

**Highlight News**

**April, 24/2019**



- **IMF: Economic outlook robust**
- **Nation's love of social media projected to grow this year**
- **MoU on rice exports signed with Yunnan Province government**
- **Tokyo leasing firm buys one fifth of Yoma Fleet**
- **Myanmar to export farmed fisheries to EU from May onwards**
- **Daily trading limit for individual e-wallets set at VNĐ20m: draft**

ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



## IMF: Economic outlook robust



Cambodia News | April, 23/2019

Cambodia's economic outlook remains robust in the near-term despite the country set to face bigger external risks and potentially lose trade privileges to its main markets, an International Monetary Fund (IMF) team has told the finance minister. An IMF team visited Phnom Penh earlier this month and met with Minister of Economy and Finance Aun Pornmoniroth to conduct interim discussions on recent developments and the outlook for the Kingdom's economy. It projected that Cambodia's economic growth will remain between 6.5 and seven per cent in the near and medium term, thanks to better fiscal performance, the ministry said. However, the IMF team warned that Cambodia is now subject to higher risks than before that could affect economic growth – including the potential loss of the EU's Everything But Arms (EBA) scheme, a spillover effect of the China-US trade war and the UK's decision to leave the EU. "[The IMF team] also expressed their concerns with the increase in capital expenses and the continued increase of credit to the construction and real estate sectors, which could lead to systematic risk to the financial sector, the ministry said. It added that the team also favourably assessed the government's efforts to remedy such issues by imposing measures, such as lowering electricity prices, adjusting the minimum wage and reducing the number of public holidays. Realising the possibility of losing access to the EBA scheme, Pornmoniroth said the government has taken the issue into account for economic projection and has launched a series of reforms to prevent risk and to maintain economic growth at at least 6.5 per cent. Prime Minister Hun Sen late last month announced large-scale economic reforms,

outlining a 17-point strategy to stimulate economic growth that he said could save the private sector up to \$400 million per year. The strategy included a number of key money-saving initiatives for private businesses – including reducing costs associated with shipping, port service fees and electricity, as well as railway operation management reforms. He said the reforms will allow Cambodia's exports to remain competitive – even if the EU removes the Kingdom's access to the EBA scheme. The Asian Development Bank (ADB) early this month projected that the Kingdom's economy will grow seven per cent this year, a slight decline from last year's 7.3 per cent due to external factors.

Source: <https://www.phnompenhpost.com/business/imf-economic-outlook-robust>

## Nation's love of social media projected to grow this year



Laos News | April, 24/2019

The number of people using social media is predicted to keep surging as telecom operators compete with each other to offer better services, a new forecast has revealed. The report from the Lao National Internet Centre, released at the beginning of this month, shows the number of social media users is projected to reach 2.7 million or 39 percent of the population in 2019. In 2016, the proportion of the population using social media such as Facebook, Line, WhatsApp and Twitter was only 19 percent. However, this grew to 29 percent in 2017 and 35 percent in 2018, the data shows. The report, which was distributed at a Post and Telecommunications Sector meeting on April 4, also indicated that most people use smartphones to access social media. About 2.6 million cell

phone users were on social media, according to the figures. Lower costs and ongoing technological advances in smartphones are a significant factor in the growth of social media use. The number of internet users in Laos is projected to reach 3.2 million people this year with most living in cities, according to the report from the Lao National Internet Centre. The number of registered cell phone users is also projected to reach 8.4 million people this year, representing 120 percent of the total population. An official with knowledge of the telecom industry said the rising tide of social media users was associated with the widespread use of the internet, adding that domestic internet services have become more affordable. At present, many telecom operators are offering cheaper internet with one popular 10,000 kip package allowing 5,000 MB of data for three days. Another telco is offering unlimited internet for 5,000 kip a day, helping fuel consumers' insatiable appetite for social media. Director General of the Lao National Internet Centre, Mr Keovisouk Solaphom, told Vientiane Times that telecom operators have been adapting themselves to the changing IT landscape so they can survive. He said most firms' income in the past was from call charges, but now it is mainly sourced from internet data sales as consumers switch to various communication apps rather than old-style 2G calls. Many social media users are using Facebook as a platform to advertise their products and services with the newer technology offering more marketing options for businesspeople.

Source: <http://en.brinkwire.com/news/laos-eyes-increased-exports-to-china/>

## MoU on rice exports signed with Yunnan Province government

 Myanmar News I April, 23/2019

The Ministry of Commerce (MOC) and government of Yunnan Province, China, signed a memorandum of understanding on the export of Myanmar rice and other crops to China on April 21. Under the agreement, Myanmar will be able to legally export crops such as rice as well as fisheries to China via the Muse border trade gate. The MoU, which is a part of barter system, will see Myanmar importing construction materials and farming machinery manufactured in Yunnan Province in exchange for an equal amount in value of Myanmar-produced agricultural products. The Agriculture, Livestock and Fishery Development Committee under the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) will take charge of this agreement, which will take effect in May. Exporting rice to China will be the government's top priority. The barter agreement comes after tonnes of Myanmar agricultural products, including rice, sugar and maize, had accumulated at warehouses near the border after China, in an attempt to crack down on illegal border trade, temporarily banned all imports from Myanmar. Since Chinese New Year in February, around one million bags of rice and 5000 head of cattle have been stuck in transit at Muse. As a result, rice prices have decreased by up to 20 yuan per bag, while breeders were forced to sell their cattle at low prices. In total, trade volumes have fallen by a value of US\$650 million year-to-date in the current fiscal year compared to the year before, according to the MOC. China currently imports commodities based on a quota system. Myanmar's official export quota, set in 2016, is 100,000

tonnes of rice. According to data from the MOC, over 50 percent of Myanmar-produced rice is sold to China via the border. As such traders are lobbying for that quota to be quadrupled, to 400,000 tonnes. Traders have expressed skepticism at the agreement though. “The MoU is just an initial phase,” said U Mike, a rice trader from Mandalay. He pointed out that Myanmar had signed several MoUs on trade with China in the past. Myanmar agricultural products, which up until now have been deemed illegal by China, will be costly if they are made official so it might be not profitable for traders and farmers in the early stages of the MoU, rice traders said. Although rice production in Myanmar hit its highest in 73 years last year, production is expected to taper this year as a result of declining demand in the Chinese market, which is the main buyer of Myanmar rice, according to rice traders. Rice is a main export of the country, generating over K5 trillion annually of which 40pc is generated by exports. As it plays a major role in the country’s economy, it is very important for rice producers to focus not only on the price but also on the quality, vice president U Henry Van Thio said at the Seminar for Development of Myanmar Rice and General Assembly and Annual General Meeting held by Myanmar Rice Federation on February 9.

Source: <https://www.mmtimes.com/news/mou-rice-exports-signed-yunnan-province-government.html>

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## Tokyo leasing firm buys one fifth of Yoma Fleet

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 Myanmar News I April, 23/2019

Japanese leasing company Tokyo Century will buy 20 percent stake in Yoma group’s auto leasing unit for US\$26.6 million via new shares. Singapore-listed Yoma Strategic Holdings announced the deal with the Tokyo-

based firm on Monday. The new funds will allow Yoma Fleet, Yoma’s subsidiary, to expand its business. The unit was established in early 2014 as a vehicle rental and contract hire operator providing operating lease and rental solutions predominantly to multinational companies. With over 1100 automobiles, the company is targeting asset under management of \$200 million by 2023, compared to over \$40 million as of last month. After Tokyo Century’s subscription of the new shares is completed, Yoma will hold 80pc of shares in its subsidiary. Given Myanmar’s low automotive penetration, there is significant growth in vehicle and heavy equipment leasing, said Yoma Strategic CEO Melvyn Pun. Yoma Fleet will tap into the expertise of Tokyo Century in non-banking financial services, including vehicle leasing. “The partnership will also explore other non-bank financial opportunities to better serve this huge, under-served market in Myanmar,” the executive added.

Source: <https://www.mmtimes.com/news/tokyo-leasing-firm-buys-one-fifth-yoma-fleet.html>

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## Myanmar to export farmed fisheries to EU from May onwards

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 Myanmar News I April, 23/2019

Myanmar will be able to export farmed marine products to the European Union (EU) starting from May 1, said U Thet Naing, deputy director of the Quality Control and Research Division of Fisheries Department. Up until recently, the EU had only permitted imports of fish caught in the wild. From next week onwards, this will expand to include seven farmed fish, two prawn and one crab species. These include the Rohu, Mrigal, Katla and Carfu fish species, river catfish, barbus fish, spotted prawn,

white prawn and soft shell crab. “We have been trying to export farmed fisheries to the EU since 2014. It is a difficult process and only a few countries in Asia have permission to do so. Wild fish exports to the EU make up only 3 percent of total fisheries exports. If farmed fish products can be exported, Myanmar will be able to increase its total marine exports to the EU,” said U Thet Naing. Of the 23 factories which export fish caught in the world to EU, 17 will also be able to export selected farmed fishery products. Two factories have already cleared the necessary procedures, U Thet Naing said. The EU maintains high food quality standards that limit the number of fishery products it imports from overseas. “We need to continue raising our capacity to monitor whether farmed fish contain chemical residue. In Myanmar, we are still unable to test for chemical residue in our marine products,” said Daw Toe Nanda Tin, vice chair of the Myanmar Fisheries Federation. A total of 27 fish breeding farms which supply farmed fish to the factories that export marine products to the EU have been examined. These fish farms are located in Yangon Region, Ayeyarwady Region and Tanintharyi Region, said U Thet Naing. There are more than 120 cold-storage facilities in Myanmar, of which 23 have been permitted to export fish caught in the wild to the EU. Out of 28 member states of EU, Myanmar now exports wild fish to the UK, Italy, France, Cyprus, Netherlands, Sweden, Greece, Belgium and Germany. Between April 2017 to the end of March 2018, Myanmar exported more than 10,600 tonnes of marine products worth US\$20 million to the EU.

Source:<https://www.mmmtimes.com/news/myanmar-export-farmed-fisheries-eu-may-onwards.html>

## Daily trading limit for individual e-wallets set at VNĐ20m: draft

 Vietnam News | April, 23/2019

HA NOI - A daily trading limits for individual e-wallets would be set at VNĐ20 million (US\$850) and VNĐ100 million per month, according to a draft circular from the State Bank of Việt Nam recently made public for comment. The limits would be set for money transfers and payments for goods and services. The draft circular is an amendment to Circular No 39 regarding intermediary payment services, and also sets a daily trading limit of VNĐ100 million and a monthly trading limit of VNĐ500 million for e-wallets opened by organisations. The draft also raised regulations aimed at tightening the opening of e-wallets. In order to open e-wallets, individuals and organisations would be required to provide information such as identity cards or passports, business registration certificates and phone numbers registered for e-banking services. E-wallets must be linked to a bank account to be activated, the draft said. In addition, e-wallets could only be recharged through payments or debit cards from the owner or through other e-wallets issued by the same provider. The State Bank of Việt Nam said the tightened regulations aimed to prevent the rampant opening of e-wallets and using them for money laundering. The central bank also said that setting daily and monthly trading limits because the major purpose of e-wallets was making payments for small transactions. Financial expert Bùi Quang Tín said that requiring users to provide personal information would help manage the development of the service. However, Tín said the stricter regulations could

make people hesitate about opening an e-wallet due to the large amount of personal data they would have to provide. E-wallet service providers needed to offer convenience to attract users and meet the demands of cashless payment development, he said. Central bank statistics showed there were around 26 e-wallet service providers in Viêt Nam as of the end of 2018, including MoMo, AirPay, ZaloPay, Vimo, VTCPay, SenPay, TrueMoney and Moca, together with 10,000 firms accepting e-wallet payments. There were also around 4.2 million e-wallets linked to bank accounts. VNS

Source: <https://vietnamnews.vn/economy/519038/daily-trading-limit-for-individual-e-wallets-set-at-vnd20m-draft.html#DQGWAsTZA9hRWTX.97>

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