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Moody's maintains Cambodia's B2 rating, says outlook stable



Cambodia News | 7 October, 2019

Moody's Investors Service Inc maintained a stable outlook while affirming Cambodia's B2 long-term issuer rating on the back of robust gross domestic product (GDP) growth prospects, modest and highly affordable government debt, and low external vulnerabilities. In a statement on Friday, Moody's said the positive effects that serve as a buffer offset risks stemming from a sustained, high rate of credit growth which raises contingent liability risks for the government, if it needs to support Cambodia's relatively large financial system through a boom-bust credit cycle. "Low institutional strength and a high degree of dollarisation act as continued constraints on the government's ability to manage shocks," stated the global ratings agency. On Cambodia's stable outlook which reflected balanced risks, Moody's said growth could moderate by more than its estimates following the expected reduction of tariff benefits enjoyed by exports to the European Union. A reduction in tariff benefits accorded under the Everything-but-arms (EBA) special preference would negatively affect textile, garment and footwear exports to the EU. This is in addition to the imposition of duties on Cambodian rice effective January 2019. Together, these developments will weigh on Cambodia's trade balance. The stable outlook balances vulnerability to shocks against mitigating factors, it explained, adding that these risks arise

from a sharper slowdown in growth that Moody's currently assesses driven by a collapse in asset prices, a material reduction in funding from China, or a sharper slowdown in export growth, assuming EBA benefits are withdrawn. Stabilising factors include modest fiscal deficits, owing in part to the effective implementation of tax policies, sustaining high affordability and low levels of government debt. In particular, the concessional and long-term nature of Cambodia's debt reduces the risk of near-term liquidity pressures for the government and the country as a whole. In the meantime, Moody's said slowing growth in China could also present spillover risks for Cambodia, due to its deep economic and financial linkages with the country. "A slowdown in growth in China or weaker outward foreign investment from China would act as a significant drag on Cambodia, and present potential risks particularly for the construction and real estate sectors. However, relatively low levels of government debt and increasing tax revenues provide space for fiscal policy to offset a shock to growth," Moody's said. Based on expectations of weaker growth in the Chinese economy and the assumption of a full withdrawal of EBA benefits, Moody's expects Cambodia's real GDP growth to moderate to 7 percent year-on-year in 2019 and 5.5 percent in 2020 from 7.5 percent in 2018. But the agency said even at these projected slower rates, Cambodia is still among the fastest growing sovereigns at the B2-rating level. It said strong revenues have supported a healthy fiscal position, with deficits remaining well-

contained at less than 2 percent of GDP between 2013 and 2018 but Moody's expects it to widen over the next two years, as the government undertakes stimulus measures directed at supporting the economy in the face of headwinds to export growth. Despite an expansionary fiscal stance, Moody's expects the government's debt burden to remain modest, hovering around or below 30 percent of GDP over the next two to three years, below that of many similarly rated sovereigns. Debt affordability metrics are also likely to remain favourable, since all debt is concessional, characterised by long maturity periods and very low interest costs. Pointing out that Cambodia has a healthy balance of payments position, Moody's sees strong FDI flows and stable multilateral and bilateral support would result in foreign reserves at stable levels of nearly \$15 billion over 2019 and 2020. This, despite Moody's projection of a widening account deficit. "Cambodia's access to entirely concessional debt implies that external debt servicing requirements are low. Taking these into consideration, Moody's external vulnerability indicator for the Kingdom, or the ratio of foreign reserves to maturing debt obligations over the next year, is projected at just 18.3 percent in 2020, signalling very low external risks," it said. Moody's said it would consider upgrading the rating if reforms were likely to address the country's institutional weaknesses and enhance policy effectiveness, such as control of corruption and rule of law. Revising the ratings could also depend on the implementation of structural reforms

pointed to higher competitiveness and reduced hurdles to doing business, contributing to a material increase in economic diversification and incomes. Such an outcome would bolster the economy's resilience to shocks. "Either of these scenarios would potentially become more likely over the medium to longer term," it added. Conversely, a downgrade downgrading is possible if a shock to asset prices resulted in significant liquidity and solvency pressures in the domestic banking system. A sharp slowdown in growth beyond Moody's baseline expectations, either owing to pronounced repercussions from the withdrawal of EBA benefits or an unwinding of credit growth, would also present downward pressures on the rating. The agency would also consider downgrading the rating if foreign direct investment inflows fell sharply and seemingly on a sustained basis due to either domestic, economic or political, or external shocks. "It would raise pressure on financing of the

Source:<https://www.khmertimeskh.com/50648299/moodys-maintains-cambodias-b2-rating-says-outlook-stable/>

Digital economy committee formed



Cambodia News | 7 October, 2019

The Cambodian government has formed an inter-ministry committee to work on compiling a draft on frameworks for its digital economy and digital government policies. According to a statement signed by Prime Minister Hun Sen on Sept 25 and

issued publicly on Friday, the committee is chaired by Minister of Economy and Finance Aun Pornmoniroth and 25 members who are ministers and secretaries of state of relevant ministries and institutions. The committee is assigned to work mainly on compiling and drafting the digital economic policy framework and digital policy framework for submission to the government to check for approval. The committee shall establish two separate working groups – one on the economic policy side, led by the National Supreme Economic Council, and one on the government policy side, led by the Ministry of Posts and Telecommunication. Cham Prasidh, the Minister of Industry and Handicraft, is a member of the newly-established committee. Regarding the digital transformation of organisational resiliency in the financial industry and SME sector, he said Cambodia is beginning to adopt smarter ways of doing business in the digital economy. It comes as global giants and other large multinational companies have expanded their reach into new markets. Countries that embrace new technologies and reward innovation are likely to find themselves in an advantageous position over time, generating stronger digital infrastructure, a more digitally adept workforce and more robust economies, he said. Mr Prasidh pointed out that modern digital infrastructure and up-to-date regulation is required to foster the healthy development of Cambodia's digital economy. "Connectivity includes building a national administration information network connecting all

offices of each capital city of 25 provinces under the Digital Government Framework," Mr Prasidh said. "To achieve these goals, Cambodia will require a secure and reliable telecom/ICT infrastructure to support and enhance connectivity." Mr Prasidh added one of the goals of Cambodia's telecom-ITC development policy 2020 is to ensure that Cambodia has a complete set of ICT infrastructure to build connectivity for supporting the digital transformation. Source:<https://www.khmertimeskh.com/50648297/digital-economy-committee-formed/>

Labour ministry mulls mechanisms for setting minimum wage



Laos News | 7 October, 2019

VIENTIANE (Vientiane Times/ANN) - The Ministry of Labour and Social Welfare is working with the Lao Federation of Trade Unions and representatives of the labour sector to draw up recommendations for establishing the minimum wage. The setting and raising of the minimum wage aims to boost incomes and improve the welfare of workers at the low end of the ladder, while also reducing inequality and promoting social inclusiveness. During a tripartite workshop on the topic last week, participants discussed a possible increase in the minimum wage. Speaking at the meeting, Deputy Minister of Labour and Social Welfare, Mrs Baykham Khattiya, said the setting of a minimum wage was an important issue. She said a pay rise was vital to improve workers' living conditions and ease their hardships amid rising costs, with prices rising every month and

year. The minimum wage is the lowest remuneration that employers can legally pay unskilled workers. The meeting agreed that employers should sympathise with workers and help them to improve their circumstances, especially as they are the ones who enable their employers to make a profit. Vice President of the Lao Federation of Trade Unions, Mr Symoune Ounlasy, said the minimum wage in Laos was lower than that paid to workers in Myanmar, Cambodia, and Thailand. A nationwide survey had been carried out to determine whether the existing minimum wage was adequate for the cost of living and found that it did not match the current circumstances. Many factories and companies have vacancies but few people are interested in working for such low pay. The low salaries offered by employers in Laos drive many people across the border to seek work in Thailand where the wages are higher, Mr Symoune said. In recent years, the government has approved increases in the minimum wage but is unable to prevent increases in the price of food and consumer goods. According to the Ministry of Labour and Social Welfare, the government first increased the minimum wage in 1991. In 2012 the government raised the minimum wage from 348,000 kip to 626,000 kip a month, and in 2015 ordered a further hike to 900,000 kip a month and 2018 to 1.1 million kip a month in a bid to improve workers' standard of living.

Source: [http://annx.asianews.network/content/labour-ministry-mulls-mechanisms-setting-minimum-wage-](http://annx.asianews.network/content/labour-ministry-mulls-mechanisms-setting-minimum-wage-105664)

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US agency's \$617,744 supports Lao wildlife disease surveillance



Laos News | 7 October, 2019

VIENTIANE (Vientiane Times/ANN) - The Defence Threat Reduction Agency of the United States of America has provided more than 5.4 billion kip (US\$617,744) to roll out the Development of the National Wildlife Disease Surveillance Network Project in Laos. A Memorandum of Understanding was signed in Vientiane on Friday between the Deputy Head of the Livestock and Fisheries Department, Ministry of Agriculture and Forestry, Dr Sithong Phipukkhavong, and Director of the Wildlife Conservation Society to Laos, Dr Santi Saypanya. Under the project, which runs until December 2022, the Wildlife Conservation Society will work with the Defence Threat Reduction Agency to build capacity within government agencies and institutions to develop an effective national-scale wildlife health surveillance network in Laos, in accordance with the WHO International Health Regulations (IHR2005) and World Organisation for Animal Health Guidelines. The increased national capacity for wildlife disease surveillance and response achieved through this initiative will support the government in reaching their strategic objectives to combat the threat of emerging infectious diseases to public health, biodiversity, and regional development and stability. This project is led by the Lao National Animal Health Laboratory in partnership with the Wildlife Conservation Society, and in collaboration

with other government departments, Institut Pasteur du Laos, Lao Oxford Mahosot Wellcome Trust Research Unit, wildlife rescue centres, and national protected areas. The focus is to increase capacity within the government to conduct wildlife surveillance on a national scale. This work will look for pathogens that are of importance to the health of animals and people in Laos, in line with priorities defined by the government.

Source: <http://annx.asianews.network/content/us-agency%E2%80%99s-617744-supports-lao-wildlife-disease-surveillance-105666>

Sumitomo Corporation makes preparations for beginning Yangon Railway Station Project late 2019

 *Myanmar News | 7 October, 2019*

Sumitomo Corporation, a Japanese company, is making preparations for beginning Yangon Railway Station Project at the end of 2019. "Sino Great Wall Company went bankrupt in China and U.S trade war and it stands number four ranking. Therefore, the bankrupt Sino Great Wall Company is substituted with Sumitomo Corporation. The Japanese company is trying to begin the project at the end of this year," said Ba Myint, Managing Director of Myanmar Railways. The Sumitomo Corporation is going to keep on upgrading of Yangon Railway Station Project as Sino Great Wall Company, the tender winning, went bankrupt in China.

Oxley Holdings won the tender for upgrading Yangon Railway Station Project in February in 2018. Oxley Holdings is the syndicate that Min Dhama Company in Myanmar and Sino Great Wall in China are working together. Upon completion of the project, it will earn US\$ 4 million a month. This amount is enough for the purchase of locomotive sheds necessary for Myanmar Railways, said Ba Myint. Myanmar Railway won't accept a change of project design if the Japanese company submits a proposal because Oxley Holdings Company submitted the project design to the MR in 2014, said Aung Thu Latt, the general manager of the MR. The project has an area of about 63.5 acres and it will include hotels, offices and condos.

Source: <https://elevenmyanmar.com/news/sumitomo-corporation-makes-preparations-for-beginning-yangon-railway-station-project-late-2019>

MR to provide special train service for Yangon-Bagan during Thadingyut holidays

 *Myanmar News | 7 October, 2019*

Myanmar Railways (MR) is going to provide special train service for the pilgrims, who are going to visit Bagan during Thadingyut holidays. "The MR will provide special train service for those who are going home from different parts of the country during Thadingyut holidays. The special train services are Nay Pyi Taw-Yangon and Yangon-Nay Pyi Taw.

Moreover, Yangon-Bagan special train service will be provided by the MR during Thadingyut holidays,” said a responsible person of the MR. Yangon-Bagan special train will leave Yangon Railway Station at 2.15 pm on October 11 and arrive at Bagan at 9 am on October 12. That train will leave Bagan for Yangon at 5 pm on October 14 and arrive in Yangon Railway Station at 12.20 pm on October 15. The ordinary ticket price for Yangon-Bagan is K 4,500 and the upper class, K 12,000 and the upper class sleeper, K 16,500. Yangon-Bagan special train will stop at the stations of No 61/62 express down-train. The MR will use more coaches installing them with postal trains and passenger trains to run on Kyimyindine-Pyay and Kyimyindine-Tharawall train routes. The MR will provide special trains for the civil servants who are going to return Yangon. Nay Pyi Taw-Yangon special down-train will leave Nay Pyi Taw at 7.30 pm on October 10. Yangon-Nay Pyi Taw special up-train will leave Yangon at 8 pm on October 15.

Source: <https://elevenmyanmar.com/news/mr-to-provide-special-train-service-for-yangon-bagan-during-thadingyut-holidays>

Vietnam continues to enjoy trade surplus with Israel



Vietnam News | 7 October, 2019

NDO/VNA – The two-way trade between Vietnam and Israel was estimated at US\$760 million in the first three quarters of this year with Vietnam continuing to enjoy a trade surplus of US\$440 million, according

to a Vietnamese official. During the period, Vietnam’s exports to Israel exceeded US\$600 million while imports totalled around US\$160 million, said Vietnamese Trade Counsellor to Israel Le Thai Hoa. The two countries’ bilateral trade stood at US\$677 million in the first eight months of the year, a slight decrease from a year earlier. The dip was largely owing to political uncertainty and security tension in Israel which have sparked concerns among Vietnamese exporters, plus the Middle East country has set tighter food safety requirements, Hoa said. Vietnam’s imports from Israel also plunged because of significant declines in imports of computers and electronic parts, machinery and tools, and fertilisers, he added. Vietnam’s exports to Israel are forecast to amount over US\$800 million in 2019 while imports will be worth about US\$250 million. The trade structures of Vietnam and Israel are basically complementary as their export items do not directly compete each other, according to the trade counsellor. He noted that the goods Israel import are also Vietnam’s key export items. More and more Israeli firms have shown interest in directly importing food and foodstuff, such as cashew nut, seafood, beverage, textile and garment, footwear, consumer goods, processed and dried fruits, from Vietnam. Notably, Vietnam’s footwear shipments to Israel rose by 27.3% during January – August. Vietnamese fragrant rice and frozen shrimp continued to maintain a strong foothold in the Israeli market, Hoa noted. In 2018, the bilateral trade surpassed US\$1.2 billion last year as many of Vietnam’s staples gained

footholds in the Israeli market. A bilateral free trade agreement is under negotiation and is expected to be inked shortly, in hope of lifting two-way trade to US\$3 billion. Israel is currently among Vietnam's top partners in the Middle East in terms of economic and science-technology cooperation.

Source:<https://en.nhandan.com.vn/business/item/7992302-vietnam-continues-to-enjoy-trade-surplus-with-israel.html>

Resort real estate plunges



Vietnam News | 7 October, 2019

Supply and consumption of condotels and resort villas fell by double digits in Q3 as the 'ghost month' held investors back. A report by real estate firm DKRA Vietnam said just three seaside villa projects were released into the market during the third quarter of this year, supplying 86 new villas, down 95 percent compared to the previous quarter. Of these, 58 units were bought, down 96 percent over the second quarter. Primary supply and consumption was mainly concentrated in central Binh Thuan Province and and southern Ba Ria-Vung Tau Province. In the resort condotel segment, six projects were released, supplying the market with 2,605 apartments, down 32 percent over the previous quarter. The consumption rate in this segment was 86 percent, around 1,380 units, down 30 percent over the second quarter. Primary supply and consumption was concentrated mainly in the central provinces of Ninh Thuan and Khanh Hoa and

Da Nang City, a major tourist destination in central Vietnam. The DKRA report said the slowdown in resort real estate was a seasonal effect. Sales fell sharply in the third quarter because August coincides with the seventh lunar month, traditionally called the "ghost month," during which locals avoid buying new things or engaging in important transactions to avoid bad luck. According to the report, supply and demand of resort real estate would pick up again in the final quarter, with more growth expected in the sea villa segment as investors are increasingly showing interest in resort complexes with townhouses and beach villas, and are booking more units there.

Source:<https://e.vnexpress.net/news/business/industries/resort-real-estate-plunges-3992364.html>
