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Highlight News September 27/2019

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Cambodia's tourism competitiveness improves

Cambodia News I 26 September, 2019

Cambodia is making inroads in terms of competitiveness into the global tourism stage. In the latest edition of the Travel and Tourism Competitiveness Index (TCCI), released by the World Economic Forum (WEF) this month, Cambodia went up three places. The Kingdom is now ranked 98 in the world. The WEF releases the report every two years. The report includes 140 countries ranked according to their business environment, safety and security, air transportation infrastructure, natural resources, tourism policies, and price competitiveness, among other factors. Spain ranked number one globally. France, Germany, Japan, and the United States rounded up the top five. In Southeast Asia, Singapore is considered to have the most competitive tourism industry, followed by Malaysia, Thailand, Indonesia, and Vietnam. Cambodia occupied the last spot in the region, one place behind neighbouring Laos which ranked 97 globally. Seven of the nine countries from Southeast Asia improved their rankings since the last edition of the report. According to the 2019 report, Cambodia's best performance was in the prioritisation of travel and tourism where it ranked 44 globally, followed by price competitiveness (49), international openness (66), natural resources (66), cultural resources and business travel (76), air transport infrastructure (91), tourist service infrastructure (93), and human resources and labour market (95). The Kingdom performed poorly in ground and port infrastructure (111), business environment (122), and environmental sustainability (139). The report reflects well on the efforts of various stakeholders to improve the Cambodian tourism industry, which is seen by many as critical to the country's economic development. The government has been focusing on tourism growth, and it is set to release a Strategic Plan for Tourism Development. "Now, Cambodia has become a popular tourist destination for the world and the government sees tourism as green gold," Prime Minister Hun Sen told the media earlier this year. There are also efforts to diversify Cambodia's tourism offer, which for a very long time centred on Angkor Wat. In recent months, there has been a push to build and establish more eco-tourism sites in Pursat, Koh Kong, Kampot, and other provinces to complement Angkor Wat and other existing tourist destinations. The Kingdom, according to the Ministry of Tourism, is third in Asean for tourism growth. Last year, the Kingdom registered an 11 percent increase in arrivals, figures that were only surpassed by Indonesia and Vietnam.

Source:https://www.khmertimeskh.com/50646421/cambodias-tourism-competitiveness-improves/

GDP growth dominated by traditional sectors in 2019, ADB says

Cambodia News I 26 September, 2019

Despite a slower-than-anticipated rise in agricultural production, Cambodia's economy is expected to grow at 7 percent this year on the back of strong growth in traditional sectors like garments, tourism, trade and construction, according to the latest forecast by the Asian Development Bank (ADB). The bank said growth in the garment and footwear industries was strong following a surge in production. ADB forecasts that the sector will grow at 10.6 percent in 2019, up from its previous forecast of 10.1 percent. However, ADB warned that national growth could contract to 6.8 percent in 2020. Citing climate change risks, the bank noted that agricultural growth dipped to around 1.1 percent this year as a result of droughts that have decreased agriculture and fisheries production in the first half of the year. "With increased uncertainty in the global trading environment and its impact on services such as tourism, Cambodia urgently needs a focused diversification strategy into niche and higher-value products and services," said ADB country director Sunniya Durani Jamal in a statement today. This will require reducing risks emanating from lending to an overheated real estate sector, developing a more skilled and productive workforce to justify rising wages, and attracting high-quality capital investment, all of which will need stronger governance and institutions. ADB said faster-than-anticipated growth in imports and tourist arrivals is expected to widen the current account deficit, excluding official transfers. The deficit is financed by buoyant foreign direct investment inflows that are expected to build up the gross international reserves to around $12.3 billion by the end of the year, providing six months of import cover.

Source:https://www.khmertimeskh.com/50646434/gdp-growth-dominated-by-traditional-sectors-in-2019-adb-says/

Govt releases stockpiled rice to lower market price

Laos News I 26 September, 2019

The government has approved the sale of 2,000 tonnes of stockpiled rice to bring down the high market price after a shortage of supply meant the price of rice rose by over 20 percent above normal.The move is aimed at cutting costs for consumers and easing the hardship of people on low and medium level incomes.The Vientiane Industry and Commerce Department has directed the Khamphaengphet Chaengsavang Agriculture Promotion Co., Ltd. to sell the 2,000 tonnes of rice after the government and the company signed a contract to that effect. Polished Grade B sticky rice is on sale at five locations in Vientiane for 6,500 kip per kg, from September 23-30. This price is 2,000 kip per kg less than the current market price. The rice is on sale at the Talat Xaoban Sa-ard (Village Clean Market) in Dongkhamxang village, Hadxaifong district, the Vientiane Foodstuff State Enterprise in

Sihom village, Chanthabouly district, and at Lao-ITECC.It can also be purchased at the Aussie Lao fresh market in Nongtaeng village, Sikhonttabong district, and at the Ms Chanpheng rice mill in Nasiew village, Naxaithong district. The stockpiled rice has been funded by the government which has provided 10 billion kip to the Khamphaengphet Chaengsavang Agriculture Promotion Co., Ltd. since 2015. The scheme encouraged farmers to grow rice which the company then bought under the two-plus-three system. The government regularly stockpiles rice and has supplies available every year which can be put on sale when the market price of the staple becomes unacceptably high. This year, the price of polished sticky rice rose to an abnormally high level after a prolonged dry season followed by widespread flooding, meaning that rice yields were below the set target. From January to June, the price of rice in Vientiane, mainly paddy sticky rice, rose by 3,425-3,500 kip per kg and the price of polished Grade B sticky rice by 6,335-7,000 kip per kg, according to the Vientiane Industry and Commerce Department From the end of June to September, the price of rice increased further to about 4,350 kip per kg for paddy sticky rice in the second week of September. Compared to June this was an increase of 1,500 kip or 24.28 percent, the Director of the Vientiane Industry and Commerce Department Director, Mr Berlin Phetchantharath, told the media.The release of stockpiled rice is authorised by the Decree on the Management of Goods Price and Services No. 474/PM, dated November 18, 2010. The decree followed the appointment of a steering committee on the management of goods price and services in Vientiane. Rice is one of the items on the list of products managed by the government, which serves to mitigate harmful impacts on the cost of living and socio-economic development. The government can approve the release of stockpiled rice to bring down the market price when it rises 20 percent above the normal rate. Consumers and traders around the country have concerns that rice yields this year may not meet market demand after crops were affected by weather extremes.

Source:http://www.vientianetimes.org.la/freeContent/FreeConten_Govt_releases_215.php

Social security law strives for healthcare equality

Laos News I 27 September, 2019

Media personnel from newspapers, radio and television were briefed in Vientiane yesterday on publicising the Law on Social Security to the public in the interests of promoting healthcare equality.Under the Law on Social Security, critically injured or sick insured people are entitled to admission for treatment at selected hospitals without paying any bills, and to receive compensation equivalent to half of the insured's wages, an official said.During the media workshop on the Dissemination of the Law on Social Security, Director General of the Legislation Department of the Ministry of Information, Culture and Tourism, Mr Vanhsay Taviyanh, highlighted important features of the law.He admitted that some members of the National Social Security Fund had complained about the poor service they had received at hospitals.The workshop discussed health services and treatment and reviewed some patients' dissatisfaction with the care received as well as the attitude of some hospital staff. Deputy Director General of the NSSF, Mr Phetsamone Soukthaviphone, said all members are eligible for health checks and treatment through the Fund under the Law on Social Security.He said the benefits of membership include the provision of funds to pay for childbirth, workplace injuries and illnesses, old-age pensions, funeral costs, surviving family benefits, and unemployment benefits."Everyone should be treated equally, whether they are members of the National Social Security Fund or not. They should all receive the same standard of treatment, in line with the government's health policy," he added.The respective social security organisations for the public and private sectors have been merged by the Ministry of Labour and Social Welfare into the NSSF.Articles 55 and 56 of the Social Security Law, enacted in 2013, require non-government employers to contribute 6 percent of an employee's monthly salary to the fund, with a further 5.5 percent to be contributed by insured employees.In practice, the 5.5 percent employee contribution should be deducted from an employee's salary and be paid by the employer to the fund.Government employees will have 8.5 percent of their monthly salary contributed to the NSSF by the government and are required to make an additional contribution of 8 percent themselves.

Source:http://www.vientianetimes.org.la/freeContent/FreeConten_Social_215.php

Govt to allow rice exports if local prices sink

Myanmar News I 26 September, 2019

The government is set to announce next month the basic price of rice in the coming rainy season and is expected to allow exports of raw rice if the prices in the local market drop too low in order to stabilise the country's staple food, a senior commerce official said. Deputy Minister of Commerce U Aung Htoo, said limited exports of the rice will be allowed if the basic price sinks. "We agreed to export a designated quantity (of grains) during the designated period," he said on Tuesday. The government set K500,000 (US$327) as the base price for every 100 baskets of rice for 2018. Each basket is roughly equivalent to 20.86 kilogrammes. There is now an ongoing discussion among members of the Assembly of the Union, the Myanmar Rice Federation and farmers' representatives on the basic price of rice, U Aung Htoo said. The deputy minister said that if the price of rice shoudl drop below the new base price which is set to be announced on October 15, exports of rice will be allowed to stabilise the price. Over the past few years, Myanmar has not allowed the export of rice to ensure steady supply in the domestic market but there were occasions when exports to other countries were permitted as a means to raise the price of the grain to prevent farmers from suffering losses.

Source: https://www.mmtimes.com/news/govt-allow-rice-exports-if-local-prices-sink.html

Economy to improve as Myanmar opens up to foreign investment

Myanmar News I 26 September, 2019

Myanmar's economy is forecast to expand to 6.4 percent in the current fiscal year and pick up to 6.8 percent in the next, according to a report on the economy in Southeast Asia released by the Institute of Chartered Accountants in England and Wales (ICAEW) on Tuesday.The report said that the forecast for Myanmar's economy is positive as the country's markets opes up to foreign investment, with the infrastructure, manufacturing and wholesale and retail services sectors expected to be the greatest beneficiaries. After a 14 percent drop in foreign direct investment to US$5.7 billion in 2018, currently foreign direct investment inflows are improving. According to the Myanmar Investment Commission, foreign direct investment inflows rose sharply with the bulk of investments channelled into transportation, communication, and manufacturing. Domestically, infrastructure investment are expected to increase over the next 18 months as a result of big infrastructure projects including those under the China-Myanmar Economic Corridor (CMEC) such as New Yangon City, Kyaukphyu Deep Sea Port and Kyaukphyu-Kunming Railway projects. "While higher infrastructure investment, and increased manufacturing and wholesale and retail services sectors are set to bring major benefits to the economy, we remain cautious of the infrastructure and regulatory drawbacks that will hinder Myanmar's ability to fully reap the benefits of its low-wage advantage," said Mark Billington, ICAEW regional director for Greater China and Southeast Asia. The ongoing humanitarian crisis in the Rakhine State is included a key risk to the economy, with tourism and trade with the European Union potentially experiencing slowdowns. In addition, while Myanmar is set to benefit from strengthening foreign direct investment inflows, this will greatly depend upon the country's ability to improve its business environment and the complexity of its current tax system, enforcement of contracts and trading across borders. Looking further ahead, structural reforms are needed to aid firms' ability to do business in Myanmar, the report said.

Source: https://www.mmtimes.com/news/economy-improve-myanmar-opens-foreign-investment.html

industry's overwhelming reliance on imports continues

Vietnam News I 26 September, 2019

The need to import most parts makes auto prices in Vietnam higher than in neighboring countries, insiders say. Toru Kinoshita, CEO of Toyota Vietnam and chairman of the Vietnam Automobile Manufacturers Association (VAMA), said a manufacturer needs to import around 80 percent of car parts whereas the figure is just 10-20 percent in Thailand and Indonesia. Thus, cars in Vietnam cost 10-20 percent more than elsewhere in other Southeast Asia, he said at a recent forum. The reason manufacturers are forced to import is that there is not enough local supply. There are only 200 auto part suppliers in Vietnam compared to 2,000 in Thailand, according to official figures. Minister of Industry and Trade Tran Tuan Anh said despite policies to support local production, Vietnamese firms remain in the low-value segment of the supply chain. Local firms only supply simple parts such as wires and seat cushion, while more sophisticated parts such as engines and gearboxes have to be imported, he said. "Domestic production and assembly of vehicles has not yet achieved the standards of a real car industry. Local firms have not mastered core technologies, and there is no ecosystem of large raw materials suppliers and part producers." The industry has called for incentives to boost production. Tran Ba Duong, chairman of major car manufacturer Truong Hai Auto, has proposed scrapping import duties on parts that local businesses are not capable of producing to reduce car prices. He also called for scrapping special consumption tax on parts produced locally. The government needs to have policies in place to develop quality mechanical engineers, Duong added. Minister Anh said the trade ministry would propose polices to incentivize large car projects, including electric and fossil fuel vehicles. The incentives could be in the form of land or subsidies on research or acquiring technology to produce engines and gearboxes locally, he added. There are 40 businesses manufacturing or assembling autos in Vietnam with a total annual capacity of 680,000 units. Last year they produced 258,100 vehicles, according to Vietnam Register. In the first eight months of this year sales of imported cars rose 178 percent year-on-year to 82,800 units, while that of locally-made vehicles dropped 14 percent to 119,700 units, according to VAMA.

Source:https://e.vnexpress.net/news/business/industries/auto-industry-s-overwhelming-reliance-on-imports-continues-3987432.html

Vietnam state utility EVN to borrow $278 mln to expand hydro plant

Vietnam News I 26 September, 2019

State-run utility EVN will borrow up to VND6.45 trillion ($278 million) to expand a hydroelectric plant near Hanoi, the government said Wednesday. The expansion of the 25-year-old Hoa Binh plant, by 480 megawatts to 2,400 megawatts, is scheduled to begin in the fourth quarter of 2020 and be completed by 2023, the government said in a statement on its website. In July Vietnam's Ministry of Industry and Trade said the country faced the prospect of severe power shortages from 2021 as electricity demand outpaces the construction of new plants. The government didn't disclose details of how EVN, formally known as Vietnam Electricity Group, would secure the funds. Last week, Fitch Ratings affirmed EVN's long term foreign-currency issuer default rating at 'BB' with a positive outlook.

Source:https://e.vnexpress.net/news/business/companies/vietnam-state-utility-evn-to-borrow-278-mln-to-expand-hydro-plant-3987642.html