

Highlight News October 4/2019



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Cambodia has one of the lowest corporate tax rates in SEA



Cambodia News | 3 October, 2019

Cambodia is making itself more attractive to foreign investors by having one of the lowest corporate tax rates in Southeast Asia. Trading Economics, an online economic statistics platform, lists the Kingdom as having the third lowest corporate tax rate in the region after Brunei and Singapore. Cambodia's current corporate tax rate stands at 20 percent, which is the same as that of Thailand and Vietnam. Singapore has the lowest rate in the region at 17 percent, followed by Brunei at 18.5 percent. The Philippines has the highest corporate tax rate in Southeast Asia at 30 percent, followed by Indonesia and Myanmar at 25 percent, and Malaysia and Laos at 24 percent. Local and international experts said it is important for Cambodia to offer low or competitive corporate tax rates. In an email, Anthony Galliano, CEO of Cambodia Investment Management (CIM), noted that Singapore benefited immensely as a low tax jurisdiction. According to him, the city-state, which led the inflow in foreign direct investments (FDI) in Southeast Asia, continues to benefit as a low tax jurisdiction, with FDI jumping from \$62 billion in 2017 to \$77 billion in 2018, compared to Cambodia's \$3.1 billion for 2018. Mr Galliano added that it would be 'risky' for the Kingdom to raise its corporate tax rate at this time. "The worldwide average corporate tax rate has consistently decreased since 1980, declining in every region, so to raise the rate would

be contrary to the global trend and places the Kingdom's competitiveness at risk," he said. Echoing Mr Galliano, Jayant Menon, lead economist at the Asian Development Bank (ADB), said competitive corporate tax rates are a "necessity" for Cambodia. "As an economy in transition, a competitive corporate tax rate will be necessary in order to offset some of the higher costs of doing business here compared to some alternative sites," he stressed.

Source: <https://www.khmertimeskh.com/50647262/cambodia-has-one-of-the-lowest-corporate-tax-rates-in-sea/>

Gov't reaches customs revenue goal three months in advance



Cambodia News | 3 Octoberber, 2019

During the first nine months of the year, Cambodia earned \$2.3 billion from customs and excise collection, surpassing the government's target for the whole year by 5 percent, Prime Minister Hun Sen revealed yesterday. Speaking during a graduation ceremony at Koh Pich Conference Hall, the premier said the government's goal for customs and excise revenue for 019, outlined in the proposed budget for the year, has been achieved three months ahead of schedule. Mr Hun Sen expects the General Department of Customs and Excise to collect \$800 million over the official goal by the end of the year. The money will be spent on public investment in priority sectors, he said. Mr Hun Sen said the government earns \$500 million a month from tax and other sources. "Every month, we earn about \$500

million and spend about \$300 million. This means we are saving about \$200 million a month. This money is used for public investment so that we don't have to rely on foreign governments," Mr Hun Sen said. Lim Heng, vice president of the Cambodia Chamber of Commerce, congratulated the government for the increase in tax collection. "The rise in revenue from customs and excise collection is a positive sign. It means the country is importing more because it is growing fast," Mr Heng said. He noted that CCC always encourages members to fulfill their tax obligations. Preap Kol, executive director of Transparency International, said tax reforms in recent years have yielded encouraging results. "The increase in tax revenue demonstrates the incentive for fighting corruption and the effectiveness of joint efforts from the Ministry of Economy and Finance, development partners and civil society organisations to undertake reforms with genuine political will," he said. Mr Kol said there is still a lot of room for improvement when it comes to tax collection, and added that all big corporations must fulfill their tax obligations. Tax authorities should target businesses that import vehicles, he added. Last year, Cambodia earned \$2.5 billion from customs and excise, up 32 percent compared to 2017.

Source: <https://www.khmertimeskh.com/50647257/govt-reaches-customs-revenue-goal-three-months-in-advance/>

Business sector assesses facilitation of investment, trade in Laos



Laos News | 3 October, 2019

VIENTIANE (Vientiane Times/ANN) - The Lao National Chamber of Commerce and Industry is conducting an assessment of the ways in which the provinces and Vientiane facilitate investment and trade, under Phase 2 of the ProFIT project. The project surveys and evaluates how the business sector benefits from the implementation of measures to improve the investment and business environment of state organisations, including those that deliver public services. Vice President of the Lao National Chamber of Commerce and Industry, Ms Valy Vetsaphong, told Vientiane Times on Wednesday they had set up several teams to conduct assessment meetings throughout the country. Two meetings have taken place – one in Vientiane province and the other in Vientiane – which were attended exclusively by business operators. Talks focused on the collection of information from businesses such as their experiences in requesting a licence and accessing public services. All participants received questionnaires. Ms Valy said authorities were not present at the meeting because some business operators may have concerns that members of state organisations would participate in the discussions. The assessments is expected to strengthen the business sector and benefit the public sector at the provincial and government levels as they would identify and resolve problems at the

right point. The project is supported by the Asian Development Bank so it also benefits the ADB. The bank gains clear information that is related to its assistance to some of the projects operated by state organisations, Ms Valy said. The analyses will be conducted by Lao and foreign experts. Ms Valy, who is a businesswoman herself, expects the assessment meetings to be completed across the country by the end of November. Experts will carefully check all the answers provided by businesses because it is a sensitive issue. If any answers are unclear, the officials in charge will contact those who provided the information to clarify their comments. The assessment will also rank the ease of doing business in each province. A press release from the Chamber quoted Ms Valy, who spoke at the meeting in Vientiane on Tuesday and referred to Vietnam's provincial competitiveness index (PCI). This is widely accepted as an effective tool that has very clear indicators that measure and can be instrumental in improving and developing the business environment in Vietnam. Based on these successful lessons and experiences, ProFIT was established and is supervised by the Chamber. Another objective of the project is to analyse and compare the business environment in Laos in relation to the implementation of regulations. It also evaluates public services and ranks provinces that have large capacity to provide facilities for trade and investment and also promotes the ability of Lao entrepreneurs. The government benefits by receiving important information for making a

comparison of public services at the provincial level with a view to improvement. It is therefore a measure and an assessment tool for the government. ProFIT will help provinces to attract investment and at the same time businesses will be able to put forward their problems so that solutions can be found.

Source: <http://annx.asianews.network/content/business-sector-assesses-facilitation-investment-trade-laos-105441>

Toyota to begin auto assembly in Myanmar in 2021



Myanmar News | 3 October, 2019

Myanmar-Japan Thilawa Development Company has got 21 hectares of land in Thilawa Special Economic Zone (SEZ) to establish a car assembly plant and start manufacturing autos in 2021. Myanmar-Japan Thilawa Development Company is also performing an operation of the SEZ in addition to the development purpose. The MJTD has 2400 hectares of land in the SEZ for implementation. There are 405 hectares in zone-A and the implementation has been completed. The implementation continues in zone-B. The zone-B is being implemented phase by phase. Toyota Company from Japan has got 21 hectares of land in the zone-B, said an official of Myanmar-Japan Thilawa Development Company. Toyota Company will establish an auto assembly with an investment of US\$ 52.6 million and assemble 2,500 units of Toyota Hilux by SKD system a year starting from 2021, according to the statement of

Toyota Motor Corp in May. Toyota Motor Corp, the automobile branch of Toyota, will found Toyota Myanmar Co., Ltd and manufacture Toyota Hilux autos. Toyota Myanmar (TMY) plant will be built in Thilawa SEZ and US\$ 52.6 million will be invested and 130 employees will be appointed. The TMY will begin operations in 2021. Starting from 2021, 2,500 Toyota Hilux autos will be manufactured a year through SKD (Semi Knock Down) system. The total share of TMY includes 85 percent from Toyota Motor Corporation and 15 percent from Tsusho Corporation. The demand for the purchase of new autos is enormously increasing in recent years in the domestic auto market. According to the market data in 2018, some 18,000 units were manufactured and the number is more than twofold, compared to the previous year. Toyota is now selling Toyota Hilux, Vios, Rush and other brands and Toyota Myanmar (TMY was founded in June in 2019).

Source: <https://elevenmyanmar.com/news/toyota-to-begin-auto-assembly-in-myanmar-in-2021>

METRO Wholesale Myanmar plans to open showroom in Mandalay

 *Myanmar News | 3 October, 2019*

METRO Wholesale Myanmar, the first-ever foreign wholesale company, is planning to open the saleroom in Mandalay, said Mr. Jens Michel, CEO of METRO Wholesale Myanmar. The showroom was open in Yangon on September 30. METRO Myanmar

aims at becoming a market leader in the domestic market that can help promote cooperation and sustainable development in economic enterprise. We provide hotels, restaurants, and catering and received good remarks from the customers from trade. We are proud of them and delighted to the service provided to more customers in Yangon, Mandalay and Nay Pyi Taw. We are planning to open another showroom in Mandalay, said Mr. Jens Michel, CEO of METRO Wholesale Myanmar. Jens Michel, CEO of METRO Wholesale Myanmar Ltd, reaffirmed the firm's commitment to becoming the market leader in Myanmar, through fostering relationships, entrepreneurship and sustainable business. He pledged the firm would never stop learning, and would be accountable for both success and failures. Central to the wholesale operations in Myanmar is a 5,800-square-metre warehouse in Thilawa where incoming goods are stored and packed in compliance with food safety standards for delivery to customers. Currently, customers across the country can select from over 2,000 products through the firm's digital platforms including its website and mobile application. Goods are delivered through a third-party logistics service provider with a fleet of temperature-controlled trucks.

Source: <https://elevenmyanmar.com/news/metro-wholesale-myanmar-plans-to-open-showroom-in-mandalay>

Highest anti-dumping tax rate imposed on Chinese aluminium products



Vietnam News | 3 October, 2019

The Ministry of Industry and Trade (MoIT) has decided to officially impose the highest rate of anti-dumping duties on aluminium products originating from 16 Chinese producers. Accordingly, six Chinese aluminium exporters will face the highest rate of 35.58 percent, eight others will face rates of between 18.16 and 35.39 percent, and the remaining two will be imposed tax with a rate of less than 10 percent. The products are used to make aluminium doors, wattle walls, storage cabinets and interior and exterior decorations, as well as in construction. In addition, they are also used to make industrial machines and structures. In January, the MoIT conducted an investigation into aluminium imports from China according to regulations from the World Trade Organisation and Foreign Trade Management Law, as well as losses to domestic manufacturers. It found that Chinese aluminium was dumped at a margin of 2.49 percent to 35.58 percent. In some cases, prices of Chinese products were much lower than the production cost of the product in Vietnam. As a result, the domestic aluminium industry has suffered in recent years, causing losses to many businesses and forcing employees to quit their jobs. On June 5, after a five-month investigation, the ministry temporarily applied the lowest anti-dumping rate of 2.46 percent on the

Chinese aluminium products. Last year, the amount of imported aluminium extruded bars from China to Vietnam reached 62,000 tonnes, double that of 2017. The figure excluded a large amount of imports to processing zones. Imports from other countries fell to 5,000 tonnes in 2018. Also in 2018, the US conducted a tax evasion investigation on some extruded aluminium products imported from Vietnam. In mid-September, the US concluded some of them were evading anti-dumping duties the US has imposed on Chinese products. The US then announced a tax rate of up to 374.15 percent for those Vietnamese products. According to the MoIT, with some of the local products on which the US imposed anti-dumping duties, there were a number of products with the mentioned Chinese exporters. The ministry said the US move could seriously damage good aluminium manufacturers in Vietnam in terms of profitability and reputation, giving them competition with both the cheap imported products from China in the local market and earning a reputation and position in the international market. It thought the imposition of anti-dumping duties this time will help reduce such pressure on domestic manufacturing enterprises as well as avoid tax-evading products from China. According to regulations, anti-dumping measures will take effect within five years from the effective date of September 28.

Source: <https://english.vov.vn/economy/highest-antidumping-tax-rate-imposed-on-chinese-aluminium-products-404107.vov>

Vietnam's GDP growth at 9-year high, topping Southeast Asia: gov't



Vietnam News | 3 October, 2019

Vietnam has achieved the highest gross domestic product (GDP) growth in nine years and is on track to be Southeast Asia's fastest-growing economy in 2019, according to a government official at a recent press conference. Vietnam's economy is continuing to improve against the backdrop of slowing growth among the world's major economic powers, Minister and Chairman of the Government Office Mai Tien Dung said at a press conference on Wednesday. "This is the second consecutive year that we have accomplished and surpassed all 12 socio-economic targets set by the National Assembly," Dung told reporters in Hanoi. Forecasts by international organizations and credit rating agencies have consistently placed Vietnam's GDP growth in 2019 at 6.8-7 percent, he added. "At this rate, Vietnam is on track to become the fastest-growing economy in Southeast Asia [this year]," Dung said. On Sunday, American credit rating agency Fitch Solutions revised their GDP growth forecast for Vietnam from 6.5 to 6.9 percent in 2019. The country's GDP growth accelerated to 7.3 percent year-on-year in Q3-2019, from 6.6 percent in the second quarter, driven primarily by a strong performance in the manufacturing sector, Fitch said. The Vietnamese government's drastic measures to facilitate the

private sector and the attraction of a record US\$14.2 billion in foreign direct investment (FDI) have contributed to the growth, the minister said. Prime Minister Nguyen Xuan Phuc has given directions to government departments and agencies to continue finding solutions to the country's current economic shortcomings, including cutting red tape to create a better business environment, Dung said.

Source:<https://tuoitrenews.vn/news/business/20191003/vietnams-gdp-growth-at-9year-high-topping-southeast-asia-govt/51443.html>
