

# CARI CAPTURES

VIETNAM'S POLITICAL TRANSITION:  
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ROYAL BANK OF SCOTLAND  
SUCKED INTO 1MDB PROBE

THAILAND BECOMES WORLD'S  
NUMBER ONE RICE EXPORTER

01 MALAYSIA

## MALAYSIA BONDS FALL AS 1MDB DEFAULTS

MALAYSIA GOVERNMENT BOND 10 Y



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

**Malaysia's 10-year government bonds completed the biggest weekly drop in almost three months as a debt default by a state investment company damped demand for the nation's assets.**

► 1 Malaysia Development Bhd. missed an interest payment on a US\$1.75 billion, triggering a US\$1.9 billion default of the company's debt, including borrowings guaranteed by the sovereign; this has sparked the selling of 10 year notes ahead of the issuance of a similar maturity bond in May

► The yield on the government's securities due September 2025 rose eight basis points in the week following 1MDB's default to 3.91%, the highest since March 2016, according to prices from Bursa Malaysia

► Malaysia warned investors during a dollar bond sale this month that it faces as much as US\$4.5 billion in potential liabilities should 1MDB default; Moody's Investors Service estimates Malaysia's contingent liabilities under the default could amount to about US\$7.5 billion, or 2.5% of gross domestic product in 2015

[bloomberg.com](http://bloomberg.com) (29 April 2016)

## VIETNAM'S POLITICAL TRANSITION: ECONOMIC IMPLICATIONS

**Following the ten year administration of Prime Minister Nguyen Tan Dung which heralded the liberalisation of Vietnam's economy, Prime Minister Nguyen Xuan Phuc will usher in a new age of more conservative economic reform.**

- ▶ The ascendance of a more conservative party leadership introduces uncertainty over the future of the reformist agenda; Trong has long been suspected of being at odds over foreign and economic policy with the western-oriented Dung, and is known to be a member of the ideological old-guard of the ruling Communist Party
- ▶ Progress in the planned privatisation of state-owned

enterprises will therefore remain slow under the new administration; state-owned enterprises (SOEs) are to be gradually restructured; the government sold stakes in 182 SOEs in 2015, failing to meet its target of 289 for the year

- ▶ Labor laws and union activity pose another key consideration for investors in Vietnam, and effective reforms could also stall in coming years; all unions in Vietnam are controlled by the state-run Vietnam Confederation of Labor umbrella group, which is unlikely to face rapid reform under the current administration

[thediplomat.com](http://thediplomat.com) (30 April 2016)

## ROYAL BANK OF SCOTLAND SUCKED INTO 1MDB PROBE

**Swiss authorities have launched an inquiry into several client accounts held with Coutts, the former Swiss-based arm of RBS' private bank.**

- ▶ Whilst Coutts was sold by RBS to the International to Union Bancaire Privee in 2015, Switzerland's attorney general has disclosed that enforcement proceedings were focused on the period where Coutts was still owned by RBS
- ▶ The investigations relate to a component of the US\$4 billion transferred to accounts held in Switzerland

by former Malaysian public officials, and former and current officials from the United Arab Emirates

- ▶ The investigation comes shortly after revelations last year that Coutts was separately being investigated over allegations that its Swiss operation helped wealth clients evade tax; furthermore, RBS currently faces litigation issues related to the mis-selling of mortgage-backed securities

[cnbc.com](http://cnbc.com) (30 April 2016)

## THAILAND BECOMES WORLD'S NUMBER ONE RICE EXPORTER

**Thailand in the first quarter of 2016 became the world leader in the export of rice, having sold 2.85 million metric tons of grain, signally 34% year on year growth.**

- ▶ Thailand has significantly outstripped its major competitors in rice exports, beating India with 2.3 million tons, Vietnam with 1.4 million tons, Pakistan with 1.3 million tons and the United States, which exported some 820,000 tons during this period

- ▶ The main importers of Thai rice during the three-month period were Indonesia (over 317,000 tons), Ivory Coast (272,000 tons) and Benin (258,000 tons); China bought just under 260,000 tons of rice from Thailand during the same period
- ▶ Bangkok reportedly earned some US\$1.26 billion from rice exports during this period, up from around US\$1 billion last year; Thailand's Junta recently reinstated heavy subsidies into the nation's rice growing program

[sputniknews.com](http://sputniknews.com) (30 April 2016)

**Thai Rice Exports To The World**

2014		2015		2015(JAN-MAR)		2016 (JAN-MAR)		% change	
QUANTITY (MT)	VALUE (USD, Millions)	QUANTITY (MT)	VALUE (USD, Millions)	QUANTITY (MT)	VALUE (USD, Millions)	QUANTITY (MT)	VALUE (USD, Millions)	QUANTITY (MT)	VALUE (USD, Millions)
10,969,344	4980	9,795,763	4440	2,126,546	1018	2,851,917	1254	34.1	23.1

### TOP 10 EXPORT DESTINATIONS

1. INDONESIA
2. COTE D'IVOIRE
3. BENIN
4. CHINA
5. CAMEROON
6. MALAYSIA
7. PHILIPPINES
8. USA
9. SOUTH AFRICA
10. LAOS

Source: [thairiceexporters.or.th](http://thairiceexporters.or.th)

## NEW AGREEMENT BRINGS NO END TO WAR ON DRUGS IN ASEAN

**The outcome of the UN General Assembly Special Session on drugs held last week in New York instead resulted in a draft resolution that brings little new to the table.**

- ▶ In most Asian countries, including Myanmar, many small and first-time drug offenders languish in jail, convicted to lengthy prison sentences. Civil society and advocacy groups say the current punitive approach has cost billions but changed little
- ▶ Tom Blickman, a researcher at Amsterdam-based Transnational Institute's Drugs and Democracy

Programme, said the UNGASS draft resolution, which was reached by consensus, continues existing approaches

- ▶ On the other hand the ASEAN Secretariat and associated Ministers have approved and are developing a Concept Paper on the Institutionalisation of the ASEAN Ministerial Meeting on Drug Matters in order to strengthen regional collaboration against drugs at the highest levels

[mmtimes.com](http://mmtimes.com) (26 April 2016)

**Estimated number and prevalence (percentage) of people who inject among the general population aged 15-64 years, 2012**

Region	Subregion	People who inject drugs					
		Estimated Number			Prevalence (percentage)		
		Low	Best	High	Low	Best	High
<b>Asia</b>		<b>3,480,000</b>	<b>4,650,000</b>	<b>6,190,000</b>	<b>0.12</b>	<b>0.16</b>	<b>0.22</b>
	Central Asia and Transcaucasia	360,000	410,000	470,000	0.67	0.76	0.87
	East and South-East Asia	2,450,000	3,260,000	4,420,000	0.16	0.21	0.28
	South-West Asia	390,000	650,000	920,000	0.22	0.37	0.51
	Near and Middle East	30,000	70,000	130,000	0.03	0.08	0.13
	South Asia	250,000	250,000	260,000	0.03	0.03	0.03
<b>Global</b>		<b>8,910,000</b>	<b>12,690,000</b>	<b>22,350,000</b>	<b>0.19</b>	<b>0.27</b>	<b>0.48</b>

Source: [unodc.org](http://unodc.org)

## PHILIPPINE'S RODRIGO DUTERTE TAKES LEAD IN PRESIDENTIAL POLLS

**Candidate Duterte surged in the polls following a joke about a 1989 rape and murder of an Australian woman in his city of Davao; this caused an uproar in social media, whilst generating diplomatic backlash from the Australian and U.S. ambassadors as well as his closest presidential candidate rival Grace Poe**

- ▶ A Pulse Asia survey places Duterte with a 35% lead in presidential polling, well ahead of the 23% of rival Grace Poe; currently, Duterte has espoused a

hard line approach towards criminals which is aimed at eliminating crime within three to six months

- ▶ Whilst political pundits maintain that the appeal of Duterte's campaign promises have garnered public support, the practical nature of eradicating crime in the Philippines in such a short time frame by use of joint military and police forces is unfeasible

[wsj.com](http://wsj.com) (28 April 2016)

## SINGAPORE CAUTIONS ON OIL, TO SIGN TRADE PACT WITH UGANDA

**A trade delegation from Singapore has cautioned Uganda not to lose its agricultural sector to the mining industry especially to the newly discovered oil; the delegation also expressed interest in signing a bilateral trade treaty with Uganda.**

- ▶ As a nation built not on natural resources, but rather the development of high end manufacturing and service offerings, Singapore has long been an example of how a nation can do without the benefits and boosts of natural resources in the development of an economy
- ▶ Singapore has as such, acknowledged that the benefits of oil mining and refinery are numerous, but cautioned

Uganda on the challenges or risk factors such as water sanitation, disposal of wastes which contribute to contamination of the land and building sustainable infrastructure

- ▶ Koh Poh Koon, Singapore's Minister of State for Trade and Industry called upon Ugandans to penetrate the market in Singapore by exporting coffee and cotton, and also open business ventures in Singapore noting that the country has an advantage of being linked to about 600 ports and investment treaties among others thus having a favourable environment for the business community

[newvision.co.ug](http://newvision.co.ug) (28 April 2016)

**NATIONAL**

▶ A fire in an internally displaced persons camp in western Myanmar's Rakhine state destroyed more than 400 huts on 3 May and left more than 1,700 ethnic Rohingya homeless, a local police official said. Initial reports indicate that 14 people have been injured with unconfirmed reports that there may be fatalities, according to a statement issued by the United Nations.

[Radio Free Asia \(3 May 2016\)](#)

**POLITICS**

▶ Myanmar media should look forward to enjoying more freedom as laws enacted under the previous government are repealed, according to Information Minister Pe Myint, who spoke in Yangon on 3 May in commemoration of World Press Freedom Day. The minister said he intended to collaborate with media organisations to decide how to proceed before taking their recommendations to Parliament.

[The Irrawaddy \(3 May 2016\)](#)

**BUSINESS AND INVESTMENT**

▶ The Myanmar real estate giant Shwe Taung Group has signed a deal to set up and run local franchises of Singapore's BreadTalk chain, marking the group's first try at the food and beverage business. The agreement marks the international firm's first foray into the Myanmar market but the bakery has nearly 800 locations in Singapore, Thailand, Indonesia and other countries.

[Bangkok Post \(4 May 2016\)](#)

**FOREIGN AFFAIRS**

▶ Japanese Foreign Minister Fumio Kishida vowed to help with the peace process and national reconciliation during a joint press conference with Myanmar State Counsellor Aung San Suu Kyi, who he met for an hour at the Ministry of Foreign Affairs in Naypyidaw on 3 May. The United Nations issued a statement thanking Japan for its US\$31.7 million donation to their operations in Myanmar.

[Myanmar Times \(4 May 2016\)](#)

▶ The president of the Chinese-led Asian Infrastructure Investment Bank (AIIB) plans to visit Myanmar this year to start identifying potential projects, Jin Lique, president of the AIIB said on the sidelines of the annual Asian Development Bank meeting in Frankfurt. "We will process the projects that are ready and bankable, so countries that have those projects would be the best candidates," he said, adding that the bank also has a duty to help finance infrastructure in Myanmar as Myanmar is an AIIB member country.

[Myanmar Times \(4 May 2016\)](#)

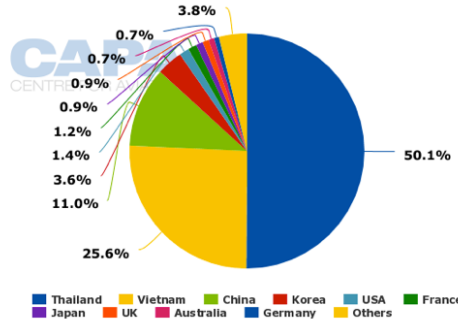
**SILKAIR TO LAUNCH LAOS SERVICE OFFERING**

**Singapore Airlines' full service regional subsidiary SilkAir has announced plans to launch routes connecting the Singapore to Luang Prabang and Vientiane.**

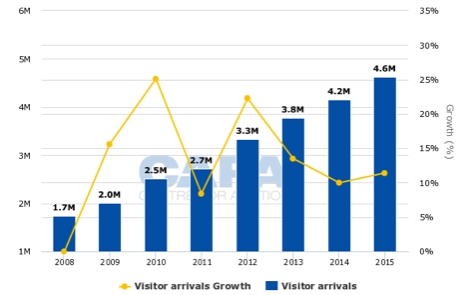
- ▶ SilkAir's new Singapore-Vientiane-Luang Prabang-Singapore circular route is strategically important for the SIA Group as Laos is the only Southeast Asian and ASEAN country not yet served by the group; AirAsia is now the only airline group serving all the 10 countries that make up ASEAN
- ▶ Enhancing regional connectivity is an important component of the new SIA Group strategy as it aims to differentiate itself from competitors and grow, despite intensifying competition; the group's Southeast Asian network will exceed 40 destinations by the end of 2016
- ▶ Only 8,258 Singaporean residents visited Laos in 2015, whilst there were 8,429 visitors from the Netherlands, and Europe overall accounted for 217,307 visitors; while Asia has been a faster-growing source market, the number of visitors from Europe has increased by 67% since 2009

[centreforaviation.com \(28 April 2016\)](#)

**Top 10 source markets for Laos, ranked by % of total visitor numbers: 2015**



**Laos annual visitor arrival numbers: 2008 to 2015**



Source: CAPA - Centre for Aviation and Lao Tourism Development Department

**INDONESIA'S MOST PROFITABLE COMPANIES IN 2015**

**The year 2015 was a bleak one, overall, for Indonesian businesses as economic growth touched the six-year low of 4.79% year on year, dragged down by persistently dropping commodity prices and weak global growth; despite this, many industries managed to throw the prevailing trends.**

- ▶ Indonesia's banking sector remained lucrative in 2015, with five banks breaking the top 20 most profitable listed Indonesian companies in 2015; as Indonesia's banking sector remains far from saturated with only 36.1% of Indonesia's adult population owning a bank account, outlook for financial infrastructure growth in the region remains positive
- ▶ The tobacco sector has also managed to maintain profit growth despite the higher tobacco tax as well as the birth of other anti-smoking measures implemented by the Indonesian government, showing that Indonesian smokers remain faithful to their "death stick". According to the World Health Organisation (WHO), there were 95 million smokers, or 37% of the total population, in Indonesia in 2015
- ▶ Meanwhile, those companies engaged in the mining, cement and property sectors experienced a tough year with red numbers; with continued increases in commodity regulation and a falling property market due to dropping purchasing power, the outlook for these two sectors remains bleak in 2016

[indonesia-investments.com \(27 April 2016\)](#)

Company	Sector	Net Profit 2014 (in IDR trillion)	Net Profit 2015 (in IDR trillion)	Y/Y Growth (%)
Bank Rakyat Indonesia	Banking	24.23	25.41	4.89
Telekomunikasi Indonesia	Telecom	21.27	23.32	9.60
Bank Mandiri	Banking	20.65	21.15	2.41
Bank Central Asia	Banking	16.51	18.04	9.23
Astra International	Automotive	22.13	15.61	-29.45
HM Sampoerna	Tobacco	10.18	10.36	1.79
Bank Negara Indonesia	Banking	10.83	9.14	-15.60
Gudang Garam	Tobacco	5.43	6.45	18.78
Unilever Indonesia	Consumer	5.93	5.85	-1.26
Perusahaan Gas Negara	Gas	8.85	5.56	-37.19