

CARI CAPTURES

ECONOMISTS CUT SINGAPORE
GROWTH FORECASTS

INDONESIA SEES US\$3.5B
IN INFLOWS

MALAYSIAN COMPANIES INVEST
OVER RM11BIL IN ASEAN

01 MYANMAR

MYANMAR'S DEMOCRATIC SPRING



- Economics and computer science degrees from the University of London
- Past schoolmate and present confidante to Aung San Suu Kyi



- Worked in the Ministries of Industry and Foreign Affairs from the mid 1970's to 1992
- Director of a charitable foundation named for Suu Kyi's mother



- Married to Newly elected NLD lawmaker
- Arrested in 2000 by the military for his association with Suu Kyi

Source: The Guardian

After receiving 360 out of the total 652 votes from lawmakers, Htin Kyaw, a member of the National League for Democracy (NLD) was declared the country's first truly democratically elected civilian leader in 54 years.

- ▶ Whilst President Kyaw has cemented his place in history, questions still remain as to his independent reign; a previous schoolmate of Aung San Suu Kyi, President Kyaw is currently viewed as a placeholder politician with Suu Kyi openly declaring that she would rule through his proxy

- ▶ Suu Kyi, who leads the current majority NLD party, was prevented from becoming president by constitutional stipulations installed by the ruling military; however, despite Suu Kyi's claims, Htin Kyaw is still the lawful president of Myanmar, and may act independently should he choose to
- ▶ Myanmar's new administration has stressed collaboration and cooperation with the military, which currently holds 25% of the seats in parliament; further electoral and economic reforms are sure to follow in the months to come, hopefully ensuring a free and fair society in the years to come

time.com (15 March 2016)

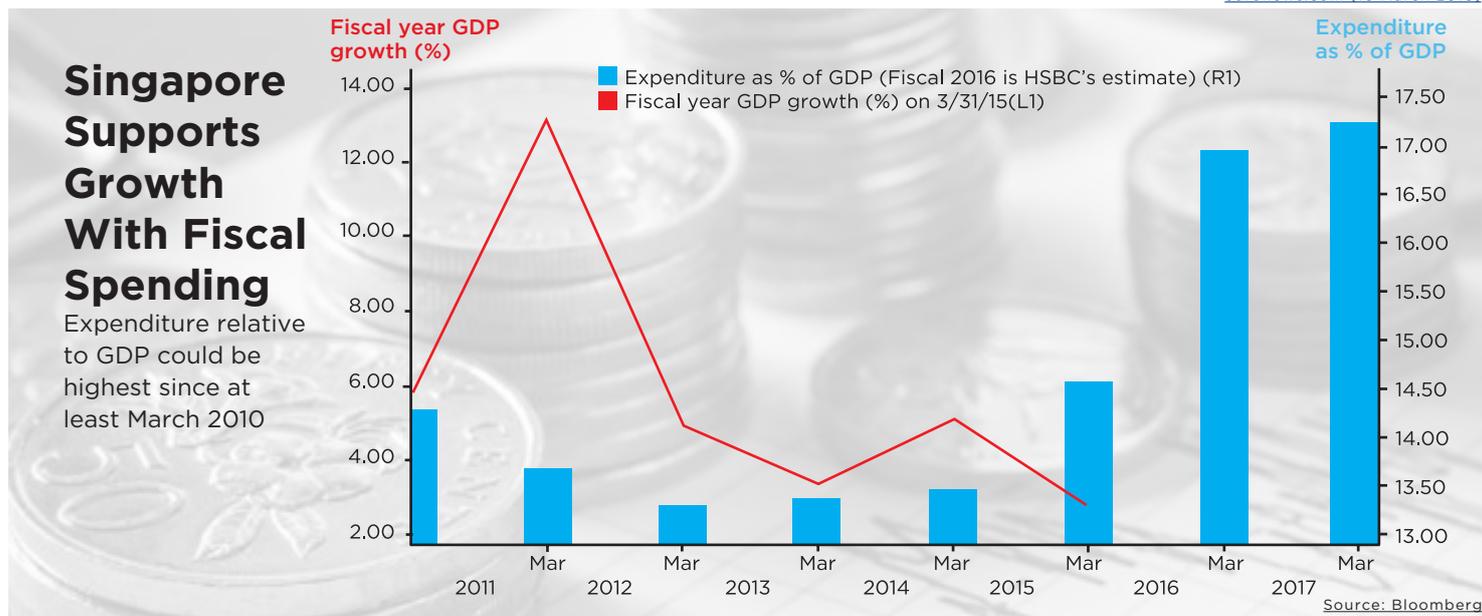
ECONOMISTS CUT SINGAPORE GROWTH FORECASTS

Amidst worsening global demand and increasing oil price volatility, Singapore's economic prospects have flagged to 1.9% down from 2.2% according to economists polled by the Monetary Authority of Singapore (MAS).

- ▶ Economists' median forecast for non-oil domestic exports was growth of 0.2% for all of 2016, down from the previous forecast of a 1.5% expansion; the manufacturing sector was seen likely to shrink 2.7% in 2016, worse than the previous median forecast of a 1.2% contraction

- ▶ The survey also projected that core inflation would be unchanged at between 0.5% and 1.5%, whilst consumer inflation is expected to decrease by 0.2% year on year in 2016, down from earlier projections of 0.5% in December
- ▶ The forecasts were made ahead of the release of Singapore's 2016 budget, where Singapore's government expenditure is expected to increase to 17.3% of GDP from 17% in 2015; the increase would help to address the worsening economic conditions in the world, whilst also marking the highest levels of expenditure to GDP for Singapore's government since 2010

straitstimes.com (17 March 2016)
euronews.com (16 March 2016)



INDONESIA SEES US\$3.5B IN INFLOWS

Bank Indonesia (BI) recorded US\$3.5 billion of foreign capital entering the nation in the first two and a half months of 2016, a US\$150 million increase from the same period in 2015.

- ▶ The foreign inflows occurred after the central bank cut its benchmark interest rate by 25 basis points (bps) to 6.75%; this was the third time the bank slashed its interest rate by 25 bps over three consecutive months

- ▶ According to BI Governor Agus Martowardojo, there was a potential for domestic economic growth to improve further in the first quarter of 2016, by 5.1%, in the wake of fiscal stimuli acceleration
- ▶ Meanwhile, a decrease in foreign exchange transactions from an average of US\$7.3 billion to less than US\$3 billion due to a central bank regulation concerning the mandatory use of the rupiah has also supported the rupiah's appreciation

[Channelnewsasia](http://channelnewsasia.com) (10 March 2016)

MALAYSIAN COMPANIES INVEST OVER RM11BIL IN ASEAN

According to Prime Minister Datuk Seri Najib Tun Razak, some 1,500 Malaysian companies have invested a total of RM11.46 billion (US\$2.86 billion) in ASEAN banking, commodities, tourism, aviation, manufacturing, utilities, and manufacturing.

- ▶ Prime Minister Najib also noted that Intra-ASEAN investments have increased since the declaration of the AEC in 2015; further emphasising that ASEAN member states will need to continue to work towards creating a single market for more than 625 million people in the region

- ▶ Malaysia's Prime Minister further affirmed that the nation was committed towards seeing the integration of ASEAN economies with a special focus on the abolishment of duty imports and the liberalisation of the service sector
- ▶ In the same press release, Najib noted that the inflow of investments into ASEAN stood at RM562.42bil (US\$140.27 million) in 2014, more than that of China at RM529.34bil (US\$131.86 million); the diversification of Foreign Direct Investment (FDI) is a further benefit to the growth of ASEAN

thestar.com.my (17 March 2016)

INDIA TO IMPLEMENT 12.5% DUTY AGAINST ASEAN GOLD

Following India's recent uptake of protectionist measures for its steel and metals industries, India is seeking to address concerns regarding its gold industry.

- ▶ Gold jewellery imports from the 10-member ASEAN under the free-trade agreement, which have been under the scanner for some time, will face a 12.5% countervailing duty in lieu of 12.5% excise duty imposed in the budget. The duty will make imports more expensive and protect the local industry
- ▶ The import of jewellery, especially under the India-ASEAN free-trade agreement after basic customs duty on gold was increased to 10%, has emerged as a big issue; the move to raise customs duty was

aimed at discouraging the import of the yellow metal, which had contributed to a widening of India's current account deficit. However, inbound shipments under FTAs with Thailand and ASEAN increased because of lower rates of 1% and 2%, respectively

- ▶ In the past, imports from Thailand virtually stopped after the government raised the issue with customs authorities there against the violation of value addition norms and issued an alert against them; but these were soon substituted by imports from Malaysia and Indonesia

economictimes.indiatimes.com (17 March 2016)

BANK HEIST PUTS PHILIPPINES FINANCIAL SYSTEM AT RISK

More than US\$80 million of Bangladesh's money, which stolen from the Federal Reserve Bank of New York, is believed to have been transferred into the Philippines and successfully laundered by Filipino casinos.

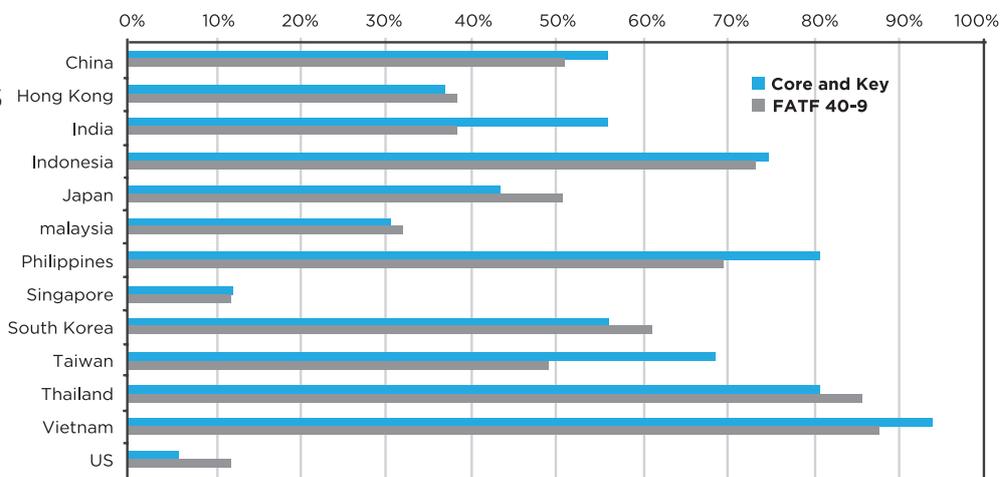
- ▶ The US\$80 million stolen from the Bangladesh central bank's American accounts was immediately sent via electronic transfer to the Philippines' Rizal Commercial Banking Corp. (RCBC) bank, with the thieves deliberately targeting their laundering location
- ▶ Exempt from many anti money laundering requirements

in the Philippines, Filipino's casinos have been a prime location for money laundering in the world; furthermore, as the Philippines retains one of the most secure banking secrecy laws, tracing money in the Philippines remains largely impossible

- ▶ According to senator Teofisto Guingona, the laundering of the heist in the Philippines demonstrates how much of a threat money laundering related crime poses to the nation and its lax laws; foreign investors may shy away from the opaque nature of the nation's markets

[Reuters](http://Reuters.com) (18 March 2016)

Percentage of Recommendations Rated Partially and Non-Compliant



Financial Action Task Force (FATF) and Other Anti Money Laundering Policy Implementation Across Asia, where higher percentages indicate a lower level of policy adherence against money laundering.

Source: FATF

JAPAN, VIETNAM VOW TO WORK TOGETHER TO SPUR TRADE, INVESTMENT

Japan and Vietnam pledged to work together to expand trade and promote investment by Japanese companies' in the Southeast Asian nation on Saturday in Hanoi at the first meeting held by a special committee formed to boost bilateral economic cooperation.

- ▶ Industry minister Motoo Hayashi affirmed the establishment of the special committee as a springboard for economic relations between the two nations; Hayashi was the first Japanese Cabinet minister to visit Vietnam since it elected its 12th national congress

- ▶ Hayashi also met with Vietnamese Deputy Prime Minister Nguyen Xuan Phuc, who is set to become prime minister, and exchanged opinions about the strengthening of the two countries' relations based on their strategic partnership

- ▶ Once the Trans-Pacific Partnership free trade agreement enters into force, restrictions on foreign investment in Vietnam's retail industry will be eased; Japan and Vietnam are among the 12 nations that signed the TPP deal earlier this year

japantimes.com (20 March 2016)

POLITICS

- ▶ Aung San Suu Kyi will become foreign minister in Myanmar's new civilian government, the NLD party said on 22 March. The NLD only named 15 ministers for 18 posts chosen by the civilian government, sparking speculation that Suu Kyi would take on four portfolios. NLD spokesman Zaw Myint Maung confirmed she would lead the foreign ministry and hinted she would also share duties in other ministries.

[Channel NewsAsia \(22 March 2016\)](#)

ECONOMY

- ▶ Myanmar's business community reacted positively as the Parliament released 18 names for cabinet positions on 22 March. Among ministers listed are NLD lawmakers Than Myint and Kyaw Win, who have been nominated for the positions of Minister of Commerce and Minister of National Planning and Finance, respectively. [Than Myint] is a member of the NLD's economic development committee and has a good background in economic affairs... so I believe he will work for this post," said Aye Lwin, central executive committee member of the UMFCCI.

[The Irrawaddy \(22 March 2016\)](#)

- ▶ The Kanbawza (KBZ) Bank tops the list of corporate tax payers in Myanmar for the fiscal year 2014-15, along with army-owned companies, according to the country's Internal Revenue Department. The department identified the top 50 tax-paying companies on 18 March, saying it would identify a top-1000 list of its website at a later date.

[The Irrawaddy \(18 March 2016\)](#)

BUSINESS AND INVESTMENT

- ▶ The local operator of Australian coffee franchise Gloria Jean's has recently opened its first branch in Yangon and plans to open at least eight more outlets across the country. Gloria Jean is the first foreign coffee chain to open in Myanmar.

[Myanmar Times \(22 March 2016\)](#)

- ▶ French hotel chain AccorHotels, which operates hotels globally under brands including Pullman, Novotel and ibis, plans to open an additional six properties in Myanmar by 2019, the company's chief operating officer told Reuters. The chain expects strong growth in Myanmar because of "a low base, even as hotel numbers tripled over the past three years and revenue per available room fell 20 percent last year."

[The Irrawaddy \(19 March 2016\)](#)

US MILITARY PRESENCE INCREASE IN PHILIPPINES

Amidst rising tensions in the South China Sea, the United States and the Philippines have signed a deal allowing for the US to maintain a presence in five Philippine bases.

- ▶ A joint statement after an annual US-Philippines Strategic Dialogue listed the sites as Antonio Bautista Air Base, close to the contested Spratly Islands in the South China Sea, Basa Air Base north of Manila, Fort Magsaysay in Palayan, Lumbia Air Base in Mindanao and Mactan-Benito Ebuen Air Base in Cebu
- ▶ The US' latest deal with the Philippines was developed under the 2014 Enhanced Defence Cooperation Agreement which was already signed between the two nations; the original agreement allowed for an increased military presence in the Philippines for US ships and aircraft for humanitarian and maritime security operations
- ▶ Whilst the the Philippines has stressed that the new deal does not grant the US permanent military bases i the area, the US has committed US\$50 million to help build regional maritime security; most of the funds will be allocated towards improving radar capabilities in the South China Sea

[Straitstimes.com \(20 March 2016\)](#)

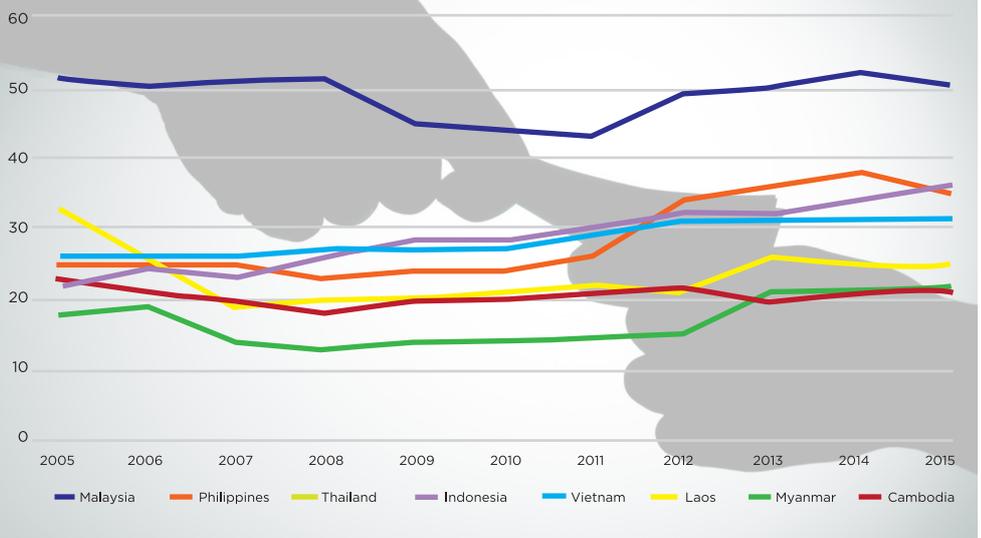
CIVIL SERVANT MASTERMINDED US\$25.02 MILLION GRAFT

A mid-ranking civil servant in Malaysia who has been arrested for corruption was described as the mastermind of a scheme that siphoned US\$25.02 million in state funds from 2010.

- ▶ Eight other suspects were arrested, all of whom were contractors from contractors receiving funding from Malaysian government programmes and projects; 12 luxury cars, jewellery, luxury watches and brand-name handbags and froze 69 bank accounts with total deposits of US\$2.05 million
- ▶ The Malaysian Anti-Corruption Commission (MACC) believes the syndicate to have operated since 2010, with the division secretary running the scheme whilst benefitting from kickbacks
- ▶ The suspects are being remanded for a week to help in investigations

[straitstimes.com \(20 March 2016\)](#)

Corruption Perceptions Index ASEAN



** Laos and Myanmar not rated due to lack of data.

Source: [transparency.org](#)

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