D&B ASEAN Newsletter

May 2014

Foreign Direct Investment in ASEAN – Key Findings

SINGAPORE – Developing countries in Southeast Asia gain much more economic benefits when they increase allowable foreign ownership, which leads to higher FDI inflows, according to the East Asia Pacific Economic Update released by the World Bank at the beginning of this month. The ASEAN region has been the largest recipient of FDI, relative to gross domestic product (GDP), in Asia Pacific. Between 1952 and 2012, Singapore accounts for more than half of total FDI to the whole region (52 percent). Thailand ranks the second with a 13 percent share, followed by Indonesia with 11 percent, Malaysia with 10 percent, Vietnam with 8 percent and the Philippines with 3 percent.

The European Union, Japan and the United States continue to be among leaders in providing sources of FDI to ASEAN. In particular, the European Union contributes a 25 percent share to the total FDI sources, followed by Japan with 13 percent and the United States with 11 percent. It is notable that FDI sources coming from the United States has relatively decreased, while intra-ASEAN FDI has grown rapidly, with Singapore serving as the main source of this FDI inflow. Read more.

Source: ASEAN Briefing

RMB Builds Presence in ASEAN as Singapore Becomes Second Largest Clearing Center

SINGAPORE – Singapore has reclaimed the ranking of second largest clearing center for Renminbi (RMB) in the world. Only Hong Kong has a greater share of the market.In March, 6.8 percent of international RMB payments were carried out via Singapore. Hong Kong accounted for 72.8 percent and London, 5.9 percent.A clearing center is essential for international trade and is used to fulfil promises of bank payments between international accounts.

Singapore was the first clearing center for RMB outside of China. It was established in June 2011 and, alongside Hong Kong, was one of two global clearing centers for the Chinese currency. This turned Singapore into a hub for Chinese companies to open trade links in Southeast Asia, especially with the ASEAN region. Since March 2013, RMB cleared in Singapore has grown by 375 percent, surpassing London, which grew at 203%. This has seen Singapore overtake London in February and March 2014, having previously been surpassed by London in June 2012. Read more.

Source: ASEAN Briefing

ASEAN Industry Highlights

For more News, click Here

ASEAN

03-May-14 The Star Moderate outlook for Asean-5 economies

28-Apr-14 The Nation Survey finds chief financial officers in Southeast Asia less optimistic on growth, revenue prospects this year

Cambodia

25-Apr-14 The Cambodia Daily Chinese carmaker eyes local assembly plant

24-Apr-14 The Cambodia Daily Cambodia asks for help in oil and gas industry

Indonesia

07-May-14 The Jakarta Post Government lowers industrial growth target

06-May-14 Bisnis Indonesia Indonesia's Wood Export In European Union Increases

06-May-14 Bisnis Indonesia Mining Export Falls By 24.19%

Malaysia

02-May-14 The Edge Low-middle income countries account for half of US$90 trillion global production of goods and services

30-Apr-14 The Edge Domestic PPI for March up 3.6 pct to 129.6

Myanmar

28-Apr-14 Myanmar Times Banking system issues deterring border traders

28-Apr-14 Myanmar Times FDI tops US$4 billion on manufacturing boost

Philippines

05-May-14 ASEAN Briefing Praise for the U.S. – Philippines Partnership for Growth

04-May-14 ASEAN Briefing Philippines to Offer Tax Breaks to Global Film Production Industry

30-Apr-14 Philippine Star Banks seen to benefit from BSP plan

Singapore

02-May-14 Singapore Business Review Manufacturing sector cut 1,200 new jobs in 1Q

29-Apr-14 Channel News Asia Services sector playing increasing role in Singapore's economy

28-Apr-14 Singapore Business Review Singapore's low corporate tax status under threat

Thailand

04-May-14 ASEAN Briefing Thailand Offers Tax Deductions on R&D

03-May-14 Bangkok Post SMEs gloomy on future

30-Apr-14 The Nation Despite GDP slump in Q1, FPO sticks with 2014 growth forecast

Vietnam

02-May-14 Vietnam Investment Review Vietnam earns $7.7bn from cellphone exports in first 4 months

01-May-14 Vietnamnet 99.9% of Vietnamese enterprises are super small

30-Apr-14 Vietnam Investment Review Vietnam opening the field for foreign firms

www.dnb.com

Country Risk Update

Country Risk Spotlight - Singapore

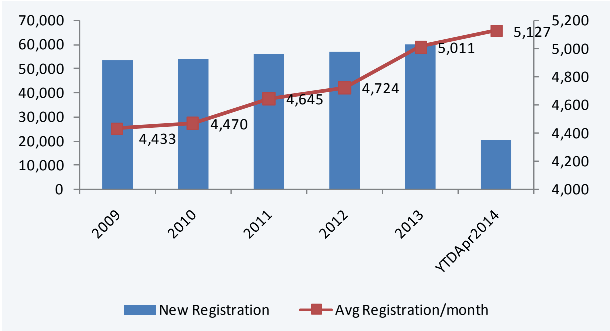
Industrial activity continues to record a modest expansion path.

Singapore continued to record a modest expansion path for industrial activity in March, Purchasing Managers Index (PMI) data indicated as they remained inside the over-50.0 territory a third consecutive month. Despite the small decline of 0.1 points from February, the PMI recorded a level of 50.8. Moreover, the PMI electronics subcomponent (arguably the most important sector of Singapore's economy) increased in March, rising 0.4 points to 51.6.

The electronics sector remained in expansion territory for the fourteenth consecutive month adding to a string of positive surprises to come out of Singapore recently. Specifically, Q4 real GDP was stronger than originally anticipated by the Ministry of Trade and Industry. The final real GDP number for Q4 helped to raise the annual 2013 growth rate to 4.0 percent. In addition to better than expected economic growth Singapore recently recorded a cooler inflation rate. Consumer price inflation fell to a four-year low in February growing at a year-on-year rate of 0.4 percent. Strengthening economic growth and a low inflation climate bodes well for Singapore over the short term.

To view the FULL REPORT, you can order reports using your D&B subscription please click on the link and select the country/region in which you are registered as a D&B subscriber. **Non-D&B subscribers** wishing to order reports **please contact Customer Services at your local D&B Office**.

New Businesses Continue to Climb in Singapore



New business registrations in Singapore have been on the rise over the past 4 years since 2009. The greatest increase in number of new business registrations in Singapore was seen in 2013 when new businesses rose markedly by 6.08% from 2012. With more government-assisted funding support and greater SME access to different sources of financing, the increase in number of new business registrations bodes well for the Singapore economy ahead. From January to April 2014, there is already a total of 20,508 new business registrations in Singapore, compared to approximately 20,044 during the same period in 2014. The number of new business registrations from Jan to April this year was nearly 38.6% of new business registered in 2009.

The signs are certainly encouraging with Singapore's pro-business government policies to promote a vibrant SME sector. Earlier in March this year, the Government has offered another $150 million in spur equity financing/ private investments in SMEs. The additional capital will be allocated to namely the SME Co-Investment Fund II – where the fund will serve as a form of government-assisted direct equity financing for firms alongside other private equity investments-- and the SME Mezzanine Growth Fund—a hybrid debt-equity financing option for SMES that do not wish to dilute their equity but face challenges in traditional commercial debt financing from the banks. Enhancements were also made to Spring's Micro Loan Programme (MLP) where the government's risk-share has been increased from 50 per cent to 70 per cent for firms which have been registered for less than 3 years.

Related Reading:

Budget 2014: More support for Singapore companies to raise funds. Source: AsiaOne

Budget 2014: Measures For Businesses.
Source: Singapore Government

D&B ASEAN Newsletter

May 2014

News Around The Region

Indonesia

06-May-14	The Jakarta Globe	Indonesia Restricts Foreign Investment in Oil Services Industry
29-Apr-14	Bisnis Indonesia	Electrification Level May Reach 100% In 2022
25-Apr-14	The Jakarta Globe	Indonesia Smartphone Sales Could Fall 50 Percent Under Tax Plan
23-Apr-14	ASEAN Briefing	East Java Attracts Second Largest Amount of FDI in Indonesia
23-Apr-14	Tempo.co	Govt Urges Small Industries to Use Alternative Energy
15-Apr-14	The Jakarta Post	Exports to rebound on better economy
15-Apr-14	The Jakarta Post	Foreign investors now more interested in secondary sector

Malaysia

24-Apr-14	The Star	US among top three investors in Malaysia
17-Apr-14	The Edge	Vehicle sales increase to 58,919 units in March
16-Apr-14	The Edge	MIDA to continue promoting high-tech foreign direct investment
15-Apr-14	The Star	Industries seek alternative energy sources due to gas price hike
12-Apr-14	The Star	Malaysia set to boost oil storage business

Myanmar

28-Apr-14	Myanmar Times	Inflation a growing problem, says World Bank
28-Apr-14	Myanmar Times	Long delayed IP law undergoing legal review

Philippines

29-Apr-14	Philippine Star	Banks set tigher credit standards
24-Apr-14	The Edge	Asean economic integration in 2015 draws conflicting views in the Philippines
22-Apr-14	Philippine Star	Phl seen with significant future growth in construction
13-Apr-14	Manila Bulletin	'No signs of slowing down for IT-BPO sector'—DTSI Group

Singapore

25-Apr-14	Singapore Business Review	Industrial production jumped 12.1% in March
24-Apr-14	Singapore Business Review	Singapore's current account to GDP ratio crashed for the last 3 years
22-Apr-14	Channel News Asia	S$60m fund to support Singapore-based tech start-ups
16-Apr-14	Channel News Asia	Singapore start-ups get kickstart with crowdsourcing

Thailand

30-Apr-14	The Nation	Economic slackness 'to persist even in 2015'
30-Apr-14	The Nation	Exports to take a hit if political impasse continues
24-Apr-14	Bangkok Post	Fuel consumption edges down on economic slump
24-Apr-14	The Nation	Country needs functioning govt for economy's sake: private sector
18-Apr-14	The Nation	Nine per cent slump in new registrations
17-Apr-14	The Nation	Thai economy 'close to recession': K research
17-Apr-14	The Nation	Thai, Philippine economies to be hurt by rise in Japanese sales tax: report
16-Apr-14	Bangkok Post	Credit discomfort

Vietnam

29-Apr-14	Tuoitre News	Foreign players dominate Vietnam's corner store market
29-Apr-14	Vietnam Briefing	Vietnam Online – Understanding Vietnam's E-commerce Market
29-Apr-14	Vietnamnet	Vietnam's public debt may rise to nearly 100% of GDP, experts warn
29-Apr-14	Vietnamnet	Nearly 300 estate projects canceled for of lack of capital
28-Apr-14	Vietnam Investment Review	Huge FDI capital flows into IZs, Ezs
26-Apr-14	Vietnam Plus	Vietnamese goods make up 80 pct at Hanoi supermarkets
26-Apr-14	Vietnamnet	FDI attraction to be under strict scrutiny
21-Apr-14	Vietnam News	Viet Nam imports more steel as consumption rises
17-Apr-14	Thanhnien News	Vietnamese builders catching up with, surpassing foreign rivals
16-Apr-14	Thanhnien News	Car producers, importers split over special consumption tax
16-Apr-14	Vietnam News	Foreign investors eye manufacturing

Feedback

We welcome your feedback so please send us your comments via this **Quick Survey**, or to the Newsletter Team directly at yoongs@dnb.com.