



MALAYSIA

Malaysia Raises Online Settlement Cap as Small Funds Rush In¹

The Executive Chairman of Securities Commission, Syed Zaid Albar said that the commission will allow up to RM 100,000 (US\$23,500) daily online settlement in the second half, from the current limit of RM30,000 to 50,000. The benchmark FTSE Bursa Malaysia KLCI Index has risen more than 20% from a low in March, led mainly by glove makers, with trading volume hitting a record 11 billion shares. Individual investors are finding more time to flock into stocks from their homes amid a nationwide lockdown, spurred on by relatively cheap stocks amid low interest rates.

According to Muhammad Umar Swift, Chief Executive Officer of Bursa Malaysia Bhd said investors opened 54% more accounts from January to April compared with the same period in 2019. They were also more active shown by the surge of daily trading value by 65% in April compared to a year ago. While foreign funds pulled RM 13.66 billion (US\$3.2 billion) from Malaysian stock this year, local investors have poured in RM 4.03 billion ringgit. The KLCI index surged 2.1% on 3 June to the highest close since February as banking stocks surged.

According to Kaoru Arai, Managing Director of Rakuten Trade, Malaysians' renewed interest in online trading has also helped a local unit of Rakuten Securities Inc. turn profitable in April since opening in 2017. The online brokerage, a joint venture between Rakuten and Kenanga Investment Bank Bhd., now has more than RM 1 billion of client asset under trust. Syed Zaid Albarsaid said that the industry should seize the opportunity to speed up digital offerings and widen market access. Meanwhile, Muhammad Umar Swift said that Bursa Malaysia plans to roll out more financial literacy programs to ensure individual investors can support a sustainable market.

PHILIPPINES

Philippines introduces bill to tax digital economy²

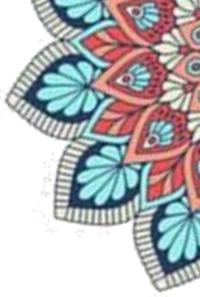
The Philippine House of Representatives has introduced House Bill No. 6765, which seeks to establish a fiscal regime for the digital economy. It responds to the increased urgency of finding new sources of revenue to find the country's efforts to recover from the adverse impacts of Covid-19 and anticipates increasing digitisation of the country's economy. The bill seeks to give effect to five key changes to the way the digital economy is currently taxed to better capture value created into the tax system. The changes would make "network orchestrators" like Grab, Angkas and other similar services that link customer and providers withholding agents for income taxes, to ease their partners of the burden of having to pay their own taxes, while also encouraging tax compliance.

The Bill clarifies that services rendered electronically in the course of trade or business are liable to value added tax (VAT). Services such as digital advertising powered by internet giants such as Google and Facebook along with subscription-based services such as Netflix and Spotify are subject to VAT. The bill will require that those who render digital services must do so through a resident agent or a representative office in the Philippines.

¹ Malaysia Raises Online Settlement Cap as Small Funds Rush In, Bloomberg, dated 3 June 2020, <https://www.bloomberg.com/news/articles/2020-06-03/malaysia-doubles-online-trading-limit-as-small-investors-rush-in?sref=5FDdlvTK>

² Philippines introduces bill to tax digital economy, Transfer Pricing News, dated 3 June 2020, <https://transferpricingnews.com/philippines-introduces-bill-to-tax-digital-economy/>





CAMBODIA

Cambodia protest to Vietnam over border issues³

The Kingdom's Foreign Minister said that the country has protested Vietnam's erection of 31 makeshift camps and its stationing of soldiers on the two countries' yet demarcated border. The Ministry had issued a diplomatic note to Vietnam on 13 May protesting the developments in Kandai Province, which borders Vietnam's An Giang province. It also summoned Vietnamese Ambassador Vu Quang Minh for a protest on 1 June.

Cambodia wants Vietnam to remove all the erected camps and the military presence as to retain the status quo for a peaceful border between both countries. However, Vietnam said that the tents were installed temporarily to prevent any spread of the Covid-19 virus by travellers that may cross the border. Both countries were reported to be minimally affected by the pandemic with 328 and 125 Covid-19 positive cases respectively. Cambodia has also claimed border violations by its neighbours - Vietnam and Thailand.

Kandal provincial governor, Kong Sophorn said that Vietnamese official disassembled seven more tents from the border in Kandal province after the government requested it to be removed soon.⁴

THAILAND

Thailand gives green light to \$9bn airport expansion plan⁵

The government of Thailand approved a RM38.4 billion (US\$ 9 billion) plan by a consortium led by rail operator BTS Group to expand U-Tapao International Airport near Pattaya. The deal involves building a third terminal and a cargo and plane maintenance centres and due to be signed on 19 June. BTS Group runs Bangkok's Skytrain and metro systems. The consortium also includes Bangkok Airways and Sino-Thai Engineering & Construction. The expanded airport would be managed by Japan's Narita International Airport Corporation. U-Tapao is one of the projects being prioritised by Thailand as part of the Eastern Economic Corridor, a development zone running between Bangkok and Pattaya. Along with the expanded airport, the corridor will have RM30.7 billion (US\$7.2 billion) rail running between U-Tapao in the east and Don Mueang in the west.

The project would be carried out as a public-private partnership contract. Kanit Sangsubhan, the secretary-general of the Eastern Economic Corridor Office, said that freight forwarders DHL Worldwide Express and FedEx would be involved in running the air cargo business. U-Tapao was completed in 1966

³ Cambodia protests to Vietnam over border issues, The Mainichi, dated 3 June 2020, <https://mainichi.jp/english/articles/20200603/p2g/00m/0in/041000c>

⁴ Vietnamese move more tents from border, The Phnom Penh Post, dated 3 June 2020, https://www.phnompenhpost.com/national/vietnamese-move-more-tents-border?_cf_chl_jschl_tk_=ec52acd90c7bb5e0f4777b3980afa2c0e2390b34-1591240650-0-AedpHXCwQ2Cd-l7pBHP3aou8FiwKbUqsfWuWxya3OcgMbrz9p9c4DplEwtzuSP6_dKF4gpy3vP1jZ7xd2Fqdwxl8aWyZPKd2-Zy2k6Qio0WHBuhwJx_wqoVOfmjF2Zu6llxn6nRB8GbbLud5EOkihq2_14KyDLxcQZei-wGathOILcUQiU130Fsmq36ieffKQHeD7fKYBviYojzGz1XIO5udN6NMmipmz9gCINQd5ODo1V9wJ779T4khZue_LhDUziGts_hNGi26IHgY0_DzJ68jO3qOlwge0xmdBL4jQLer2AzRyNkHuQQ7Mlp9VnmtVpYFjUNBytfxNR-hmK_C8Y

⁵ Thailand gives green light to \$9bn airport expansion plan, Global Construction Review, dated 3 June 2020, <http://www.globalconstructionreview.com/news/thailand-gives-green-light-9bn-airport-expansion-p/>





by the US air force, which used it to base B-52 bombers during the Vietnam War. The upgrade is expected to have a passenger capacity of 60 million, ranking it first among international airports.

INDONESIA

Indonesia combines Jakarta – Bandung and Jakarta – Surabaya projects⁶

The decision to combine Jakarta – Bandung and Jakarta – Surabaya projects was made after a limited cabinet meeting by the President Joko Widodo. The decision is to make the project economically viable and the Jakarta-Bandung railway should be extended further to Surabaya. The Ministry of State-owned Enterprises will study further on the members of the new consortium, routes of the railway and total project cost. The Kereta Cepat Indonesia-China (KCIC) joint venture led by the China National Railway is responsible for the construction of 142.3km, 350km/h line linking Jakarta with Bandung. The project has been put on hold for a year, as the Covid-19 pandemic has led to spiralling costs.

The RM 23.4 billion (US\$5.5 billion) is being implemented under a 50-year design-build-maintain-operate concession. When open, the line will reduce the journey time between Jakarta and Bandung to between 36 and 44 minutes, compared with around three hours on the existing 173km 1067mm-gauge line. The line will have four intermediate stations. The Indonesian government agreed an outline of the Jakarta – Surabaya railway project with the Japan International Cooperation Agency (Jica) in September 2019.

The project was expected to involve building a new 160km/h line from Jakarta to Semarang, as well as upgrading the existing line between Semarang and Surabaya. The service is expected to initially begin operating between Jakarta and Cirebon, a city in West Java around 219km from the capital, in 2024. The full 720km line from Jakarta to Surabaya is due to open the following year.

VIETNAM

Vietnam pension system world's 57th best: report⁷

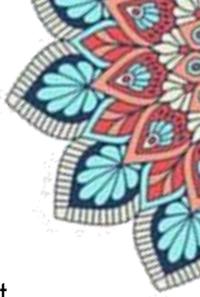
Vietnam's pension system scored an average of 4.37 out of seven and placed 57th out of 70 economies in a global ranking of pension system. Vietnam's pension system is weaker compared to Indonesia (28), Singapore (30), the Philippines (37) and Thailand (52), meanwhile Vietnam did better than Malaysia (61) and Laos (63) based on the Global Pension Report 2020 released by multinational financial services company Allianz. Sweden has the relatively best pension system in the world, followed by Belgium and Denmark. The ranking is based on three sub-indexes including the financial and demographic starting point that reflects the baseline of specific countries in terms of demographics and public finances, sustainability that measures how pension systems react to demographic change, and adequacy that measures how pension systems provide an adequate standard of living in old age.

The main issue of Vietnam's pension system is insufficient adequacy where among the 70 economies analyzed it ranked 60 in the sub-index and 32nd in terms of sustainability. Vietnam's population in retirement age is set to triple from 11.4 percent now to 32.7 percent in 2050. According to statistics from the Ministry of Labor, Invalids and Social Affairs, Vietnam's current population is around 96.2 million,

⁶ Indonesia combines Jakarta – Bandung and Jakarta – Surabaya projects, International Rail Journal, dated 4 June 2020, <https://www.railjournal.com/passenger/main-line/indonesia-combines-jakarta-bandung-and-jakarta-surabaya-projects/>

⁷ Vietnam pension system world's 57th best: report, VN Express, dated 4 June 2020, <https://e.vnexpress.net/news/news/vietnam-pension-system-world-s-57th-best-report-4109754.html>





putting the percentage of elderly people at around 11.7 percent. Vietnam Social Security has warned that as the population ages, Vietnam's social insurance fund could be in trouble by 2020 and go bust by 2037 if the current retirement age remains unchanged. World Bank forecasts Vietnam's pension fund to run out by 2030 due to its aging population. The bank said in a 2018 report Vietnam should raise pension payments in accordance with inflation, but ensure the increased sum is lower than the minimum wage. Vietnam plans to increase the retirement age to 60 years for women and 62 for men under Labor Code changes approved by parliament in November last year.

SINGAPORE

Facebook slams Singapore's POFMA law as "severe" after being ordered to geo-block certain pages⁸

Singapore's anti-fake news law, the Protection from Online Falsehoods and Manipulation Act (POFMA) went under fire when Facebook slammed it as a "severe" and risk stifling the freedom of speech after it was ordered to geo-block a user's page last week. On 27 May, Law and Home Affairs Minister K Shanmugam issued a correction direction to controversial blogger Alex Tan for publishing falsehoods about POFMA in a post that was published on the National Times Singapore Facebook page that Tan runs. Tan had to put up a warning that his post contained falsehoods but refused to do so. The POFMA office then issued a Targeted Correction Direction to Facebook, asking the social networking site to block users in Singapore from accessing Tan's page.

Facebook revealed that it was "legally compelled" to comply with the Targeted Correction Direction where a Facebook spokesperson said that blocking orders like this are severe and risk being misused to stifle voices and perspectives on the internet. He further added Freedom of expression is a fundamental human right, and we work hard to protect and defend this important civil liberty around the world. This is not the first time Facebook has criticised the POFMA law. While other tech giants like Google and Twitter have also expressed concerns about POFMA, the Singapore Government has held that the anti-fake news legislation is important to protect the country from falsehoods that could sow lasting discord among its people.

MYANMAR

Myanmar hopes to harness skills of returning workers⁹

A senior finance official said the government is conducting a survey of the skills of thousands of migrant workers who have returned after losing their jobs due to COVID-19 in a bid to harness their talents for economic development. U Aung Naing Oo, permanent secretary of the Myanmar Investment Commission (MIC) said the survey would help the government plan to create jobs that match their skills.

U Maung Maung Lay, vice president of the Union of Myanmar Federation of Chambers of Commerce and Industry, praised the government plan, noting that if the government can harness the power of the returning workers, the country's economy can rebound in the post-COVID-19 period. The data collected will include the workers skills which will help create job opportunities based on their skills

⁸ Facebook slams Singapore's POFMA law as "severe" after being ordered to geo-block certain pages, The Independent, dated 3 June 2020, <http://theindependent.sg/facebook-slams-singapores-pofma-law-as-severe-after-being-ordered-to-geo-block-certain-pages/>



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The MIC noted that since Myanmar is basically an agriculture economy, the government can give special focus on producing value-added products that can compete in the export market. The effect of the disease on the economy has been severe, leaving hundreds of thousands of people unemployed in the services sector, especially in tourism and allied businesses, and the garment industry

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Compiled by Kevin Lai

