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Cambodia's China-built runway irks US but locals have other concerns



Cambodia News | 12 November, 2019

PHNOM PENH -- The rural southwestern province of Koh Kong, previously off the international community's radar screen, has drawn the global spotlight. That's because a massive runway stretching approximately 3,200 meters appeared suddenly at a resort being developed by a Chinese company in this otherwise out-of-the-way province, about a six-hour drive from the nation's capital. The U.S. has expressed strong concerns about the possibility of China using the runway for military purposes; Cambodia has flatly denied this will be the case. As the U.S. and China confront each other over trade, security and other issues, residents of the coastal province are watching the situation with mixed feelings. One must first move through Botum Sakor National Park before reaching the construction site. In mid-August, many trucks carrying construction materials were making the journey. A brand-new sign gives directions to the airport with the jumbo runway. It is written in three languages: Khmer, Chinese and English. Khmer is Cambodia's official language. The site is about 20 minutes down the road. One might expect tight security, but a little cooperation from local residents was all it took to make it there and step onto what reportedly could become a Chinese military base. This came as something of a letdown. The pure white runway was almost complete two and a half months ago.

Construction work on a terminal building was progressing toward its planned opening sometime in 2020. Koh Kong -- population: about 100,000 -- is Cambodia's southwesternmost province. With the exception of agriculture and fisheries, it has no high-profile industry. In 2008, the Cambodian government signed an agreement to lease the land facing the sea to China's Union Group for 99 years. A five-star hotel, golf course, mixed-use compound, international airport and other facilities are to be built on the vast 450 sq. km site. A deep-sea port that can receive large ships is also to be constructed there. The airport has attracted particularly strong international attention because of its staggering size. Its 3,200-meter runway is long enough for ultra-large passenger planes like Airbus' A380 to take off and land. The runway is longer than the 3,000-meter strip at Phnom Penh International Airport. It is also longer than the 2,500-meter runway at the airport in Siem Reap, a popular tourist destination due to its proximity to the Angkor Wat compound. But next door in Thailand, Bangkok's Suvarnabhumi Airport has a 3,700-meter runway and a 4,000-meter strip. Across the Vietnamese border, the airport serving Ho Chi Minh City has a 3,048-meter runway and another of 3,800 meters. With a runway as long as those serving major metropolises, the new airport will be capable of receiving as many as 10 million tourists a year. The whole project seems to have received the go-ahead without anyone first checking to see if it might be profitable. This is why U.S. Vice President Mike Pence last November pointed to the

possibility of China diverting the facility to military use. Prime Minister Hun Sen, who is deepening Cambodia's relations with China, reacted by saying that allowing a foreign military base to be established in Cambodia would be unconstitutional. The issue has created a rift in U.S.-Cambodia relations. Although there is no evidence that the port and airstrip might lend themselves to the People's Liberation Army, China has spent years building up islands in the South China Sea and putting military bases on them. It has also put infrastructure in Sri Lanka and the Maldives in the Indian Ocean. Its intent is to wield more influence across Asia, said Paul Chambers, a political analyst at Thailand's Naresuan University. In Koh Kong Province, residents do not believe the U.S.-China confrontation is playing out in their backyards. "This is an area where there is no mobile phone signal," said a 39-year-old male farmer, "but the price of land is now 10 times what it was two to three years ago." Another local man in his 30s said, "It is no use discussing things in the future. Many people think that if they become affluent, everything will be OK." This is not the first time that Cambodia, a long-suffering Southeast Asian country of 16 million, has found itself caught up in hostilities between superpowers. During the Cold War, the country was plunged into turmoil when the China-Soviet confrontation and the China-Vietnam feud spilled into Cambodian politics. During the Vietnam War, the Americans dropped bombs on the country and laid land mines that remain today. In the second half of the 1970s, civil

war broke out in Cambodia, and 2 million people fell victim to the brutal rule of Pol Pot's radical Khmer Rouge regime. In 1978 and 1979, Vietnamese forces, with the help of Hun Sen, invaded Cambodia. Although Pol Pot's regime collapsed, remnants of the Khmer Rouge fled to Thailand and sought help from China. The U.S. threw its weight behind the anti-Soviet and anti-Vietnamese former Khmer Rouge elements, who ended up representing Cambodia at the United Nations. "Cambodian people actually don't want to get caught in the Big Powers' moves," a journalist living in Phnom Penh said. Cambodia is seen as the most pro-China country in Southeast Asia. But, the journalist said, "there is no awareness of this at the grassroots level." One event that caused Cambodians to wonder about the Chinese influence in their country came in June in the southern port city of Sihanoukville, about a four-hour drive from Koh Kong. A seven-story building under construction collapsed, killing 28 people, all Cambodian. The tragedy was blamed on a Chinese company using illegal construction methods. Prime Minister Hun Sen immediately rushed to the scene. In an effort to quell unrest among local residents, he announced that victims' families would receive condolence payments and that the injured would receive free medical treatment. The central part of Sihanoukville is home to many casinos and hotels whose signboards are in Chinese. Sihanoukville is the capital of Sihanoukville Province. Of the province's population of about 300,000, a third are said to be Chinese. About 95% of the 436 restaurants in

Sihanoukville and 150 of the city's 156 hotels are said to be Chinese-funded. "The town has been occupied by China," a Sihanoukville hotel employee said. "But it can't be helped for the sake of our bread and butter." One more statistic: Since the beginning of the year, more than 1,000 Chinese have been arrested for drug trafficking and other illegal activity in Cambodia. There is no sign of a strong backlash against Chinese, highlighting again the difficult position Cambodia, one of Southeast Asia's poorest countries, has found itself in for decades now.

Source: <https://asia.nikkei.com/Politics/International-relations/Cambodia-s-China-built-runway-irks-US-but-locals-have-other-concerns>

Cambodia must recognise urgency of developing skilled workforce



Cambodia News | 13 November, 2019

The structural economic issues facing the Kingdom will need greater institutional collaboration, according to Vongsey Vissoth, Permanent Secretary of State at the Ministry of Economy and Finance, who sees a lack of economic diversification and competitiveness as key issues to overcome. "Fiscal policy has played a critical role to respond to structural changes of Cambodia's economy. In this regard, the ministry has implemented a number of measures," says Mr Vongsey, citing the successful implementation of Revenue Mobilisation Strategy 2014-2018, which has, on average, increased by more 1 percent a year and, at the end of 2018, left government revenue standing at 21.6 percent of

gross domestic product. "This has allowed the government to channel more budget allocations to promote structural change. For instance, during the last five years, the government has increased budget spending three-fold on the development of human resources in ministries such as education, Technical Vocational Education and Training (TVET), agriculture and health. In particular, the government has increased domestically financed public investment, including for rural infrastructure." Despite this multi-pronged approach, the results remain unconvincing. "Productivity remains an economic challenge for Cambodia to stay competitive in the region. Now this lower level of education in the workforce will lose its productivity in the long term because workers are less able to acquire new skills," said Nick Beresford of the UN Development Programme while addressing a National Career and Productivity Fair this month. "The Skills Development Fund, a demand-driven technical and vocational training skill development programme, has been established to correct the skills mismatch, as well as to increase the number of Cambodian skilled workers," noted Mr Vongsey, who argues that this is a key element to address. The 2015 Cambodia Socio-Economic Survey found that nearly half of the labour force have either not completed primary education or never attended school and that less than 7 percent of workers completed high school. A recent study from the International Labour Organisation claimed that as many as 57 percent of jobs in Cambodia will be at

risk as the Kingdom – and the world – heads towards Industry 4.0. This risk, the study found, could be mitigated by further developments of TVET programmes.

Source : <https://www.khmertimeskh.com/50658956/cambodia-must-recognise-urgency-of-developing-skilled-workforce/>

Govt to improve working methods towards greater efficiency



Laos News | 13 November, 2019

The government will improve its working methods nationwide, in the belief that this will speed up the implementation of Party and government policies, according to Prime Minister Thongloun Sisoulith. Speaking at the National Assembly last week, Mr Thongloun said improvement of the government's working methods aimed to ensure that government policies were put into practice effectively and efficiently. "I believe that the initiatives which the government introduced in the past were in line with Party resolutions as well as taking us in the right directions. Although the implementation of these initiatives did not reach the targets endorsed by the National Assembly, we will continue to walk along this correct path," he said. To ensure effectiveness and efficiency as well as speed up the implementation of Party and government policies, it is necessary for the government to improve its working methods, Mr Thongloun told lawmakers. As part of this mission, the government will improve the job descriptions of administrators and officials

nationwide so that they carry out their duties in accordance with their given assignments. Working methods that are deemed to be ineffective, lack self-motivation, initiative and a positive attitude on the part of government officials, as well as not undergoing regular checks and evaluation will be improved, the prime minister said. In addition, Mr Thongloun said it was necessary for the government to improve coordination between different sectors, between central and local administrations, between government and party organisations, the National Assembly, judiciary bodies, the Lao Front for National Development, and mass organisations. He also said the roles and duties of some state organisations would be improved to ensure that jobs did not overlap and that job descriptions were relevant. One of the key features of the government's proposed new working methods is to appoint officials who have the necessary qualifications, knowledge and capability required by their positions and their given assignments. The government has introduced several initiatives to improve the business climate and attract knowledge-based business operators. These aim to ensure the sustainability of the economy, which at present is too reliant on natural resources. Over the past few years, the government has worked to raise its ranking in the World Bank's Ease of Doing Business Index. But its ranking has remained unchanged, which has persuaded the government to review and improve upon its working methods.

Source : <http://www.vientianetimes.org.la/freeContent/>

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Laos-China railway 78 percent complete



Laos News | 12 November, 2019

VIENTIANE (Vientiane Times/ANN) - Construction of the 414-km Laos-China railway from the Chinese border to Vientiane is progressing well and is now 78.2 per cent complete. According to a report issued on September 30 by the project management committee, all of the main structures such as tunnels, bridges and overhead railway supports have been built. Laying of the track itself and other facilities has not yet been done as they are part of a separate agreement. Acting Head of the Laos-China Railway Project Management Committee under the Ministry of Public Works and Transport, Mr Thenekham Thongbonh, told Vientiane Times on Friday that when all of the main structures are in place the next step will be installation of the track, electricity and management systems, and other facilities needed to operate the railway. However, whether the project is completed on time or not in part depends on the availability of construction sites, so that the project operator, namely the railway company, can proceed as planned. This means the project management committee has to speedily arrange compensation for people whose land and other property has been expropriated. Mr Thenekham said that so far the government has made available 98.5 percent of all the required construction sites and that only about 2 percent, or 11 sites, both large and small, have yet

to be acquired. Luang Namtha and Oudomxay provinces have handed over all of the sites required by the project. All of the necessary sites have been acquired in Luang Prabang province, apart from one location in the Buam Or area where a station is planned. This site is located in a village but the authorities plan to relocate the inhabitants so that land is freed up. In addition, there are still several sites in Vientiane province and Vientiane that cannot yet be handed over to the project operator, including four or five in Vientiane province. In Vientiane there are many areas yet to be handed over to the project operator, mainly in Xaythany district, including in Nongphaya, Nathom, Nongviengkham, Donnong, Xay and Dongxanghin villages. Sites in these villages are needed for the railway but the compensation process is proving difficult because some of the people affected do not agree with the principles of the compensation offered. Mr Thenekham said compensation was being awarded through a committee made up of seven different representative groups. They will sign agreements and assess the value of the property affected. Compensation covers people's land, buildings, and planted crops, with each having a set unit price. Some people think they should be awarded more compensation than what is being offered, but the unit price cannot be adjusted to suit individuals' requirements, Mr Thenekham said. Before the unit prices were legislated, they were discussed many times and brainstormed by the Vientiane People's Council and Provincial People's Councils. Prior to their approval, various committees

debated the amounts on many occasions in line with their responsibilities. Construction of the US\$5.986 billion (37.4 billion yuan) Laos-China railway began in 2015 and is set for completion in 2021.

Source : <http://annx.asianews.network/content/laos-china-railway-78-percent-complete-108043>

Myanmar lags as ASEAN sees record FDI



Myanmar News | 12 November, 2019

Foreign direct investment (FDI) into Myanmar still lags other countries in ASEAN, according to a report issued by the ASEAN Secretariat last week. The report ASEAN Investment Report 2019: FDI in Services showed that FDI into Myanmar declined despite record-high inflows into other countries in the grouping. FDI in Myanmar in 2018 slumped 11 percent to US\$3.6 billion, primarily because of a 48 percent decline in investments in extractive industries. Although the country benefits from over 59 percent of investments from ASEAN countries, Myanmar is the only one among the CLMV countries - Cambodia, Laos, Myanmar, and Vietnam - that saw a decrease in intra-ASEAN investment. Myanmar continues to be favoured by companies based in Singapore, though many of them are subsidiaries of Chinese or Hong Kong entities. In 2018, more than 48 per cent of all intra-ASEAN investments went to Indonesia, making it the largest recipient of intraregional investment. Globally, the ongoing US-China trade war has seen combined FDI to the CLMV

countries rising by 4 pc to \$23 billion last year, accounting for 15pc of FDI in ASEAN, though Myanmar, along with Laos, still lagged behind. “Chinese and other Asian multinational enterprises are shifting production to the CLMV countries for cost reasons and in some cases because of the effect of the United States-China trade tensions,” the report stated. Vietnam took the lead in attracting over US\$15 billion of FDI among the CLMV. “The highest-ever inflows in Cambodia and Vietnam helped the group record the stronger level of investment,” said the report. Against this backdrop, FDI into ASEAN reached a record of US\$155 billion in 2018 from US\$147 billion in 2017, rising for the third consecutive year. Global FDI to the region has equally expanded from 9.6pc in 2017 to 11.5pc in 2018. The report attributes the regional growth of FDI to the manufacturing industry which received US\$55 billion last year compared with \$30 billion in 2017. Increasing investment in financial services is another factor, rising from \$39 billion in 2017 to \$42 billion. Besides ASEAN, the European Union, Japan, Hong Kong, India and South Korea have contributed largely to this increase. Receiving more than 66pc of FDI inflows into ASEAN, the services sector (financial services, wholesale and retail, and real estate) received a significant part of FDI in, making the sector the largest recipient of FDI in ASEAN. In Myanmar, most of the services FDI flowed into

infrastructure activities, including transportation and storage, and information and communications. Over the period of 2014-18, the former received \$3.7 billion and the latter \$1.2 billion, representing more than half of the services FDI in the country.

Source: <https://www.mmtimes.com/news/myanmar-lags-asean-sees-record-fdi.html>

Deal signed to purchase power from Kyaukphyu power plant project



Myanmar News | 12 November, 2019

The Ministry of Electricity and Energy (MOEE) has signed an agreement to purchase electricity generated by the 135 MW gas-fired Kyaukphyu Power Plant that will be built by independent power producer Kyauk Phyu Electric Power Co. According to a statement from the MOEE, the power purchase agreement (PPA) was signed last Tuesday. Kyauk Phyu Electric Power Co is a joint venture between Myanmar's Supreme Group and Chinese state-owned firm Power China. The gas-fired power plant in Kyaukphyu, Rakhine State, is one of four projects expected to generate a total of 3111MW approved by the government last January. The PPA is expected to help address Myanmar's growing need for electricity, which is rising by about 1000MW a year, said the MOEE. The power plant will be located on the grounds of the 230 KV Main Power Sub-Station in Kyaukphyu Township in Rakhine State and will be built by under the build-operate-transfer

(BOT) system. Once completed the power plant will have an installed capacity of 146MW, although it will operate at 135MW. The plant is being counted on to supply 1.05 billion units of electricity a year that is greatly needed in Rakhine and the rest of the country. As the Kyaukphyu power plant project will take at least three years to come online, seven other PPAs expected to provide 1166MW of electricity have been approved as a short-term measure to meet power demand for next year, said Minister of Electricity and Energy U Win Khaing. To meet projected demand of 1000MW of electricity for 2021, short-term PPAs will be continued to be implemented, U Win Khaing added. Starting from 2022, the Kyaukphyu power plant project will add 135MW to the national grid and another two projects will produce 961MW, said U Win Khaing.

Source: <https://www.mmtimes.com/news/deal-signed-purchase-power-kyaukphyu-power-plant-project.html>

Saigon land prices rise 3 times every decade



Vietnam News | 12 November, 2019

Saigon land prices have increased 2.5-3 times every decade in the last 20 years, putting house ownership beyond most residents. In each decade, prices typically rise strongly in the first 2-4 years and then decline in the next 3-5 years, said Tran Khanh Quang, CEO of HCMC-based real estate firm Viet An Hoa. The remaining years, prices stay flat as the

market waits for a recovery, said Quang, a market observer for 22 years. Prices in the central business districts often initiate the increase by starting slowly, which then leads to prices in the suburb rising fast and later, neighboring provinces, he added. In the last three years, real estate prices have heated to where transaction prices surpassing units' value, Quang said. Echoing him, Huynh Phuoc Nghia, deputy head of International Business at the University of Economics HCM City, said that land prices have doubled in the 2016-2018 period and surged 4-10 times from 2009-2019. The rising prices have lowered the chance for local residents to own property. They can also end up hindering the development of the manufacturing sector and increase the costs of goods and services, he added. Saigon apartment prices surged 11.8 percent year-on-year as of Q3, compared to 3.9 percent in Hanoi, according to a report by real estate trading site Batdongsan.com.vn. An average apartment price in Saigon in Q3 was listed at VND37 million (\$1,595), 27.6 percent higher than Hanoi at VND29 million (\$1,250), it added. According to the city Department of Statistics, Saigon's base population at the end of 2018 was 8.85 million people.

Source : <https://english.vov.vn/economy/saigon-land-prices-rise-3-times-every-decade-406058.vov>

Foreign investors eye hotels in Vietnam: JLL



Vietnam News | 12 November, 2019

Vietnam's growing tourism industry and thriving economy have bolstered the hotel and resort market, with foreign investors from across the region showing interest in the country, making it one of the hottest markets in the Asia Pacific, according to U.S.-based real estate consultancy Jones Lang LaSalle (JLL). JLL said in its latest snapshot report for Vietnam's hotel market that the industrial renaissance has driven corporate demand for hotels across the country. Other factors, such as visa exemptions, the introduction of new direct air routes and improved marketing efforts, have also boosted the country's appeal to leisure travelers. Like much of Southeast Asia, leisure demand has been driven by mainland Chinese tourists, hitting record arrival growth last year, according to the report. The local hotel transaction market has shown exciting signs so far this year. For example, the Grand Ho Tram Strip resort has been sold to the Warburg Pincus investment fund. Also, Malaysia's Berjaya Corporation has successfully divested its entire 75% stake in TPC Nghi Tam Village Limited. The village owns the Intercontinental Hotel, with a value of more than US\$53.4 million held by the domestic hotel investor, Hanoi Hotel Tourism Development Co., Ltd. Foreign and domestic investors have shown varying investment preferences, according to JLL. While foreign investors are actively seeking investment opportunities with higher returns in Vietnam through

operating hotel assets with in-place cash flow, the majority of domestic investors are interested in developing hotels and resorts from vacant land banks. “We also witnessed domestic investors’ interest in hotel investment growing in recent years. With the country’s geographic advantages and strong economy, combined with the domestic political situation, local investors are willing to pursue high-value deals, bringing fierce competition to foreign investors,” Trang Vo, vice president of JLL Hotels and Hospitality Asia Pacific, noted. Hospitality snapshot in HCMC Hanoi and HCMC are expected to remain the top two cities on the radar, followed by Danang and Nha Trang, the top two coastal destinations. JLL stated that hotels in the downtown areas will bring higher and more stable cash flow than coastal resorts and hotels. In HCMC, despite market-wide year-on-year average daily rate growth of 5.8% as of year-to-date (YTD) August 2019, the pressure from new supply reduced occupancy by 4.8 percentage points. As of YTD September 2019, international visitor arrivals in the city grew 14.3% year-on-year, reaching 72.9% of the targeted number of visitors for 2019. International arrivals are expected to grow, following the positive results of the annual International Tourism Event organized in early September. The city’s hotel market added 1,114 rooms to its existing stock, as of YTD September 2019, lifting the overall supply to some 20,200

rooms. In 2020, new supply is projected to slow down as the Government has tightened the approval policy for new development projects. As of YTD August 2019, the hotel trading performance was healthy with positive growth of 5.8% for an average daily rate of US\$118 and 0.7% for revenue per available room at US\$81. The occupancy rate is up 4.8 percentage points, marking year-on-year growth of 68.8%. Given the limited new hotel room supply in 2020, market-wide performance is projected to see positive growth in the short to medium term, according to JLL.

Source : <https://english.vov.vn/economy/foreign-investors-eye-hotels-in-vietnam-jll-406054.vov>