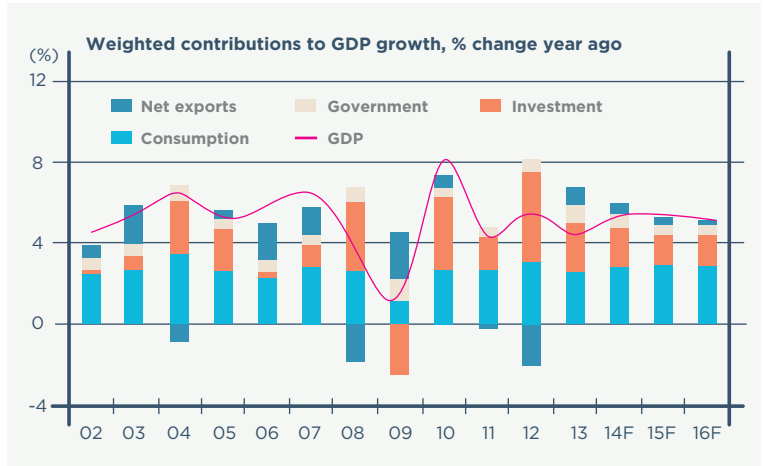


Southeast Asian economies including the Philippines are expected to grow below trend this year but Moody's Analytics said improving global conditions and stronger consumer spending will lift growth in 2015.

- ▶ Failing to meet previous predictions, ASEAN economies presently grow at 4.3%, with a predicted future growth rate of just over 5%; the increased expected growth within ASEAN economies can be attributed to favourable US market conditions as well as the Chinese economy's continued growth under its current stimulus package
- ▶ The Philippines and Malaysia, two of the regions fastest growing economies over the course of the first half of 2014 are expected to continue growing at similar rates over the course of the 2015; according to Moody's Analytics, sound fiscal and monetary policy have been key drivers of growth in both nations
- ▶ Furthermore, Moody's Analytics has reiterated that ASEAN economies are well positioned to deal with capital outflows as global investors reposition their portfolios away from riskier markets in response to tighter US monetary policy due to robust economies, foreign ample reserves, and manageable public debt

[Philstar \(2 September 2014\)](#)

Consumptions Drives Growth Across ASEAN



03 AGREEMENT ON INTELLIGENCE COOPERATION BETWEEN INDONESIA AND AUSTRALIA



In order to repair bilateral ties damaged in a spying row last year, Indonesia and Australia signed an agreement on security cooperation in 28 August. The signing ceremony was held in Bali between Foreign Minister Marty Natalegawa and Australian Foreign Affairs Minister Julie Bishop, witnessed by President Susilo Bambang Yudhoyono.

- ▶ Former US National Security Agency contractor Edward Snowden exposed that the phone conversations of Yudhoyono, his wife and eight Indonesian ministers and officials were trapped by Australia in 2009. But, Australia has yet to confirm or deny the allegations.
- ▶ Bishop said that intelligence cooperation should be mutually beneficial and not harm the interests of either at which the pact takes the form of code of conduct (CoC) which would serve as a fundamental to enhance intelligence cooperation between the agencies of the two countries.
- ▶ The CoC is an agreement between Australia and Indonesia on the framework for security cooperation that was signed in 2006 which also part of the existing Lombok Treaty. "With the signing of the CoC, there will be a full restoration of communication between the armed forces of the two countries, and they will be able to ascertain the kind of cooperation that is needed in the future," Marty said.

[The Jakarta Post \(29 August 2014\)](#)

04 VIETNAM AND CHINA AGREE TO RESTORE AND DEVELOP BILATERAL PARTNERSHIP



The Party, State and people of Viet Nam have always attached great importance to strengthen consolidation, together with the Party, State and people of China, and ensuring the partnership's sound and long-lasting stable development. Politburo member Le Hong Anh, Special Envoy of the Party General Secretary Nguyen Phu Trong, reiterated this in his talks with the General Secretary of the Chinese Communist Party, State President Xi Jinping, in Beijing on 27 August. There are three important outcomes from the talk.

- ▶ "The leaders of the two countries play a significant roles in tightening their direct instructions regarding bilateral ties between parties and states, boosting sound and stable relations between the countries", Hong Anh said.
- ▶ Secondly, both countries would promote exchange visit between two parties and states in order to restore and enhance bilateral relations in all fields, such as politics, diplomacy, defence, security, trade and the implementation of laws. Liu Yunshan, Communist Party of China Politburo Standing member, Secretary of CCP Central Committee acknowledged that China valued Hong Anh's visit highly and said he wished that the conversation of the two parties play an important role in solving the remaining differences between the two countries.
- ▶ Lastly, the two sides would uphold negotiations in order to seek basic, long-term solutions that are acceptable to both sides in order to maintain peace and stability in the East Sea and overall Viet Nam-China relations.

[Viet Nam News \(28 August 2014\)](#)



05 THAILAND'S CONSUMER-PRICE INFLATION EASES FOR THE THIRD CONSECUTIVE MONTH IN AUGUST



THAILAND

The Ministry of Commerce stated that the core inflation which included volatile food and energy prices rose 1.83% from a year earlier in August. Core CPI rose marginally from 1.81% in the preceding month and 0.09% on month.

- ▶ Weiwen Ng, an economist at ANZ Research in Singapore said that the August inflation figures for Thailand have confirmed two dynamics. First, the working of price control, as evidenced by subdued food and energy inflation. Second, the recovering of domestic demand, as evidenced by core inflation remaining firm
- ▶ Following the 22 May coup, the military government has tried to decrease the cost of living through its policies to restrict energy

prices and most of the consumer goods. Retail oil prices which account for around 11% of Thailand's CPI basket will be cut in the future

- ▶ The Bank of Thailand has kept its benchmark interest steady at 2%. Some economists predict that the central bank will keep its interest rate unchanged at least for the rest of the year
- ▶ "Inflation would pose a greater concern next year, especially if the value-added tax is raised to 10% as scheduled in October 2015. Furthermore, the plan to increase civil servant salaries by 8% starting in 2015 will add about 0.05 percentage point to inflation." said Mr. Ng of ANZ Research

[The Wall Street Journal \(1 September 2014\)](#)

06 WORLD BANK APPROVES US\$508 MILLION FUND FOR THE PHILIPPINES



PHILIPPINES

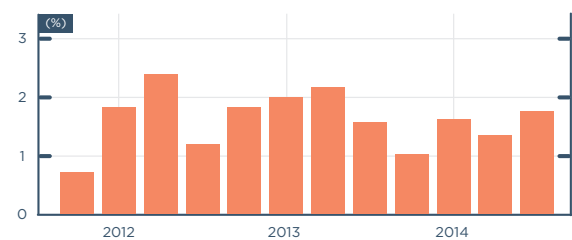
The half a billion dollar financial package aims to facilitate growth within both the agricultural industry and infrastructure supporting it.

- ▶ Approximately 70% of total financing will be used to fund infrastructure projects including farm to market roads, bridges, agricultural processing plants and other storage facilities; the green lit fund will ultimately be implemented by the Department of Agriculture (DA).
- ▶ The fund is hoped to directly benefit close to 2 million farmers and fisherfolk, with almost half of those being women; indirectly, the program is estimated to improve the livelihoods of 22 million people through improved infrastructure and the increased availability of foodstuffs.
- ▶ The World Bank hopes that the financial package will aid the 51% of Filipinos residing in rural areas by providing post-harvest facilities, infrastructure support, and other transport facilities in a bid to shore up job creation and accelerate recovery in the region.

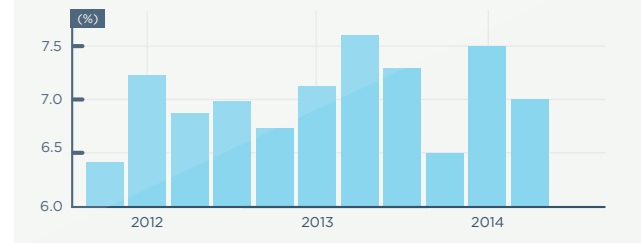
[Inquirer \(1 September 2014\)](#)

Philippines Set to Boost GDP & Unemployment Rate

Philippines GDP Growth Rate



Philippines Unemployment Rate



07 JAPAN SHIFTS MORE INVESTMENT TO ASEAN IN STRATEGIC REBALANCING



ASEAN



JAPAN

Japan is anticipating the ASEAN as an investment destination for manufacturing due because of the rising cost of labour in China.

- ▶ Yasuhide Fujii, managing partner at consultancy KPMG's Myanmar office said that ASEAN has around 600 million of population means that Japanese investors treat the combined market and market in China in a similar way.
- ▶ Lower labour cost in Vietnam, Cambodia and Myanmar, the geographical proximity of ASEAN countries and significant supply

chain infrastructure in countries like Thailand and Vietnam make ASEAN countries attractive choices for FDI from Japan. Besides, territorial dispute for China's Diaoyu Islands are also one of the factor of investment shift.

- ▶ However, China is still the top recipient of outward FDI from Japan in Asia in term of individual countries. Therefore, the investment shift to ASEAN is significant for the strategic rebalancing rather than withdrawal.

[Chinanews \(1 September 2014\)](#)

08 MYANMAR MONITOR

ECONOMY

▶ Myanmar has discovered it has only 51 million people – far less than the previously estimated 60 million, which was based on extrapolations from the last census, conducted in 1983. The census was conducted in March and April this year, with help from the UN Population Fund.

[AP \(29 August 2014\)](#)

▶ Some local businesses oppose the possible opening of the import-export sector to foreign companies claiming they risk being out-performed. Daw Toe Nandar Tin, owner of Annawa Dewi seafood factory in Yangon, said local businesses are often already struggling, while international companies will have far cheaper access to capital. However, others say that if foreign firms are not permitted to trade, it will be difficult to develop domestic industries.

[Myanmar Times \(1 September 2014\)](#)

▶ A survey to determine the cost of living in Myanmar has begun and the results will help establish a minimum wage to be introduced in December. The survey will collect information on a size of households, their daily household expenses, the income and occupation of individual able bodied household members aged 22 to 59 and establish a regional price index for basic commodities.

[Mizzima \(2 September 2014\)](#)

▶ In a bid to further boost trade with China and address the increasing demand for transport and infrastructure, Myanmar is implementing a Central Economic Zone in the border town of Muse. In the fiscal year 2013-14, over 60% of Myanmar's total border trade of more than US\$3 billion poured in from China via Muse, making it the highest value border trade point between the two countries.

[The Establishment Post \(4 September 2014\)](#)

▶ Myanmar launched online visa applications on 1 September promising an end to long waits for permits to visit the emerging tourist destination as it tries to lure five million visitors a year by 2015. The entry permit will take five days to process, cost US\$50 and be valid for 28 days to those arriving at Yangon's international airport.

[Mizzima \(2 September 2014\)](#)

FOREIGN AFFAIRS

▶ Germany's Chancellor Angela Merkel pledged further economic support for Myanmar if it holds fair elections next year and does more to protect ethnic minorities during Thein Sein's visit to Germany on 3 September. Merkel said Berlin was watching preparations for parliamentary elections due in 2015 and expressed hope that the elections will be free, fair and transparent.

[The Straits Times \(3 September 2014\)](#)

09 MALAYSIA AIRLINES STREAMLINES BUSINESS

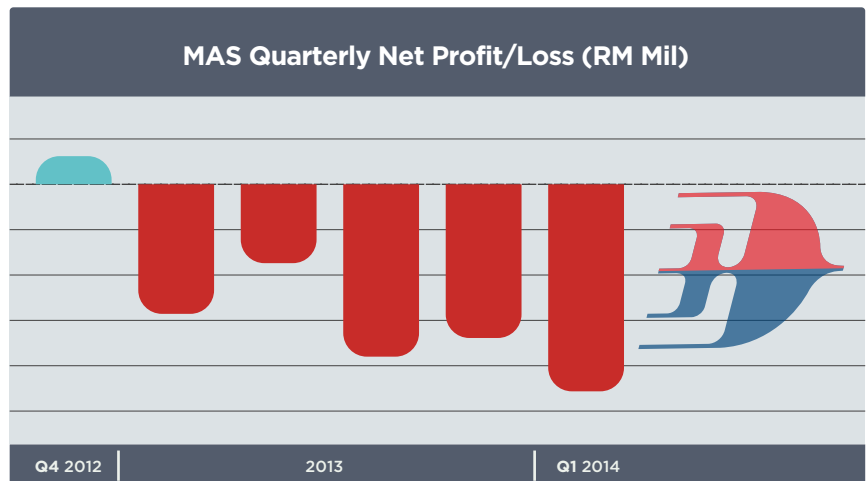


In its latest bid to becoming a competitive force within the airline industry, Malaysian Airlines is to cut 6000 staff representing 30% of its workforce.

- ▶ Following the complete ownership and delisting of Malaysia Airlines by Khazanah, the state owned investment arm seeks to implement a recovery plan which will cost US\$1.9 billion dollars, and take 3-4 years to return the national airliner to profitability
- ▶ Besides cutting staff, long haul routes deemed unprofitable will be removed from the company's offered services; by July 1 2015, all relevant assets, operations, and liabilities will be transferred to a new company in an effort to rebrand the airline's image
- ▶ According to managing director of Khazanah Azman Mokhtar, "Success is by no means guaranteed - while it is imperative that MAS [Malaysia Airlines] as a critical enabler in national development is revived, public accountability for the use of the funds mean that it cannot be renewed at any cost."

[BBC News \(29 August 2014\)](#)

Widening Loss in MAS



10 SINGAPORE'S THIRD GREEN BUILDING MASTERPLAN LAUNCHED



National Development Minister Khaw Boon Wan launched the third Green Building Masterplan on 1 September to guide Singapore's green building journey over the next five to 10 years. The Building and Construction Authority (BCA) developed the masterplan which was launched at the opening ceremony of the International Green Building Conference and the BEX Asia Expo. Both events were held as part of the Singapore Green Building Week.

- ▶ Mr.Khaw said that the masterplan will focus on tenants, occupiers and also the building owners, which will be able to tap on the S\$50 million Green Mark Incentive Scheme to adopt more energy-efficient measures in their premises. Half of the retrofitting costs of energy-efficient improvements to buildings and premises subject to a maximum of S\$3 million for building owners and S\$20,000 for occupants and tenants will be funded up.
- ▶ Timely one for tenants because of there is less awareness of energy efficiencies among them. The masterplan will take Singapore's greening efforts "beyond the building structures and hardware" and focus more on end-users, aiming to change behaviors and practices.
- ▶ New initiatives for both private and public sector will be rolled out. These include a S\$52 million fund has also been set up for research in developing, testing and showcasing new solutions for green buildings in the tropics, requiring existing public sector buildings with more than 5,000 square metres of gross floor area and about 400 public sector buildings to be Green Mark certified.

[Channel NewsAsia \(1 September 2014\)](#)