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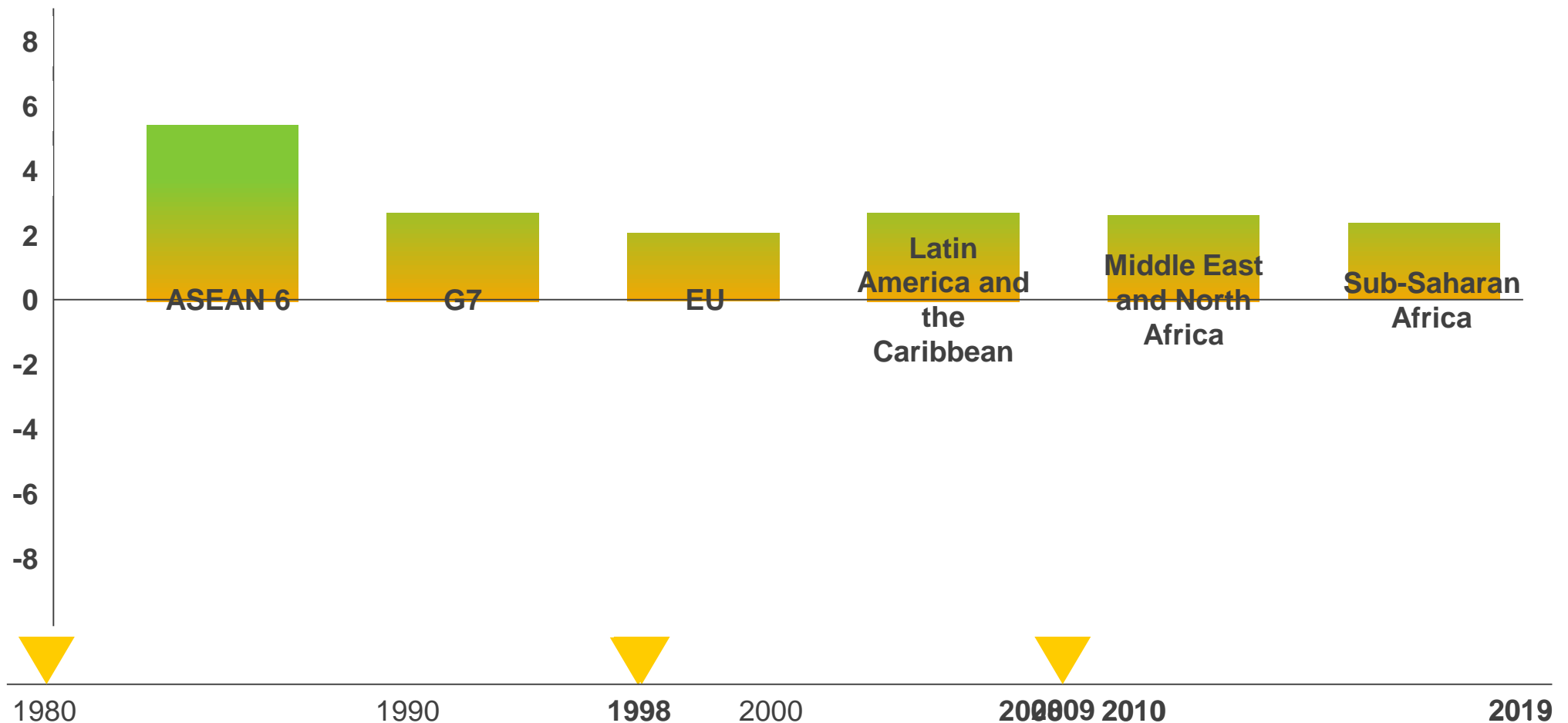


RAIL DEVELOPMENTS IN ASEAN

1.2.2016

OUTSTANDING PERFORMANCE IN DELIVERING STABLE GROWTH

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT



SOURCE: INTERNATIONAL MONETARY FUND, BUSINESS SWEDEN ANALYSIS



ASEAN - PAPER TIGER OR SUCCESSFUL REGIONAL INTEGRATION?

Opportunities

- Intra ASEAN tariffs eliminated
- Strong growth in intra ASEAN trade
- Access to regional and global supply chains



ASEAN



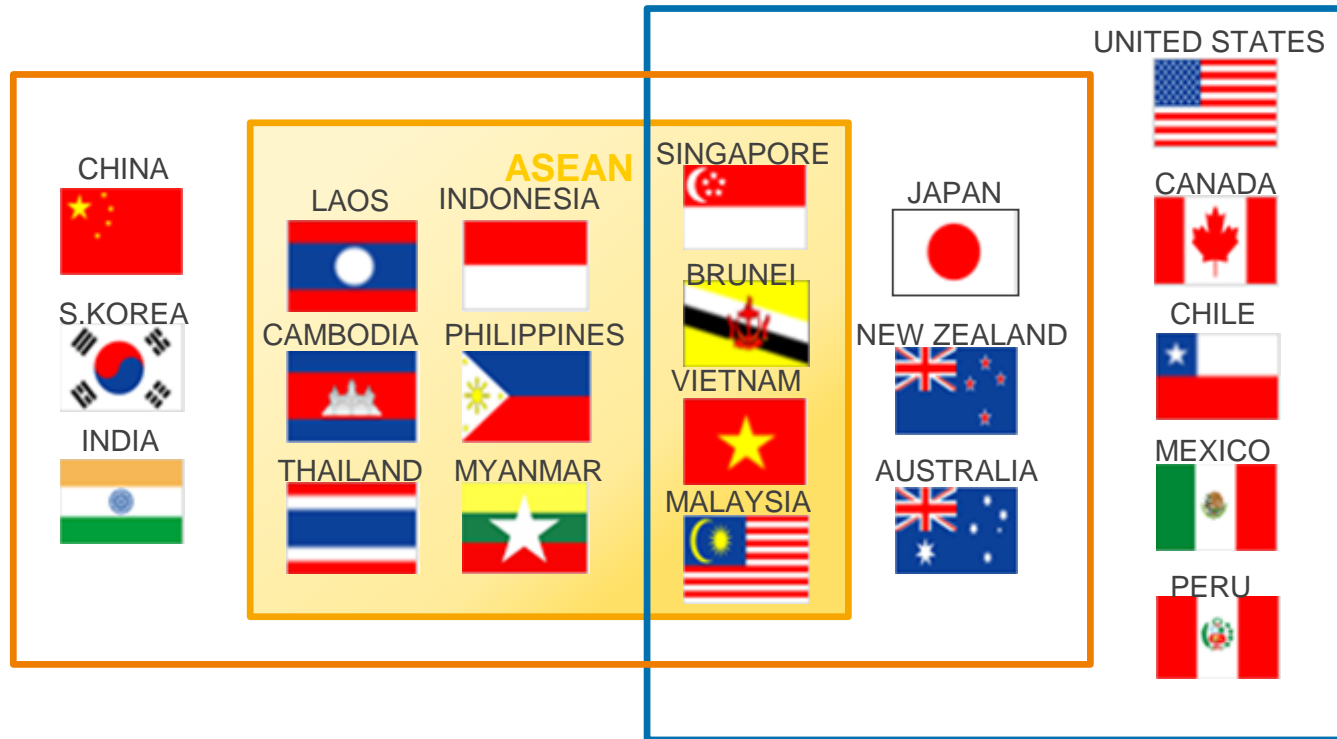
Challenges

- Unification of standards and procedures are lagging
- Many trade and investment barriers remain
- National agendas override regional

BEYOND AEC, ASEAN'S MAJOR ACCOMPLISHMENT IS THAT IT HAS PROVIDED A PLATFORM TO RESOLVE CONFLICTS ENABLING STABILITY AND ECONOMIC GROWTH

MORE FTA'S WILL FURTHER STRENGTHEN ASEAN POSITION WITHIN REGIONAL/GLOBAL SUPPLY CHAIN

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP



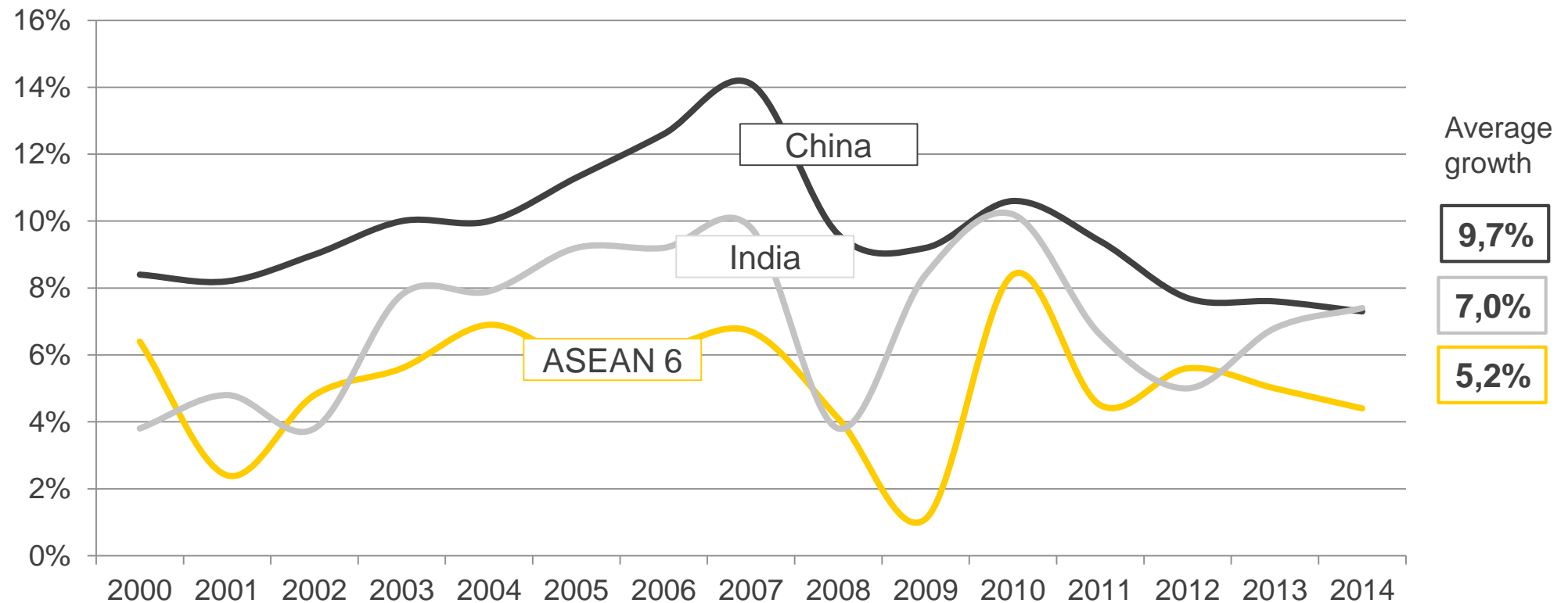
TRANS PACIFIC PARTNERSHIP

RESULTING IN LIBERALIZATION OF TRADE IN GOODS AND SERVICES AS WELL AS ATTRACTING MORE FDI'S

SOURCE: BUSINESS SWEDEN ANALYSIS

ASEAN 6 KEEPING PACE WITH WORLD'S FASTEST GROWING ECONOMIES

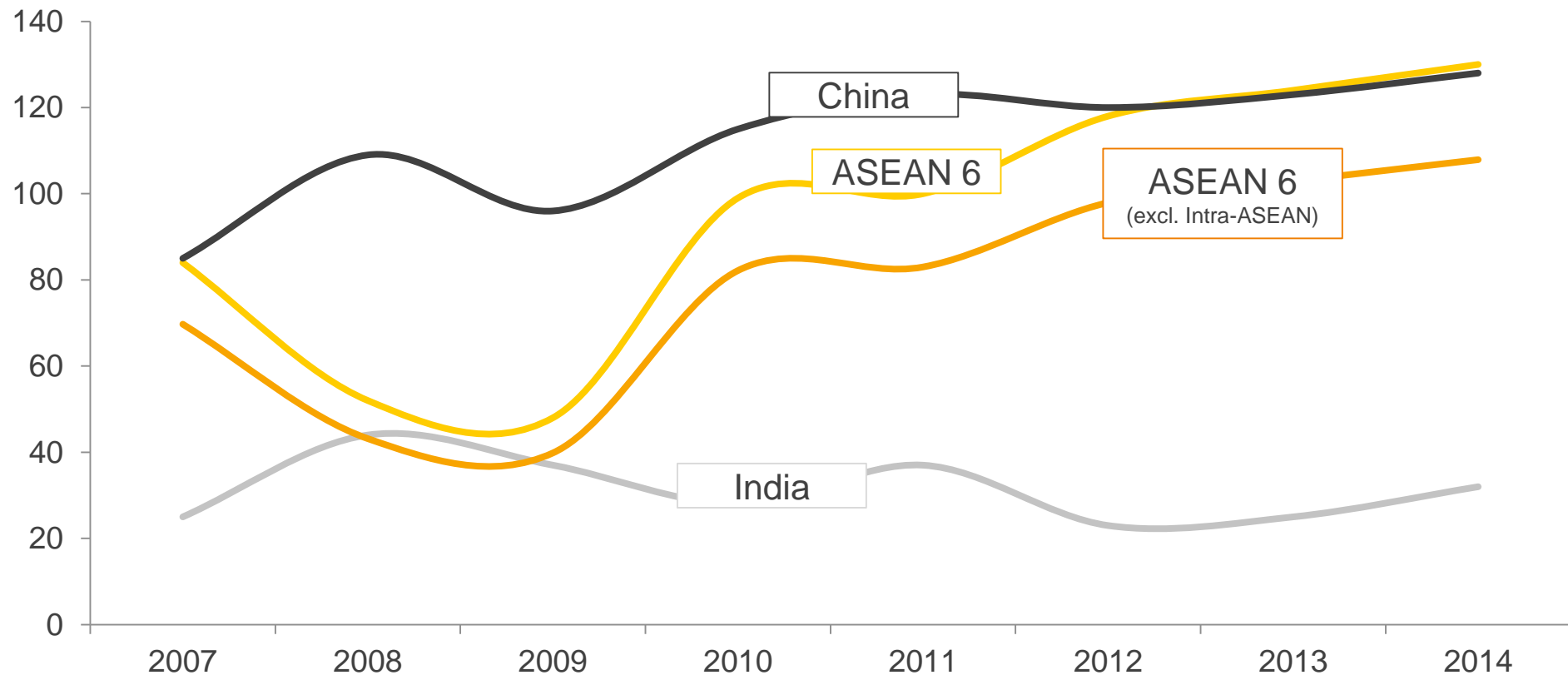
GDP GROWTH DEVELOPMENT (2000 – 2014)



SOURCE: WORLD BANK

FDI INTO THE ASEAN6 HAS SURPASSED CHINA FOR THE PAST TWO YEARS

VALUE OF FOREIGN DIRECT INVESTMENT INFLOWS
USD BILLION

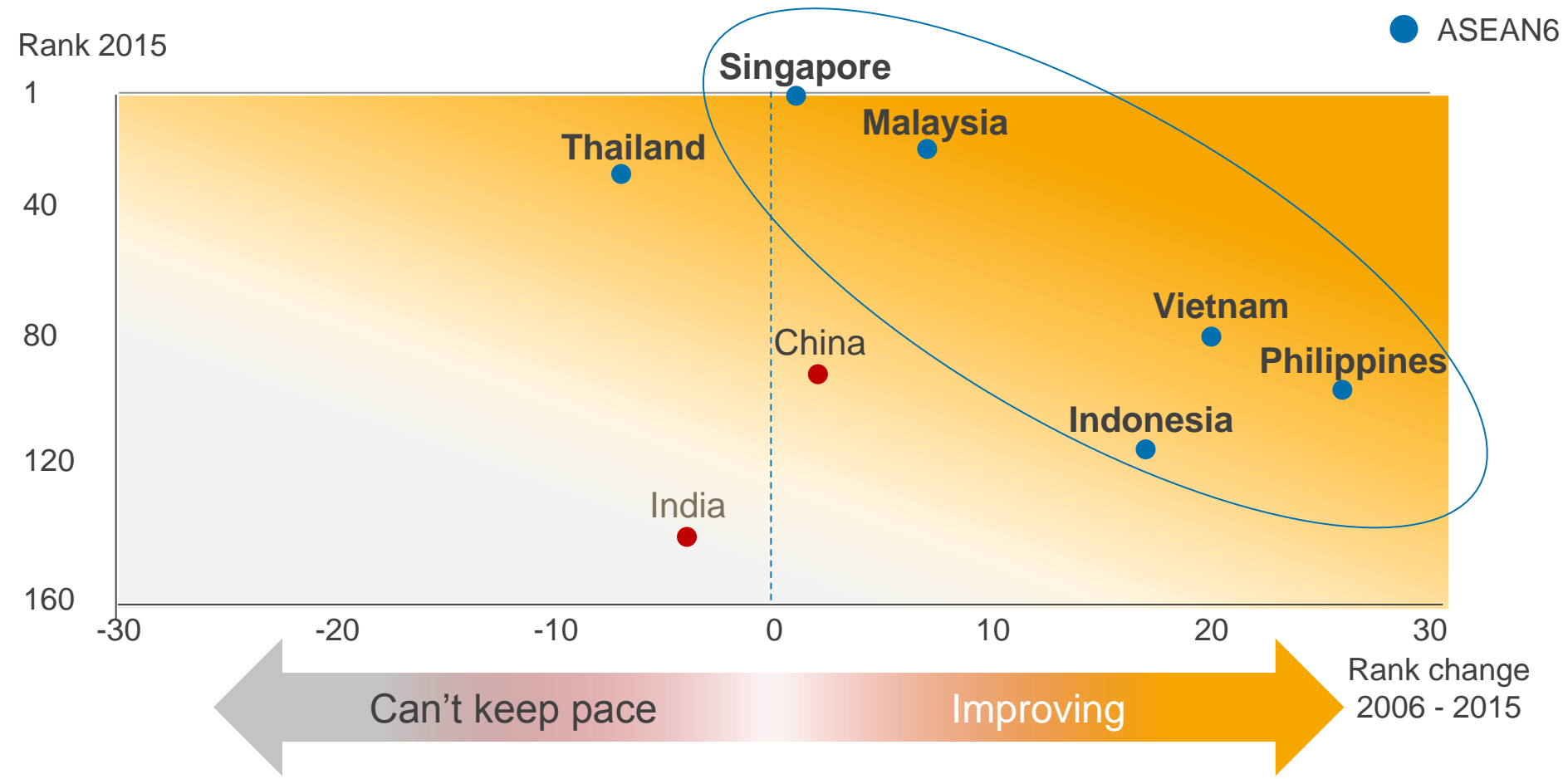


EUROPEAN UNION AND JAPAN ARE THE BIGGEST INVESTORS IN THE ASEAN6 REGION

SOURCE: ASEAN FOREIGN DIRECT INVESTMENT STATISTICS DATABASE, UNCTAD

SIGNIFICANTLY IMPROVED BUSINESS CLIMATE IN MOST ASEAN COUNTRIES OVER THE LAST DECADE...

EASE OF DOING BUSINESS INDEX RANKING 2006 VS. 2015

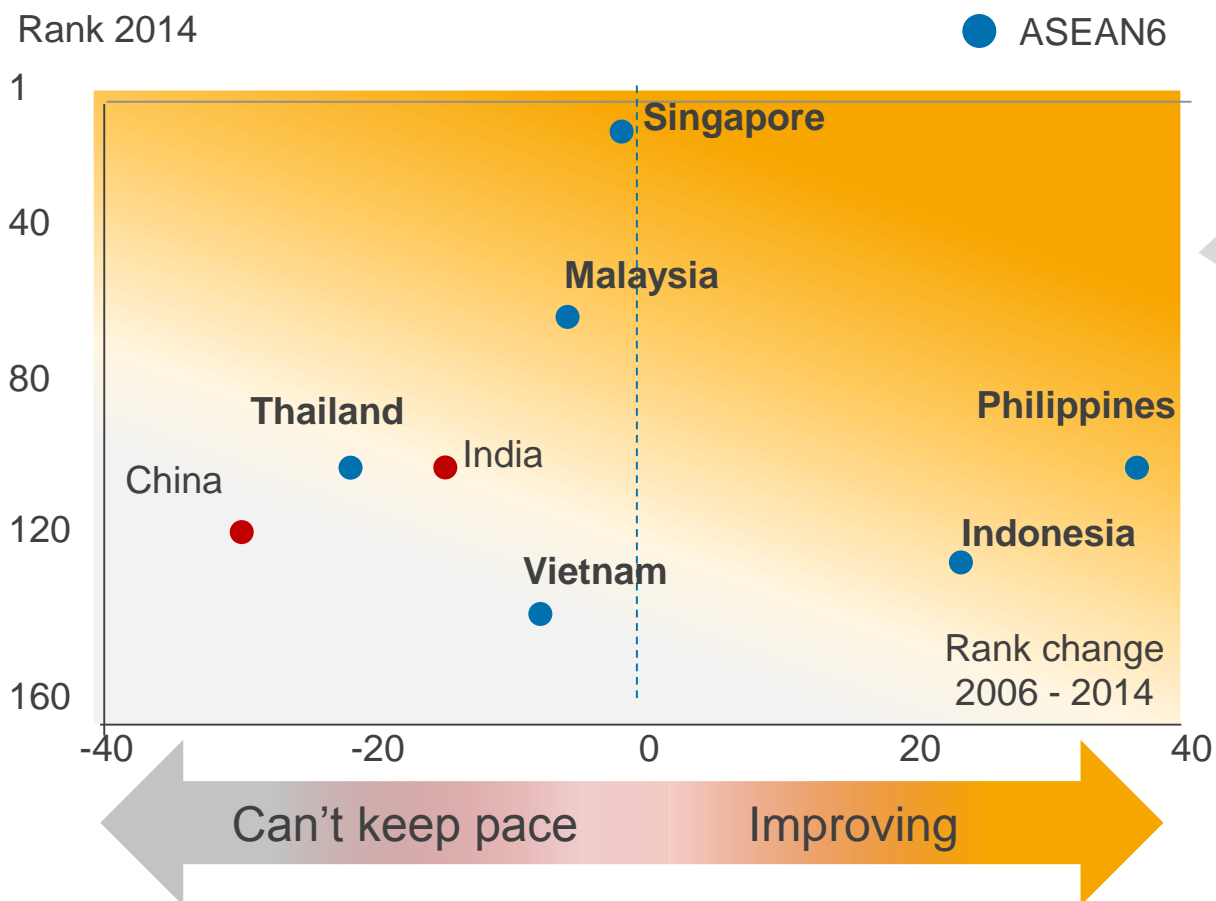


SOURCE: WORLD BANK – EASE OF DOING BUSINESS



...HOWEVER CORRUPTION STILL REMAINS A MAJOR HURDLE IN THE OVER

CORRUPTION PERCEPTION INDEX RANKING 2006 VS. 2014



“Southeast Asia is home to some of the richest, fastest-growing economies, as well as some of the planet’s poorest people. Battling corruption is an integral part to sustainable growth and reducing income inequality”

Natalia Soebago, Chair of Transparency International Indonesia.all regional

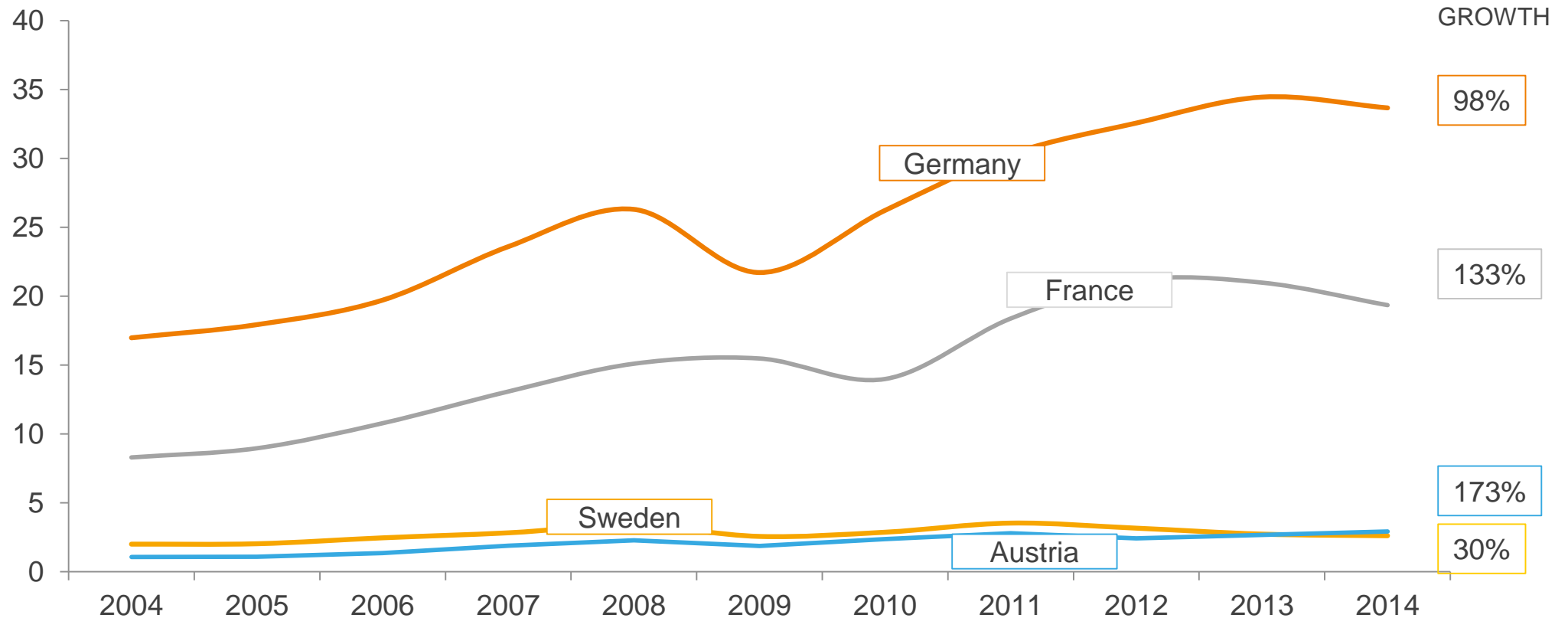
Implications for Swedish Companies

- Government bureaucracy red tape (applying for permits, import licenses etc.)
- Custom services have traditionally been a challenge in majority of the markets
- Local content requirements in some product categories
- Local partners required by law in certain countries/segments

SOURCE: WORLD BANK – TRANSPARENCY INDEX

SWEDEN IS LOSING GROUND IN EXPORT TO ASEAN IN COMPARISON TO OTHER MAJOR EUROPEAN ECONOMIES

SWEDEN VS MAJOR EUROPEAN ECONOMIES EXPORT TO ASEAN 2004-2014
BILLION USD

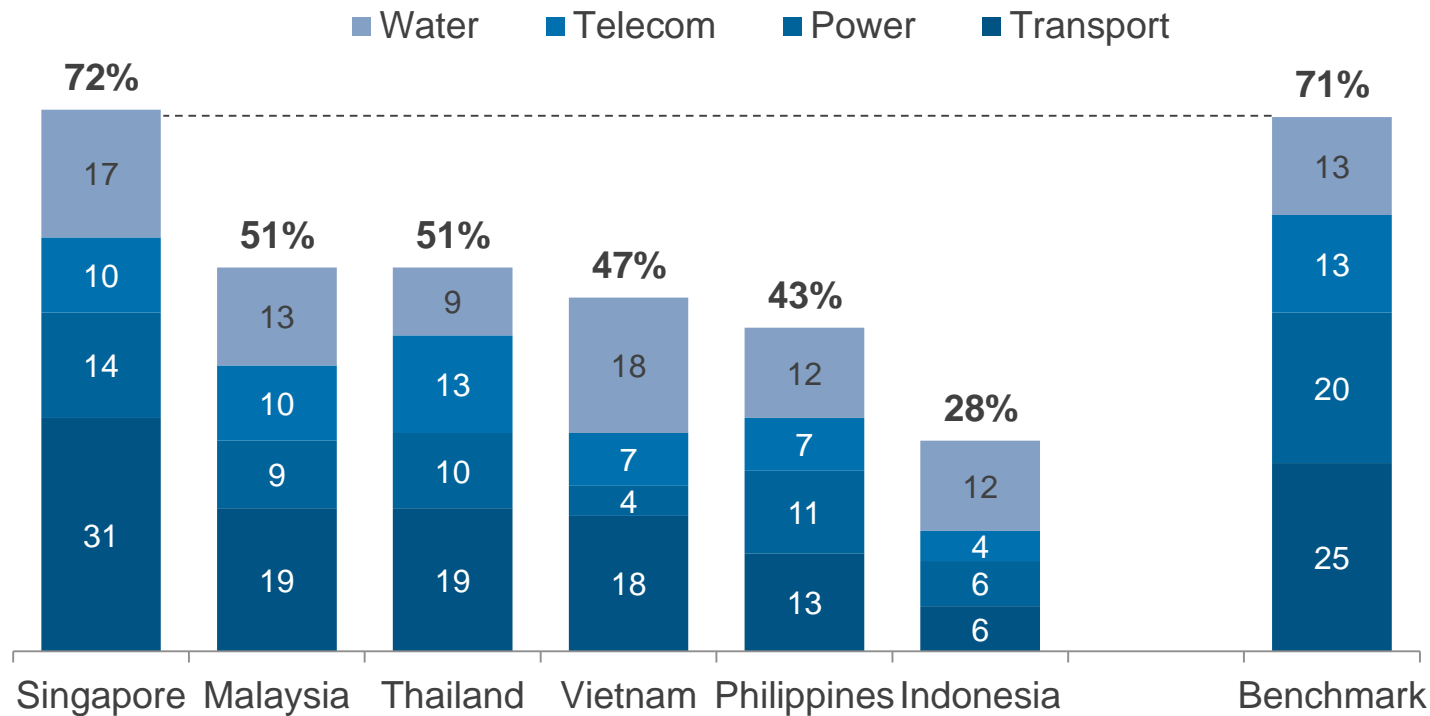


SWEDEN HAS EXPERIENCED SLOW GROWTH OVER THE PAST DECADE

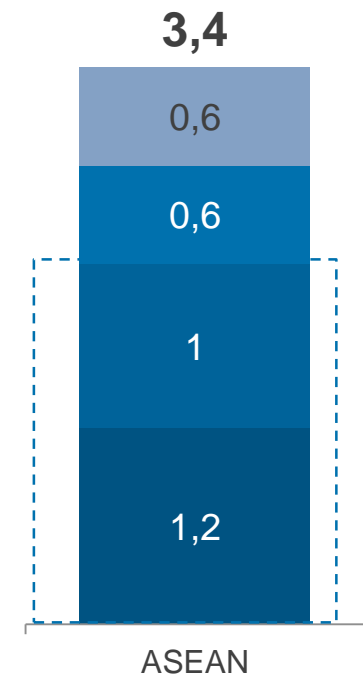
SOURCE: INTERNATIONAL TRADE CENTRE 2015

INFRASTRUCTURE STOCK IS STILL FAR BEHIND GLOBAL BENCHMARK FOR DEVELOPED COUNTRIES...

% OF GDP IN INFRASTRUCTURE STOCK 2012



Investment needed to reach 70% by 2030
Trillion USD

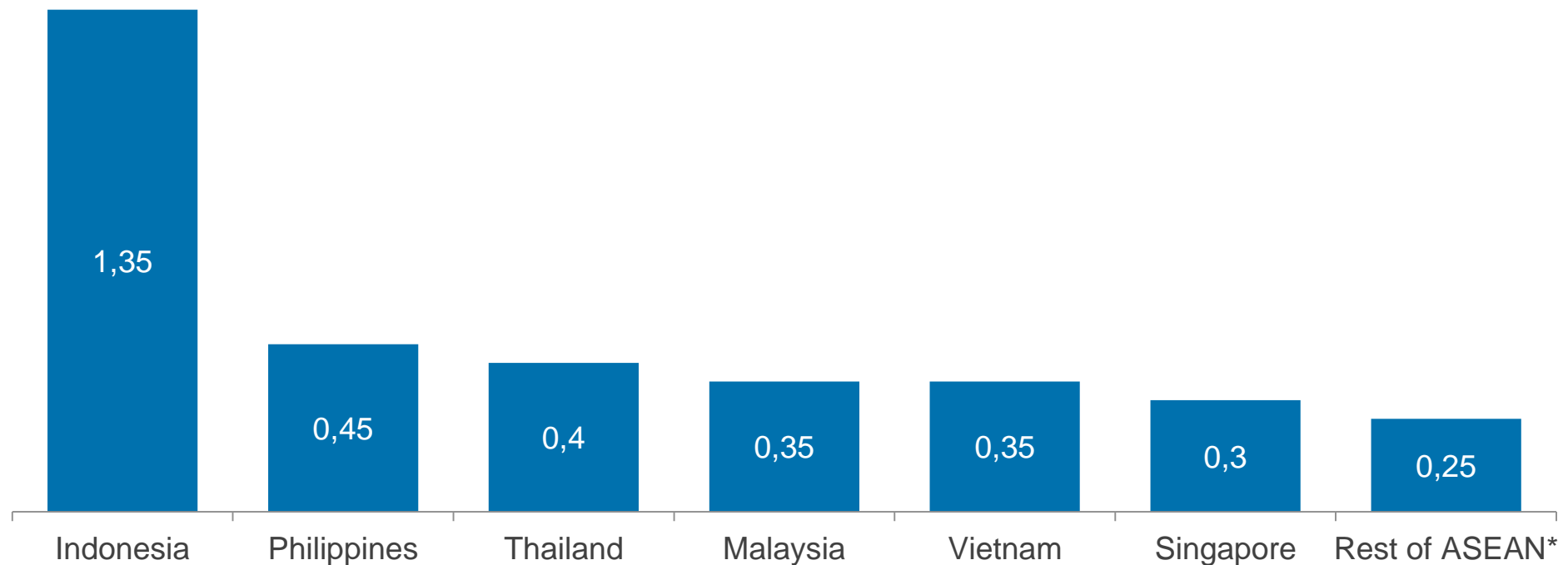


TRANSPORT AND ENERGY IN OF 2,2 TRILLION USD INVESTMENTS IN THE NEXT 15 YEARS

SOURCE: INTERNATIONAL TRANSPORT FORUM; GLOBAL

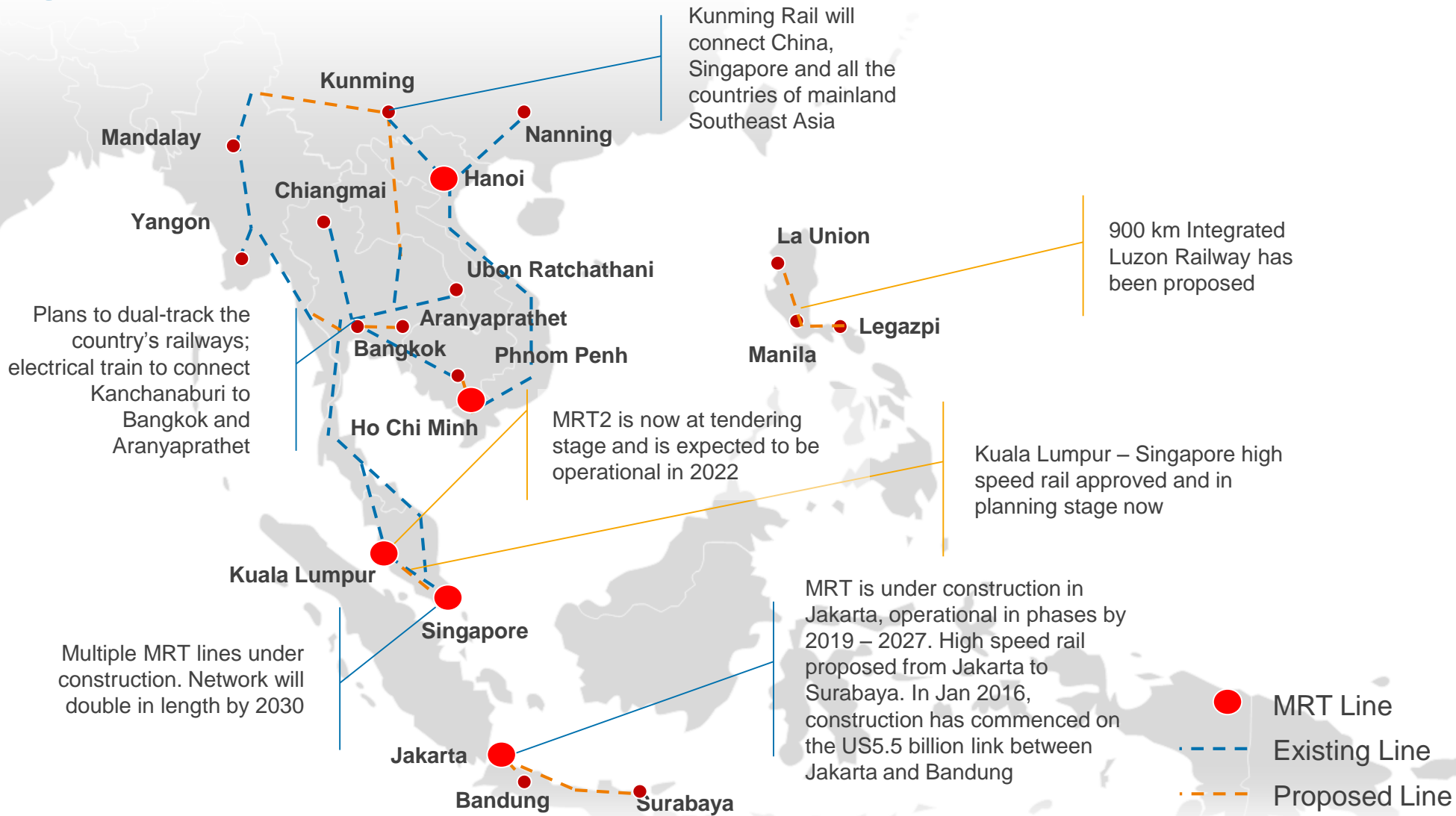
...THE INVESTMENT OF USD 3,4 TRILLION UNTIL 2030 IS NEEDED

INVESTED NEED UP TO 2030
USD TRILLION



MAJORITY OF INVESTMENTS WILL BE CONCENTRATED TO INDONESIA

EXTENSIVE INVESTMENTS IN RAIL INCLUDING HIGH SPEED RAIL



SOURCE: PHILSTARGLOBAL, PEOPLE'S DAILY, ADB, SPAD, JOC.COM, MRT CORP, THE STAR MALAYSIA



URBAN RAILWAY GROWTH WILL DRIVE SINGAPORE'S INFRASTRUCTURE INDUSTRY

Strategic government ambitions



- ▶ The government's strategic direction is to improve the country as a services and transport hub
- ▶ There is a plan to double the city-state's metro system as a part of improving urban rail connectivity for the populace
- ▶ An investment of SGD 900 million between 2012 – 2019 in phases to improve the quality of rail services offered by SMRT
- ▶ Between 2011 to 2020, the investment in the metro system amounts to SGD 60 billion

Singapore's infrastructure masterplan

2013	Open Downtown Line Stage 1, Marina-Coastal Expressway
2014	Open North-South Line 1km-extension to the Marina South Pier
2016	Open Downtown Line Stage 2, Tuas West Extension
2017	Open Downtown Line Stage 3
2019	Open Thomson Line 1
2020	Open Thomson Line 2, Complete North-South Expressway
2021	Open Thomson Line 3
2021 - 2025	Open Eastern Region Line, Jurong Region Line, Circle Line Stage 6, Downtown Line Extension, Complete seven new Integrated Transport Hubs
2025 - 2030	Open Cross Island Line, North East Line Extension

DESPITE MATURITY, SINGAPORE IS INVESTING HEAVILY IN INFRASTRUCTURE TO INCREASE URBAN CONNECTIVITY



INFRASTRUCTURE DEVELOPMENTS TO CATCH UP WITH STRONG URBANIZATION TRENDS IN THE CITY

Immense growth potential



- ▶ Malaysia has railways stretching a total of 1,849km with most of Malaysia's urban railway network is located in the Klang Valley, a region that includes the capital city, Kuala Lumpur, and adjoining cities and towns located in the state of Selangor.
- ▶ Malaysia's railway industry is expected to provide significant opportunities over the next few years
- ▶ A strong urbanization trend to the Greater Kuala Lumpur/ Klang Valley region prompts investment through the 2014 Economic Transformation plan in addition to the country's goal to attain a developed nation status by 2020

Malaysia rail infrastructure projects

LRT3 Linking Bandar Utama, Shah Alam and Klang	RM 9.0 billion
45 km Second MRT Line from Selayang to Putrajaya	RM 23.0 billion
Upgrade of East Coast Railway	RM150.0 million

GOVERNMENT INVESTS THROUGH ECONOMIC TRANSFORMATION PLAN TO DEVELOP THE COUNTRY

SOURCE : LTA, SMRT CORPORATION, BUSINESS MONITOR INTERNATIONAL



THAILAND IS THE KEY NODE CONNECTING NORTH ASIA TO SOUTH EAST ASIA BY LAND

Crucial link in land transportation



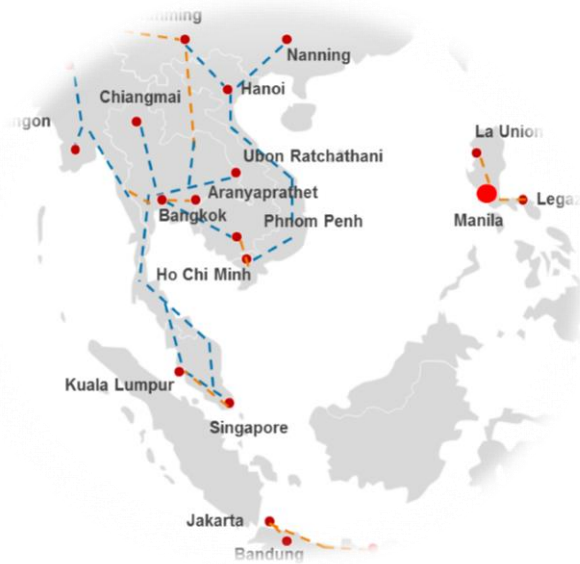
- ▶ Thailand has been on the forefront of rail development in the early 1900s with the first railway line being constructed in 1889
- ▶ There has been discussions around a regional railway connecting Kunming and South East Asia
- ▶ The routes cut across other neighbouring countries however, must pass through Thailand to reach the Malaysian peninsula
- ▶ The Thai government has shown that it is prepared to modernize its old infrastructure, willing to invest for economic growth, and open to partner with other countries
- ▶ In May 2015 Thailand signed a MOU with Japan to jointly build three high speed lines
- ▶ Most recently, Thailand's Cabinet approved the draft cooperative framework between Thailand and China on the development of rail infrastructure, under Thailand's Transport Infrastructure Development Strategy, 2015-2022

THAILAND IS MOTIVATED TO DEVELOP ITS INFRASTRUCTURE TOGETHER WITH FOREIGN GOVERNMENTS



A NUMBER OF SOUTHEAST ASIA'S RAIL NETWORKS ARE IN DRASTIC NEED OF MODERNIZATION

High potential for growth



- ▶ Vietnam's rail network consists of seven lines, all of which are single track, and most of which are in need of upgrading.
- ▶ There is currently no railway between Vietnam and Cambodia or Laos, the latter of which have their own dilapidated railway networks.
- ▶ Improved infrastructure in these countries will help forge closer trade ties with neighboring countries, which in turn will boost economic growth and help alleviate poverty.
- ▶ Thailand has also under-invested in its rail infrastructure. Derailments are common, and poor cross-country connections have placed a strain on the capital, Bangkok, which is densely populated and the source of the country's economy.
- ▶ Indonesia has similar congestion problems, with connections between services poor and certain cities difficult to access. While Indonesia's annual growth in 2014 was 6-6.5%, this could be as high as 7-9% if basic infrastructure was improved.

INFRASTRUCTURE INVESTMENTS WILL HAVE TO BE PUT IN PLACE FOR FURTHER GROWTH



KUALA LUMPUR-SINGAPORE HIGH SPEED RAIL PROJECT ATTRACTED MUCH INTEREST AND ATTENTION



Est. value: SGD14.8 billion

Stakeholders:

Land Transport Authority (LTA)
Land Public Transport
Commission (SPAD)

Feb 2013

High-speed rail project announced by Malaysia and Singapore

Oct 2015

Request for Information (RFI) in October – November 2015 where 98 companies responded

Dec 2015

14 companies and consortiums had been invited to present their ideas for the project, following the RFI

2016

Finalize commercial model and procurement approach and land handover in Singapore

2017

Start of planned construction works

2022

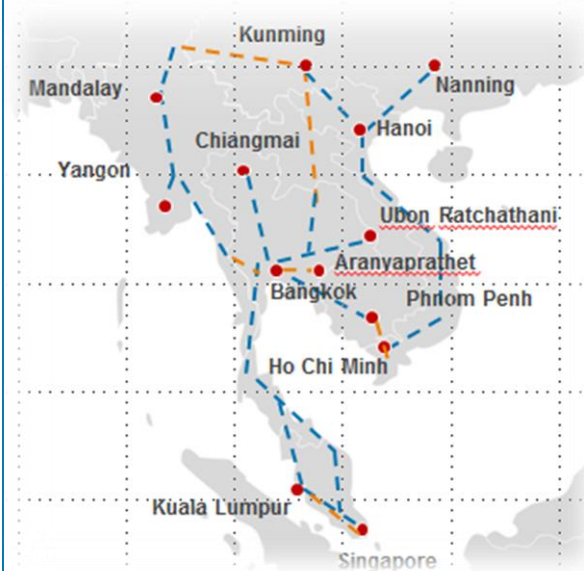
Targeted completion of high speed rail

SOURCE : LTA, SMRT CORPORATION, BUSINESS MONITOR INTERNATIONAL



KUNMING LINE VERY MUCH A CHINA EXTENDED INFRASTRUCTURE PROJECT

High potential for growth



- ▶ A 6,617 km rail project to link Southeast Asia to China is planned to be an efficient and economical mode of cross-border cargo transportation, estimated project value of US\$15 billion
- ▶ The proposed network consists of three main routes from Kunming, China to Bangkok, Thailand:
 - ▶ the Eastern Route via Vietnam and Cambodia;
 - ▶ the Central Route via Laos, and
 - ▶ the Western Route via Myanmar
- ▶ The project has been delayed given the many countries and stakeholders involved in addition to technical issues, but takes strides forward with more countries coming on-board
- ▶ Mainly Chinese and Japanese interest in the different new and upgraded lines although tenders see international competition

INFRASTRUCTURE INVESTMENTS WILL HAVE TO BE PUT IN PLACE FOR FURTHER GROWTH

EXAMPLE OF TEAM SWEDEN - SWEDISH SMART CITY STAKEHOLDERS



BUSINESS SWEDEN AIMS TO BRIDGE SWEDISH COMPANIES WITH KEY STAKEHOLDERS IN THE BEST WAY