

Highlight News December 18/2019



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)

Gov't allocates \$100 million to SME Bank



Cambodia News | 17 December, 2019

In a bid to support small businesses in the Kingdom, the government has budgeted \$100 million to fund the SME Bank, Prime Minister Hun Sen said last week. Speaking on Wednesday at a graduation ceremony in Phnom Penh, Mr Hun Sen said he has approved the use of \$100 million to set up the bank. “A few days ago, I signed a document to allocate \$100 million to establish the SME Bank,” the prime minister said. He did not provide a date for the bank’s launch. The Ministry of Economy and Finance announced earlier this year that the SME Bank is expected to come online by the end of 2019. Spokespeople for the Ministry of Economy and Finance contacted by Khmer Times yesterday could not confirm that the bank’s launch will take place before the end of the year. Te Taing Por, president of the Federation of Associations for Small and Medium Enterprises of Cambodia, said the goal of the bank is to support local businesses and help them expand. He said local SMEs often face difficulties accessing loans as many lack collateral. “To access a loan from the SME Bank, the companies will need to follow proper financial and accounting standards. The SME Bank will conduct workshops to help these firms use loans in the best possible way,” he said. Heng Sokong, secretary of state at the Ministry of Industry and Handicrafts, recently said Cambodia has about 520,000 SMEs

but that just about 150,000 of them are registered manufacturers. Micro-enterprises are businesses that employ 10 employees or fewer, while SMEs have more than 11. Vongsey Visoth, secretary of state at the Ministry of Economy and Finance, said in a previous occasion that the SME Bank will focus on several sectors, including manufacturing, tourism, food processing, and tech startups. “The bank will enhance access to credit for these companies so that they can strengthen their production chains and export overseas,” he said.

Source: <https://www.khmertimeskh.com/50670809/govt-allocates-100-million-to-sme-bank/>

Call for lower interest rates for farmers



Cambodia News | 17 December, 2019

A representative from the Cambodia Rice Federation (CRF) has called on financial institutions to review the interest rate for agriculture in order to boost competitiveness, productivity and bolster the growth of this sector. The call was made at the 6th Annual NBC Macroeconomic Conference on the Agriculture Sector in a Rapid Structural Transformation and Uncertain Global Trade Environment, hosted by the National Bank of Cambodia yesterday. At present, the interest rate for farmers is high – from 12 percent to 18 percent per year. It is only 6.5 percent to 8.5 percent for the commercial and retail sectors, said CRF Vice-President Chan Sokheang. He said this makes production costs less competitive than other countries. Mr Sokheang added that the agriculture

sector is the backbone of the country's economy and it contributes to around 30 percent of the country's gross domestic product (GDP). However, the agriculture sector has faced main issues on production costs upstream and downstream. "The agriculture sector contributes around 30 percent to the country's GDP, accounting for \$6 billion to \$8 billion. However, the loan portfolio from the financial sector to the agriculture sector is only 10 percent among the total loan portfolio. The source of funds and the interest rates are critical to solve problems faced by agriculture," Mr Sokheang said. He added that the issue not only affects big and medium enterprises, but also smallholder farmers and the community at large. He added that the agriculture sector is considered high risk because of unpredictable weather, market movements and the quality of the products. However, the risk of non-performance loan in the agriculture sector is only around 3 to 5 percent, he said. "We want to change this mindset that agriculture is high risk and we want the financial sector to see the sector as safe for providing loans so it can expand and strengthen investment," Mr Sokheang added. "We are calling on the financial institution partners – both Commercial Banks and MFIs – to reduce their interest rates and facilitate farmers and all stakeholders to enable easier access to working capital to invest, to expand and to strengthen the agriculture sector," Mr Sokheang continued. Regarding the high interest rates for agriculture, Ky Kosal, secretary general of the Ministry of Agriculture, Forestry and Fisheries,

said the agriculture ministry together with the Ministry of Economy and Finance and the financial institutions are discussing ways to find a mechanism to reduce interest rates for farmers and are considering how much the government can contribute to reduce the production costs of farmers and the whole sector. "The interest rate provided to farmers is being studied because it does not have any concrete benchmark. We are working on this," Mr Kosal added. "Loans in the agriculture sector were \$381 million in 2010 but, as of August 2019, they have increased to \$2.2 billion. The interest rate was set at 18 percent per year in April 2017," said Neav Chanthana, deputy governor of the National Bank of Cambodia. She added that the role of microfinance organisations is important to provide a source of funds to the agriculture sector. "The growth of the financial sector will support the growth of agriculture so I would like to encourage the MFIs to increase their available products and provide new financial services by using technology to serve farmers better," Ms Chanthana said. "To push the growth of agriculture, we must make productivity in this sector better and increase resilience to climate change," she added.

Source : <https://www.khmertimeskh.com/50670590/call-for-lower-interest-rates-for-farmers/>

Authorities hail success of Visit

Laos-China Year



Laos News | 18 December, 2019

Visit Laos-China Year 2019 officially concluded on Monday with authorities from both countries attending a ceremony as the campaign not only boosted tourism exchanges but also significantly improved the relationship between the two neighbours. The Visit Laos-China Year 2019 closing ceremony took place in Beijing, China with leaders from both sides attending including Lao National Assembly President, Mrs Pany Yathotou and Minister of Information, Culture and Tourism, Prof. Dr Kikeo Khaykhamphithoune. Speaking during the ceremony, Dr Kikeo said both nations organised Visit Laos-China Year 2019 based on the wishes of their leaders to facilitate visitation between the two countries. Dr Kikeo thanked the Chinese government, especially the Ministry of Culture and Tourism of China for cooperating and making the yearlong campaign so effective. The nations held various colourful activities throughout the year including a Chinese Cultural Week in Vientiane which featured performances from visiting artists, and a Mid-Autumn Festival as well as other Chinese cultural performances in Luang Prabang province and the capital. Lao authorities also staged a cultural show in Fujian province, China, while the two countries shared ideas on tourism and culture as well as upgraded the knowledge of personnel to welcome the visitors. During Visit Laos-China Year 2019, local provinces prepared numerous activities, and tourism facilities were upgraded to welcome visitors. Such as Vangvieng district, Vientiane province improving service quality, and local

authorities monitored the price of food and accommodation as well as fees at tourist attractions. Meanwhile, Luang Prabang provincial authorities encouraged restaurants to add Chinese dishes to their menus, and some Chinese language signs were erected at popular tourist sites. In Luang Namtha province the authorities have improved many services at the border checkpoint, and officials are supplying tourist information and suggestions especially to Chinese visitors. In the first nine months of this year, more than 3.4 million people vacationed in Laos, up 11 percent on last year. More than 756,900 Chinese visitors came to Laos, an increase of about 26 percent over the same period in 2018. The government's target is to attract 1 million Chinese visitors this year, according to the Ministry of Information, Culture and Tourism

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

Tech equipment handover adds flavour to school meals programme



Laos News | 18 December, 2019

World Food Programme (WFP) has provided information and communications technology (ICT) equipment to support the School Meals Programme to ensure its sustainability and strengthen local ownership in target schools. An equipment handover ceremony was held in Vientiane on Monday to assist Education and Sports bureaus in 21 districts and provincial Education and Sports Departments in Luang Prabang, Saravan, Xekong and Attapeu

provinces implement the programme. Deputy Minister of Education and Sports, Mrs Khanthaly Siriphongphanh and Director and Country Representative, WFP Laos, Mr Jan Delbaere handed over the ICT equipment which included 56 desktop computers, 32 laptops, 25 printers, 25 LDC projectors, and 25 phone-fax machines. According to the World Food Programme, it has implemented the school meals programme in Laos in partnership with the Ministry of Education and Sports providing meals to pre- and primary school children to enhance learning, support access to education, and promote health and nutrition in rural and remote areas. This year, the WFP handed over its programme in more than 500 schools to the government to ensure sustainability and strengthen local ownership in the schools. WFP started the programme in 2002 to provide nutritious school meals to children who would often come to school on an empty stomach. Since then, the programme has expanded to cover more than 140,000 children in 1,450 schools across the country. WFP has been working in Laos for the last 45 years. Following the adoption of the government's National Policy on Promoting School Lunch in May 2014, WFP started to shift its focus from implementing the School Meals Programme to building the capacity of the government and communities. The goal is to hand over the entire programme involving more than 900 schools by 2021. government and communities. The goal is to hand over the entire programme involving more than 900 schools by 2021.

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

Rural e-commerce startup secures funding



Myanmar News | 17 December, 2019

Emerging Markets Myanmar (EME-Myanmar), a Yangon-based investment firm, has invested in an e-commerce start-up for rural retailers. A six-digit sum was invested but the exact amount was not disclosed. Ezay, founded by former Oway employee Ko Kyaw Min Swe in August, is a start-up which will provide a mobile platform for customers to purchase new stock from wholesalers as well as arrange for delivery of items online. This eliminates the need for retailers to physically travel to shops. “[Restocking] is a real burden and is common across Myanmar; often the husband will go to the wholesaler but must take time off work to do so... we saw an opportunity to address this issue and connect wholesalers and retailers through a mobile platform - providing delivery to make life easier for retailers,” said Ko Kyaw Min Swe, founder of Ezay. “This investment really represents the value that mobile solutions can bring to rural communities across the country,” said Hitoshi Ikeya, investment director of EME. Ezay said in a statement that it has been receiving positive feedback from retailers who praised the platform's convenience, delivery system and its unchanged pricing in comparison to offline, while wholesalers

said that they are seeing more orders. “We plan to expand rapidly across Myanmar once we’ve proven this model across our key villages. Our expansion will be both in area and also in services: as we develop a closer understanding of the retail supply chain and customer’s preferences we can adapt to serve those needs in new and exciting ways,” said Ko Kyaw Min Swe. The e-commerce sector in Myanmar is still in its beginning stage at a market value of US\$6 million, according to consultancy Colliers. However, online shopping on social media is more present as Facebook accounts for over 85 percent of all internet traffic in the country.

Source: <https://www.mmtimes.com/news/rural-e-commerce-startup-secures-funding.html>

Russia keen to explore business opportunities in Myanmar



Myanmar News | 17 December, 2019

Earlier this week, U Thaung Tun, Union Minister for Investment and Foreign Economic Relations received a Russian business delegation in Nay Pyi Taw, where the group discussed opportunities for investments and trade. Timur Maksimov, Deputy Minister for Economic Development of the Russian Federation and Nikolay Listopadov, ambassador of the Russia Federation to Myanmar, accompanied the business delegation, according to the Ministry of Investment and Foreign Economic Relations. The group also discussed improving engagement

between the citizens of Myanmar and Russia as well as potential investments in the education, power, transport, telecommunications and technology sectors. U Thaung Tun, who is also chair of the Myanmar Investment Commission, urged the Russians to have a focus on technical and vocational training for Myanmar employees and promoted joint venture opportunities in the agriculture, industry, renewable energy and tourism sectors. During the meeting, Mr Listopadov pushed for more Russian backed- projects in Myanmar and also broached the possibility of establishing direct flights between Myanmar and Russia. The Russian delegation also met with the National Economic Coordination Committee, Ministry of Transport and Communication and Ministry of Natural Resources and Environmental Conservation with the aim to promote more Russian investments in Myanmar. During a previous meeting in September, the Russians offered to help local broadcast media transition from analog to digital transmission. Russia can also support Myanmar on the digital front, for example helping the country draft its first cyber security law, build e-government platforms and develop smart cities. Russia is the 22nd largest foreign investor in Myanmar with over US\$90 billion invested in two local businesses so far. Bilateral trade between Myanmar and Russia totaled US\$46

million in fiscal 2018-19, according to government data.

Source: <https://www.mmtimes.com/news/russia-keen-explore-business-opportunities-myanmar.html>

Vietnamese dairy industry to gain annual growth rate of 10 per cent



Vietnam News | 17 December, 2019

The Vietnam Dairy Association forecasts Vietnam's dairy industry will grow from 9-10 per cent next year and local milk consumption per capita will reach 28 litres in 2020. Chairman of the Vietnam Dairy Association Tran Quang Trung said the growth is due to rising incomes and the development of modern sales chains. Demand for high-value dairy products is also expected to increase sharply due to the young population and growing number of middle-class people in urban areas. These customers often want to experience new products, especially organic products and nut milk products. However, consumed dairy products are mainly liquid milk, powdered milk, yogurt and condensed milk, while the consumption of other products such as cheese and butter remains modest. At present, Vietnam's demand for milk per capita is 26 litres per year, lower than the 35 litres in Thailand, 45 litres in Singapore and between 80-100 litres in Europe. Moreover, the dairy industry has only met about 35 per cent of domestic demand. Under a development plan of the domestic dairy industry, domestic production of fresh milk is expected to reach 1 billion litres, meeting 38 per cent of the domestic demand

in 2020 and increase to 1.4 billion litres, meeting 40 per cent of demand by 2025. The domestic dairy industry has achieved good growth in recent years, Trung said. Enterprises in the industry have renovated production equipment and facilities and applied technology to production to improve the quality of milk supply and products made from milk. Two major segments on the local dairy market are liquid milk and powdered milk, accounting for nearly three-quarters of market value with an output of 1.5 million litres of fresh milk and 138,000 tonnes of powdered milk products. In recent years, dairy businesses have diversified milk products such as organic products and special nutritional products. Many large enterprises have increased their market shares through developing new products, such as Vietnam Dairy Products Joint Stock Company (Vinamilk), TH Food Chain Joint Stock Company (TH True Milk), Moc Chau Cow Joint Stock Company (Moc Chau Milk) and Nestlé Vietnam, he said. According to the Department of Livestock Production under the Ministry of Agriculture and Rural Development, the country's cow herd has been growing strongly as large businesses have increased investment in expanding production scale of animal husbandry. Those businesses have built local raw material areas in the country. They have accelerated development of dairy farms with imports of more cows from the US and Australia. They have many farms reaching GlobalGAP standards and organic farms to ensure food safety and quality standards. Besides that, they have also built links

with the farms with processing plants. Vinamilk currently has 12 farms across the country, including two farms under European organic standards and 10 farms following GlobalGAP standards. The company is also building a complex producing organic milk in Laos. It is expected to complete construction at the end of 2020 and its organic fresh milk meeting European and American standards will supply Vietnam's market and exports. Meanwhile, TH Group, parent of TH True Milk, has also spent about US\$2.7 billion developing a fresh milk production project on processing milk and some food projects in Russia. At the end of 2019, Nestlé Vietnam will operate the second phase of expanding the Nestlé Bong Sen Plant in Hung Yen. This is the sixth factory of Nestlé Group in Vietnam and the second factory of Nestlé in Hung Yen.

Source : <https://english.vov.vn/economy/vietnamese-dairy-industry-to-gain-annual-growth-rate-of-10-percent-407656.vov>

Cashew nut exports to China rise sharply



Vietnam News | 17 December, 2019

Vietnam has recorded a surge in cashew nut exports to China despite a decline in shipments of many agricultural products to this neighbouring market. A number of agricultural products have faced challenges in export to China this year as it has tightened control on product quality and cross-border trade. However, cashew nut exports to China have been soaring, exceeding 58,100 tonnes worth

447.2 million USD in the first 10 months, respectively rising by over 58 percent and 36.3 percent, according to the General Department of Vietnam Customs. By the end of November, Vietnamese businesses had shipped more than 418,000 tonnes of cashew nut abroad for almost 3 billion USD, while this year's targets are 450,000 tonnes and 3.5 billion USD. The US was still the biggest importer of Vietnamese cashew nut, followed by China and the Netherlands. Data of the Ministry of Agriculture and Rural Development show that the agriculture sector enjoyed a trade surplus of 8.8 billion USD in the 11 months. The country earned 37.3 billion USD from the export of farm produce and forestry and aquatic products in the reviewed period, a year-on-year increase of 3.6 percent. Meanwhile, 28.5 billion USD was spent on agro-forestry-fishery imports, down 0.7 percent. China remained the largest buyer of agricultural products from Vietnam, accounting for 26.9 percent of the total exports. It was followed by the US, the EU, ASEAN, and Japan.

Source : <https://english.vov.vn/economy/cashew-nut-exports-to-china-rise-sharply-407644.vov>