

Highlight News

March, 29/2019



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



Government repays \$1.39B in debt service payments



Cambodia News | March, 28/2019

The government has repaid an accumulated \$1.39 billion in debt service payments from 1993 to the end of last year, of which last year alone it repaid about \$265.6 million, said the Cambodia Public Debt Statistical Bulletin released on Tuesday. The bulletin – the seventh edition by the Ministry of Economy and Finance – said Cambodia signed concessional loan agreements with development partners with a total value of \$11.39 billion from 1993 to the end of last year, but the government has disbursed \$7.29 billion. As of the the end of 2018, the government has a total outstanding public debt of \$7.02 billion, 99.9 per cent of which is external public debt. The bulletin, which was signed by Minister of Economy and Finance Aun Pornmoniroth, revealed that for last year all four key debt indicators – such as the debt-to-GDP and debt-to-income ratios – are well below their indicative thresholds. “Based on the international best practice, therefore, Cambodia’s public debt remains ‘sustainable’ and ‘low risk’ of debt distress,” the bulletin said. Debt principally from China By the end of last year, the national debt had been driven largely through bilateral and multilateral concessional loans, principally from China. The Kingdom owes China nearly half of its total debt – roughly \$3.4 billion. A draft of the 2019 National Budget released late last year said the government plans to borrow an additional 1.4 billion in Special Drawing Rights (SDR), equal to \$1.94 billion, to meet its planned budget for this year.

Centre for Policy Studies director Chan Sophal on Wednesday echoed the bulletin’s comments that Cambodia’s current level of outstanding debt is manageable, given the Kingdom’s country status. He said the government manages its public debt well and is actually able to borrow more as the country currently urgently needs roads, bridges and irrigation systems, as long as the loans are used responsibly. “The Cambodian government is highly cautious in managing debt and in fact, the country is able to borrow more to develop infrastructure,” he said. “The important thing is to ensure using the loan in the right direction and to use it responsibly,” Sophal said. Emerging Markets Consulting senior consultant Ngeth Chou on Wednesday said Cambodia’s debt-to-GDP ratio, which is about 30 per cent, remains low risk. He said other countries in the region have a bigger debt-to-GDP ratio – above 60 per cent and some higher than 100 per cent. He said the common impromptu method of measuring the economy by dividing the total outstanding debt by the total population is incorrect and not used in technical analyses. “Cambodia’s debt levels are not in crisis or at risk yet. The important thing is if we use loans for public investment with transparency.” “If we think at the micro-level or of family businesses, it is not that bad just to borrow money. What’s important is that we borrow for the right purpose, for example, to generate income that allows us to pay it back,” Ngeth Chou said.

Source: <https://www.phnompenhpost.com/business/government-repays-139b-debt-service-payments>

Bank of Lao PDR set to promote financial literacy nationwide



Laos News | March, 28/2019

THE Bank of the Lao PDR (BOL) and its development partners are keen to equip more people in the country with knowledge about financial literacy as part of efforts to empower them with key economic skills. BOL, as a supervisor of the financial sector in Laos, has included financial literacy and customer protection measures in its 10-year strategy and the roadmap for financial inclusion. It has also included financial literacy in the process of establishing a financial education strategy. To ensure that financial literacy is widely promoted in society, the bank organised a meeting in Vientiane on Tuesday to seek ways for promoting the implementation of activities that will enhance understanding of the subject in Laos. Financial literacy is the possession of a set of skills and knowledge that allows individuals to make informed and effective decisions regarding all of their financial resources. In his opening remarks while chairing the meeting, the Deputy Director General of the Financial Institution Supervision Department under BOL, Phanthaboun Xayaphet, said the concerned parties will take this opportunity to seek best practices for promoting and developing financial literacy in Laos. "We are also set to work together for outlining a plan to promote the implementation of basic financial skills to ensure the action plan is on the same direction and the right track," he said. Phanthaboun said financial literacy is internationally recognised as one of the most important priorities that will enable people to access financial services. "Gaining better insights and understanding about the financial institution system,

services, financial products or financial management could lead to brighter livelihoods in future," he said. BOL has been working in collaboration with all involved sectors to create a roadmap for promoting basic knowledge of finance since 2014. In 2018, the roadmap and framework was approved by the Board of Management of BOL. Late last year, BOL cooperated with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the Organisation for Economic Cooperation and Development and its International Network on Financial Education (OECD/INFE) and the Asian Development Bank Institute (ADBI) to organise a meeting with the theme "Role of Financial Education and Consumer Protection in Supporting Financial Inclusion". Last year, OECD/INFE and ADBI conducted a survey about financial literacy in Laos, which found the country's financial literacy rate was a little higher than Cambodia but a little lower than Vietnam. At Tuesday's meeting, representatives of the international organisations, commercial banks and financial institutions in Laos contributed their recommendations for the future promotion of financial education and financial literacy in Laos. The meeting was organised by BOL in collaboration with GIZ Access to Finance for the Poor (GIZ-AFP).
VIENTIANE TIMES/ASIA NEWS NETWORK

Source: <https://www.phnompenhpost.com/business/bank-lao-pdr-set-promote-financial-literacy-nationwide>

Vietnamese, Lao parties enhance archival cooperation



Laos News I March, 28/2019

Officials cut the ribbon to inaugurate the upgraded specialised archive in Vientiane on March 28 (Photo: VNA) Vientiane (VNA) – The Office of the Communist Party of Vietnam (CPV) Central Committee handed over an upgraded specialised archive to the Office of the Lao People’s Revolutionary Party (LPRP) Central Committee at a ceremony in Vientiane on March 28. The upgraded facility is equipped with a compact shelving system, specialised document containers, temperature and humidity control equipment, an air conditioning system, a lighting system, and a standard fire safety control system. Deputy Chief of the CPV Central Committee Office Bui Van Thach said the archive project demonstrates the bond between the two offices on the basis of the great friendship, special solidarity and comprehensive cooperation between the two Parties, States and peoples. He expressed his belief that with the new modern facility, the LPRP Central Committee Office will obtain more achievements in archival activities. For his part, Deputy Chief of the LPRP Central Committee Office Khampha Phimmasone said the assistance from the Vietnamese side not only helps with his office’s storage of documents but also supports the two countries’ solidarity and friendship.

He voiced his hope that the Vietnamese side will continue assisting Laos in the management and archiving of the LPRP’s documents from the central to local levels.-VNA Source: <https://en.vietnamplus.vn/vietnamese-lao-parties-enhance-archival-cooperation/149085.vnp>

Laos becomes a link between Turkey, ASEAN states



Laos News I March, 29/2019

The Turkish Embassy in Laos has taken relations between Turkey and the Association of Southeast Asian Nations (ASEAN) to a new level, said the Turkish envoy. “The establishment of the Turkish Embassy in Laos has not only developed bilateral relations but also multilateral relations with the ASEAN countries,” Ahmet Idem Akay, Turkey’s ambassador in Vientiane, said in an interview with Anadolu Agency. Noting that Turkey has diplomatic representations in all 10 member countries of ASEAN after the Turkish Embassy in Vientiane was opened in 2017, Akay said: “Turkey also attaches importance to developing institutional relations with regional organizations.” ASEAN was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand in Bangkok and was later joined by five other countries. Turkey was granted the status of Sectoral Dialogue Partner in 2017. “Bilateral trade volume [between Turkey and Laos] increased from \$6 million in 2017 to \$15 million last year,” the ambassador said, adding that bilateral trade volume is in favor of Turkey with around \$1.5 million.

Turkey exports poultry meat, edible offal and 10+ seater minibuses to Laos while importing textile, rubber inner tubes and phone devices, he added. Akay also noted that the increase in trade volume between the two countries display the importance of the establishment of the Embassy in Vientiane.

Source : <https://www.aa.com.tr/en/asia-pacific/laos-becomes-a-link-between-turkey-asean-states/1432125>

UN Expert Says Lao Government Policies Make Life Worse For Poor, Marginalized



Laos News I March, 29/2019

The Lao government's economic policies have worsened the living conditions of the nation's poor and marginalized populations, while widening the gap between the haves and have-nots, a United Nations rights expert said Thursday, at the end of an 11-day official visit to the country. In a statement issued at the end of his March 18 - 28 visit, Philip Alston, the U.N. special rapporteur on extreme poverty and human rights, said that improvements in the lives of the poorest Laotians had not kept pace with the country's economic development. During his visit, Alston traveled to the capital Vientiane, as well as Attapeu, Champasack, Xienkuang, and Houaphanh provinces. He met with government officials of various levels, village leaders, workers, farmers and tradespeople to gather information on their daily lives. The special rapporteur's findings painted a grim picture for many of the nation's poor, which the U.N. estimates to make up around a quarter of the population.

An estimated 80 percent of the population live on less than U.S. \$2.50 per day and are at risk of poverty. Certain demographics also struggle with adequate representation in the halls of government, putting them at further disadvantage.

Source: <https://www.rfa.org/english/news/laos/expert-03282019145123.html>

Singapore tops list of foreign direct investors



Myanmar News I March, 28/2019

The flow of foreign direct investment (FDI) into Myanmar has increased for the first time after a decline for the last two years, according to Myanmar Investment Commission (MIC). This is the first increase in FDI since Daw Aung San Suu Kyi came to power in 2016. From October 1, 2018 to March 15, 2019, Myanmar received US\$1.9 billion in approved FDI. During October 2017 to mid-March 2018, the country received \$1.3 billion for over 80 projects. For this fiscal year, the country is receiving more FDIs, both capital and project, than the same period of the previous year. Approved FDI in fiscal year 2014-15 amounted to \$8 billion and \$9.5 billion in 2015-16, before the decline set in. 2016-17 secured \$6.6 billion followed by \$5.7 billion in 2017-18. The six-month interim budget period in 2018 attracted \$1.7 billion. "In regard to FDI, we hope that ASEAN nations, Japan, China, Republic of Korea, Hong Kong, Taiwan, and also India will put out more investment into our country. We are seeing that manufacturing sectors is continually increasing to invest in Myanmar, as well as garment, electric assembly, and food processing," said U Aung Naing Oo, the secretary of

MIC and director general of the Directorate of Investment and Company Administration (DICA). Moreover, Singapore has overtaken China as the country with the most approved FDI poured into Myanmar. China has topped the list of foreign investors for a long time. In February last year, Singapore invested \$20.88 billion for 302 projects and China invested \$20.41 billion for 314 projects, according to DICA figures. Singapore-based Sembcorp Industries earlier this month officially opened a \$310 million power plant in Myingyan. At the end of 2018, Myanmar is tuning up efforts to draw investments by announcing Myanmar Investment Promotion Plan and establishing a new ministry, the Ministry of Investment and Foreign Economic Relations with the objective of raising local and foreign investments and creating opportunities for entrepreneurs. The new ministry will also make it easier for investors to invest in Myanmar through a single window system, enabling businesses to apply for and complete all the necessary procedures through a one-stop centre, or single window. “Myanmar has opened up its economy to the world. We have been constantly adjusting our policies, rules and regulations to be in line with international best practices and to make the investment climate more favourable, predictable, facilitative and friendly. We want to establish a welcoming economic environment for all,” State Counsellor Daw Aung San Suu Kyi said during the Rakhine State Investment Fair last month. In light of the alleged atrocities in northern Rakhine, the UN-mandated Fact-finding Mission on Myanmar (UNFFM) recommends that all business enterprises active in Myanmar, trading with or investing in businesses in Myanmar should demonstrably ensure that their operations are compliant with the United Nations Guiding

Principles on Business and Human Rights (UNGPs). World Bank’s Myanmar Economic Monitor (December 2018) reported that while FDI flows increased from 2016-17 to 2017-18, new FDI commitments declined in 2017-18 and in the first half of this year. FDI commitments declined by 14 percent in 2017-18 compared to 2016-17, and by over 50 percent in the first half of 2018-19 as compared to the same period in 2017-18. These trends indicate that FDI flows may start declining in 2018-19. Approved FDI does not include investments made in the informal economy. Investors and observers believe that the recent slowdown in commitments may reflect uncertainty in the investment climate related to the Rakhine crisis and weak reform momentum.

Source: <https://www.mmtimes.com/news/singapore-tops-list-foreign-direct-investors.html>

Firms urged to export farm produce to China via e-commerce

 **Vite nam News I March, 29/2019**

HCM CITY—Vietnamese companies should export seafood and other farm produce via e-commerce to China to meet the market’s increasing demand for high-quality goods, experts have recommended. Speaking at a meeting held on Thursday in HCM City, Cao Lâm Viên, vice chairman of the HCM City Business Association of High-Quality Vietnamese Products, said that purchasing power in China had risen dramatically, with average income last year reaching nearly US\$10,000 per person. In big cities like Beijing and Tianjin, the average income is up to \$20,000 per person per year. Trương Đình Hòa, secretary general of Việt Nam Association of Seafood

Exporters and Producers (VASEP), said China was now a major seafood import market with diverse needs and higher quality requirements. “They prefer imported products and naturally caught products.” China is currently reducing aquaculture production due to environmental issues, and is lowering import tariffs for officially exported Vietnamese seafood. Viên said that bilateral trade between the two countries had been conducted mostly through unofficial cross-border transactions over the past 30 years. However, unofficial exports over the border to China are facing technical barriers since the two nations have agreed to limit them and increase official exports.

Unofficial exports could be risky in terms of payments as well as quality and quantity of goods, he said, adding that China had tightened quality norms and origin traceability. Việt Nam’s farm produce exports to China have faced stiff competition from other exporting countries in terms of quality, price and branding. Vietnamese enterprises must also conform to new Chinese requirements for quality and traceability as well as Chinese regulations and standards on packaging and labeling, in addition to improving added value, Viên noted. China is the world’s largest importer of agricultural products, accounting for 10 per cent of global imports, and its imports are growing at 8.8 per cent annually. It accounted for 70 per cent of Việt Nam’s agricultural exports last year. According to the General Department of Việt Nam Customs, Việt Nam exports about \$1.2-1.3 billion worth of seafood to China each year. Việt Nam is China’s third largest seafood exporter, while China is Việt Nam’s fourth largest seafood export market. — VNS.

Source: <https://vietnamnews.vn/economy/507984/firms-urged-to-export-farm-produce-to-china-via-e->