Regional risks and their management

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Political risk

Southeast Asia has experienced coups, contested elections, mass protests and abrupt changes of policy within the lifetime of most investments. The most dramatic recent example is Myanmar. On 1 February 2021 the military detained the elected leaders and declared a state of emergency. Foreign investors responded quickly. The Thai developer Amata halted an industrial zone project in Yangon valued at US$1 billion, while the Japanese brewer Kirin ended its joint venture with Myanma Economic Holdings Limited, a conglomerate controlled by the military.[1] The case shows how quickly a joint venture with a local partner can turn from an asset into a liability when the partner is associated with a regime that becomes subject to sanctions. Chapter H.IV examines the sanctions dimension.

Political risk also appears in milder forms. Elections can change investment policy, tariffs and the attitude of authorities towards foreign companies. Court rulings can invalidate laws on which investors relied, as the Indonesian Job Creation Law showed. Nationalist sentiment can turn against foreign ownership of natural

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resources, land or infrastructure. A regional headquarters must monitor these developments in each country and translate them into decisions on investment, structure and staffing.

Currency and financial risk

The Asian financial crisis of 1997, examined in Chapter D.III, remains the reference point for currency risk in the region. Thailand was forced to float the baht on 2 July 1997. Between June 1997 and July 1998 the baht fell from 24.5 to 41 per US dollar, the Indonesian rupiah from 2,380 to 14,150 and the Malaysian ringgit from 2.48 to 4.88.[2] Malaysia imposed capital controls in September 1998 and fixed the ringgit at 3.80 to the US dollar. Companies that had borrowed in dollars to finance businesses earning local currency suffered severe losses, while those with assets frozen in Malaysia could not repatriate them for a time.

The lessons of 1997 shape regional treasury practice to this day. Regional headquarters in Singapore manage currency exposure centrally, match the currency of debt to the currency of revenue where possible and monitor the convertibility and transfer rules of each country. Singapore's own currency, managed by the Monetary Authority against a trade-weighted basket, has served as a relatively stable anchor for these operations. The availability of deep foreign exchange markets in Singapore allows regional treasuries to hedge exposures that would be difficult to cover locally.

Corruption and governance

The differences in governance among the member states are large. In the Corruption Perceptions Index for 2025, Singapore ranked third with a score of 84, while Malaysia ranked 54th with a score of 52. Vietnam stood at 81st place, Indonesia and Laos shared 109th place, while Thailand ranked 116th and the Philippines 120th. Cambodia ranked 163rd and Myanmar 172nd out of 182 countries.[3] Although these scores measure perceptions, they indicate the environment in which a regional business operates.

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For a company managed from Singapore, the risk has a domestic legal dimension. The Prevention of Corruption Act extends liability to Singapore citizens for corrupt acts committed abroad, which the courts treat as if committed in Singapore.[4] Foreign laws such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act reach many regional headquarters through the nationality, listing or business of their parent companies. Chapter H.V examines corporate criminal liability and enforcement. In practice, the regional headquarters is often the body that designs and supervises anti-corruption controls for the national subsidiaries, from due diligence on agents and distributors to the review of payments to officials and political figures.

Fraud, scam centres and illicit finance

The most serious new risk in the region is the growth of organised online fraud operated from compounds in Cambodia, Myanmar, Laos and elsewhere. The case of the Prince Group shows how close such activities can come to the financial centre. In October 2025 the United States and the United Kingdom imposed sanctions on the group and its chairman Chen Zhi for their alleged role in operating scam centres and online fraud. American prosecutors moved to forfeit 127,271 bitcoin, then worth more than US$14 billion. In Singapore, police seized assets of about S$150 million connected to the group, including six properties, eleven cars and a yacht.[5] Cambodia announced in January 2026 that Chen Zhi had been arrested and sent to China.

For regional businesses, the lesson is that counterparties, landlords, partners and even banks in some markets may be linked to criminal networks. For Singapore, the risk is that proceeds of such crime are laundered through its property market, its companies and its financial institutions. Chapter E.VI describes the money laundering case of 2023 and Chapter H.III the framework against money laundering. Regional headquarters that onboard customers, suppliers and partners from across Southeast Asia must apply due diligence that takes these patterns into account.

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Relations between states

Disputes between neighbouring states can also affect business. Singapore's relations with Indonesia and Malaysia have at times been strained by questions of airspace, maritime boundaries, water and the treatment of nationals. They have also been resolved through negotiation. In January 2022, at a leaders' retreat in Bintan, Singapore and Indonesia signed agreements on the realignment of the flight information region, on defence cooperation and on extradition.[6] The extradition treaty matters for financial crime, because it closes a gap that had been criticised for decades. Chapter F.IV places these relations in the context of Singapore's diplomacy.

Notes

1. Wikipedia, “2021 Myanmar coup d'état” (accessed November 2026): coup of 1 February 2021 with a one-year state of emergency; Amata halted a US$1 billion industrial zone project in Yangon; on 5 February 2021 Kirin ended its joint venture with the military-owned Myanma Economic Holdings Limited. ↩

2. Wikipedia, “1997 Asian financial crisis” (accessed November 2026): Thailand floated the baht on 2 July 1997; exchange rates per US$1 from June 1997 to July 1998: baht 24.5 to 41 (–40.2 per cent), rupiah 2,380 to 14,150 (–83.2 per cent), ringgit 2.48 to 4.88 (–49.1 per cent); Malaysia imposed capital controls in September 1998 and fixed the ringgit at 3.8 to the dollar; IMF packages of over US$17 billion for Thailand and US$23 billion for Indonesia. ↩

3. Wikipedia, “Corruption Perceptions Index” (accessed November 2026), 2025 index published February 2026: Singapore 84 (rank 3); Malaysia 52 (54); Vietnam 41 (81); Indonesia 34 (109); Laos 34 (109); Thailand 33 (116); Philippines 32 (120); Cambodia 20 (163); Myanmar 16 (172); Switzerland 80 (6); Hong Kong 76 (12); 182 countries. ↩

4. Prevention of Corruption Act 1960, s. 37: a citizen of Singapore who commits an offence under the Act outside Singapore may be dealt with as if the offence

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had been committed within Singapore; check the current text on Singapore Statutes Online. ↩

5. Wikipedia, "Prince Group" (accessed November 2026): the group and Chen Zhi were sanctioned in 2025 for their "alleged role in operating scam centers and online fraud"; assets frozen in October 2025 included 127,271 bitcoin worth over US$14 billion; Singapore police seized S$150 million (US$115 million) in Prince Group assets, including six properties, 11 cars and a yacht; in January 2026 Cambodia announced that Chen Zhi had been arrested, stripped of his citizenship and sent to China. ↩
6. Wikipedia, "Indonesia–Singapore relations" (accessed November 2026): agreements signed in January 2022 at the 5th Singapore–Indonesia Leaders' Retreat in Bintan on the realignment of the Jakarta and Singapore flight information regions (Indonesia delegating some air navigation services to Singapore for 25 years), on defence cooperation and on extradition for a comprehensive list of offences. ↩

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