

Highlight News | January 8/2020



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Contract farming schemes on the rise: Ministry



Building material import value increased 50 percent in 2019



Cambodia News | 08 January, 2020

The value of building materials imported into Cambodia to supply the construction sector increased by 50 percent in 2019 compared to the same period in 2018. Figures from National Bank of Cambodia (NBC) shows that the total value of building material including construction equipment, cement and steel products was estimated at \$1.5 billion in 2019. The value of building material imports in 2018 was about \$1 billion. The NBC said the construction sector was one of the main economic drivers for 2019 economic growth, which is estimated to reach 7.1 percent. According to the NBC's Macroeconomic and Banking for 2019 Report and 2020 Outlook, the import of building equipment was valued at nearly \$1 billion, up from nearly \$600 million in 2018. Import of steel was valued at also up at an estimated \$500 million, from \$300 million in 2018, the report read. The NBC stated that in 2019 cement imports were valued at over \$100 million, up from about \$90 million in 2018. "The construction and real estate sector continues to grow which is reflected by a trend of increasing imports of building materials and approved construction projects," the NBC said. Construction projects totalled at 4,446 projects in 2019, a 55 percent increase compared with a year before, while investment amounted to US\$9.3 billion, a 78 percent increase, according to report at the of Ministry of Land Management, Urban

Planning and Construction. Chea Sophara, Minister of Land Management, Urban Planning, and Construction, said that the construction sector is because of sound economic growth. "The majority of the investment into Preah Sihanouk province is from China. The increase in the construction sector stems from the strong growth of the economy and political stability," Sophara said in December. The NBC said in the 2020 outlook that Cambodia's economy continues to show signs of robust growth in 2020 at 7 percent, underpinned by strong export, construction, and tourism. because of construction sector growth in 2020, according to the NBC, the value of building material imports for the construction sector is projected at around \$2,400 million. Currently, Cambodia has five cement factories which are able to produce 8 million tonnes a year.

Source: <https://www.khmertimeskh.com/50677526/building-material-import-value-increased-50-percent-in-2019>

Japanese firm acquires stake at upcoming Pursat hydropower plant



Cambodia News | 08 January, 2020

The Government on Monday has approved the draft of the Interim Master Plan on Intermodal Transport and Logistics Connectivity, according to the Ministry of Public Works and Transport. Deputy Prime Minister and Minister of Economy and Finance, Aun Pornmoniroth, as well as the head of the National Logistics Council (NLC) and Senior Adviser to the Royal Government of Cambodia, Sok Siphana, were both present at the meeting on Monday to approve

the draft copy. Sun Chanthol, Minister of Public Works and Transport said that the establishment of the national logistics master plan is needed and aligns with the National Strategic Development Plan of 2019-2023, and the Industrial Development Policy 2015 – 2025. Sun adds that the national logistics master plan was established on the purpose of bringing down the cost of transportation and logistics in the hope to boost the competitiveness and could help Cambodia attract more investments and create jobs for the country's citizens. He said that some projects have been implemented in Cambodian and Asean frameworks such as Asean highway number 1 project, a road network connecting the main special economic zone and the connectivity of the Kingdom's economic poles such as Poipet in Banteay Meanchey and Bavet in the Svay Rieng province. Now the draft of the Interim Master Plan on Intermodal Transport and Logistics has been completed and the Government has approved it, we need to make sure we make most of it, said Vasim Sorya, spokesman for the Ministry of Public Works and Transport. "To make the draft covers fully for all aspects, we have to include the part on air transport from the State Secretariat Civil Aviation, and the Intermodal transportation," Mr Sorya added.

Source:<https://www.khmertimeskh.com/50677668/government-approves-draft-of-intermodal-master-plan>

Lack of marketing opportunities, budget add to MSME woes



Laos News | 08 January, 2020

Despite the government's best efforts to promote micro, small and medium-sized enterprises (MSMEs), many firms in Laos face additional problems besides accessing affordable finance. Another challenge for MSMEs is that locally made products need regular promotion to raise their profile among domestic consumers by exhibiting at annual fairs organised by the government. The Maetou brand, a Vientiane-based beef and pork jerky producer, officially launched its product in 2018 and initially received great feedback from customers but last year business dropped off due to limited attendance at trade exhibitions. The firm's owner Ms Sitthida Thammavong told Vientiane Times they received a good reaction from customers at the beginning of the operation, but once the African swine flu outbreak hit the region last year, it was a double impact on business. "We had to pay too much for booth rental at various trade fairs. If possible, the government should help MSMEs with the provision of free space or a 50 percent subsidy on booth rentals at any trade fair," she said. Currently, the government is running a pilot project in Vientiane and the provinces to promote domestic products and minimise foreign imports while also boosting the profile of 'Made in Laos' internationally. Many products can be made in Laos, but entrepreneurs often cite the lack of low-interest loans to expand, inadequate marketing channels and other issues as holding back expansion. Presently, more locally made

goods are on display at various trade fairs, especially in Vientiane. As part of the government's efforts to reduce imported goods and promote local products, the Ministry of Agriculture and Forestry is carrying out numerous projects to improve trade opportunities for local producers. Additionally, farming pilot projects involving rice, vegetables, fish, pork and other livestock in Vientiane and provinces across Laos are expected to enhance self-sufficiency and local supplies. Significantly, the Lao National Chamber of Commerce and Industry is also carrying out its Brand Lao project in partnership with international partners to promote domestic products in overseas markets.

Source : <http://annx.asianews.network/content/lack-marketing-opportunities-budget-add-msme-woes-111627>

Laos links 195MW power to Cambodia



Laos News | 08 January, 2020

Nearly 200 megawatts (MW) of electricity from Dan Sahong Dam in Laos was linked to Cambodia's national grid yesterday after the dam finished tests on four electricity generators. For in depth analysis of Cambodian Business, visit Capital Cambodia The power linking was made between interim transmitters in Laos and transmitters in Cambodia's Stung Treng province. The official importation is scheduled to be brought in the first quarter this year, said Victor Jona, director general of Energy at

Ministry of Mines and Energy yesterday. Once in official operation, the 195MW will be carried from the dam to the border which is then linked to a 230kV transmission line in Stung Treng province to Phnom Penh, Jona said. "The link is to prepare for the official transaction process of importing power from Laos to Cambodia in the first quarter this year," Jona said. The \$500 million dam, invested by Malaysia's Mega First Corporation Berhad and EDL-Generation Public Company, which carry 80 percent share and 20 percent share, respectively, was built on the Mekong River in Laos's southern Champasak province, just two kilometers north of Cambodia. The plant has an installed capacity of 260MW. According to Jona, the price of the 195MW power purchase agreement is \$0.073 per kilowatt hour, which Cambodia's Electricity Authority (EDC) implements with a power deal. The Vientiane Times reported in October the dam started four electricity generators in last year, after construction started earlier in 2016. Currently, Cambodia imports power from Laos between 50MW to 70 MW. Cambodia and Laos also reached an agreement of a 2,400MW power purchase which is scheduled to start in 2024. The power, under the purchase agreement, will be generated from coal-fired power plants, located in Laos. "Currently, power imported from Laos is still small and once the 195MW has been made the amount of power in 2024 imported from Laos will be increasing higher," Jona

said. The government is also building high 500kV transmission line from Phnom Penh to the border of Laos for carrying 2,400MW once in operation.

Source:<https://www.khmertimeskh.com/50677525/laos-links-195mw-power-to-cambodia>

Myanmar signs new contract to export rice to China



Myanmar News | 08 January, 2020

MANDALAY- Mandalay Rice Development Company signed a new MoU aiming to export 50,000 tons of rice to China, according to the Mandalay Rice Development Company. The Mandalay Rice Development Company had an agreement with Shwe Charnt Company from China to export 100,000 tons of rice to China in 2019. However, the company will be exporting the rice to China via the new Chin Shwe Haw road. In the past, rice exports to China mainly go from Muse Road. “There have been two companies namely Mandalay Rice Development Company and Muse Rice Development Company. The two companies were exporting rice to China via Muse road. We are now concentrating on border trade. We had signed MoU with the company exporting 100,000 tons of rice. However, we already exported 5,000 tons of rice out of 100,000 because we faced many difficulties. The first difficulty is the company that signed MoU with us wasn’t rice traders and they didn’t understand the rice dealings. However, we were getting much more

familiar with the rice dealings. It is inconvenient. So, we would like to urge the government to connect the rice dealing company with us. Now, we sign a new contract with the rice dealing company exporting

Source: <https://elevenmyanmar.com/news/myanmar-signs-new-contract-to-export-rice-to-china>

Car production, sales rise in 2019



Myanmar News | 08 January, 2020

Car production in Myanmar rose by about a third between January and November last year compared to the year before, according to data released by the ASEAN Automotive Federation. During the period, a total of 14,042 new cars were assembled using the semi knocked-down (SKD) system in Myanmar. Sales rose by a quarter year-on-year, to a total of 19,274 units, the data showed. The purchase of new vehicles was fueled by the availability of installment payment plans, which is getting more popular among buyers. A total of 18 companies have been permitted to assemble cars using the SKD system in factories based in the country. Under the 2020 vehicle import policy, only left-hand drive vehicles can be imported into the country. The regulations also state that the model year for imported private cars for non-commercial purposes under the consignment system must not be earlier than 2017, according to the Commerce Ministry. If vehicles with 1,350 CC engines are individually imported, the model year must be 2018 or later. Passenger

vehicles such as mini-buses, city buses, express buses and commercial trucks manufactured in 2016 or later can be imported.

Source: <https://www.mmtimes.com/news/car-production-sales-rise-2019.html>

Khánh Hòa aims to have 30,000 private businesses by 2025



Vietnam News | 08 January, 2020

HA NOI — Authorities in the province of Khánh Hòa plan to improve the quality and performance of businesses in the private sector, striving to have 30,000 businesses by 2025 and 35,000 by 2030. The People's Committee of the central coastal province of Khánh Hòa issued a plan to implement the Prime Minister's Decision, dated 11 October last year, approving a sustainable development plan for private enterprises by 2025, with a vision to 2030. It also targets the total balanced budget revenue from the private sector to be around 39 per cent by 2025, and 44 per cent by 2030. The province targets its private economy to contribute about 97 per cent to provincial export turnover by 2025 and about 98 per cent by 2030. To achieve the aforementioned goals, the provincial people's committee sets out six major task groups and solutions. Particularly, the province will continue to promote the improvement of the business investment environment to ensure the maintenance of trust and enhance sustainable business investment of private sector businesses; at the same time, encouraging businesses to apply

sustainable business models and cleaner production technology, efficient use of natural resources and environmental protection. The province will also promote creative start-ups and effective implementation of policies to support small and medium-sized businesses. It will help to improve labour productivity in enterprises, develop high quality human resources and improve management and corporate governance capabilities. Especially, the province will encourage the private enterprises to apply science and technology, exploiting the opportunities of the fourth industrial revolution. Finally, it will strengthen the role of business associations in supporting private sector businesses to develop effectively and sustainably. Last year, there were nearly 1,900 newly-established enterprises in the province, with a total registered capital of VNĐ17.58 trillion (US\$757.8 million), down by 1.12 per cent and 8.85 per cent over the same period last year, respectively. In addition, 447 enterprises returned to operation, a year-on-year increase of 42.8 per cent, bringing the total number of currently operating enterprises in 2019 to 2,305, up 5.16 per cent. Three hundred and one enterprises dissolved last year, a year-on-year decrease of 33.8 per cent. The number of enterprises temporarily ceasing operations was 669, up 11.13 per cent. VNS

Source:

<https://vietnamnews.vn/economy/570809/khanh-hoa-aims-to-have-30000-private-businesses-by-2025.html>

Viet Nam's GDP to ease slightly in 2020



Vietnam News | 08 January, 2020

HA NOI Viet Nam's GDP growth would reach 6.8 per cent from the 7.02 per cent posted in 2019, mainly due to a slowdown in the industrial sector, analysts from Fitch Solutions forecast. The growth of the industrial sector will likely continue to slow this year after easing to 7.3 per cent in the last quarter of 2019, from 10.4 per cent in the third quarter. "Transport and logistical infrastructure and human capital bottlenecks will continue to weigh on the sector's growth, which accounts for around 16.5 per cent of the Vietnamese economy," Fitch said. The US-China trade war has accelerated a structural shift in low-end electronics and textiles manufacturing out of China and into ASEAN, with Viet Nam being a major beneficiary. However, the rush to set up operations and export out of Viet Nam has put considerable stress on existing road and port infrastructure, resulting in severe congestion in and around major cities such as HCM City and Ha Noi, and also week-long delays at ports. Indeed, export growth has decelerated since September 2019 and this trend is expected to persist over the coming months. A shortage of qualified labour, as suggested by high year-on-year wage growth of between 12 per cent and 18 per cent across the occupational skill levels, will also weigh on manufacturing growth by inhibiting the integration of better technology into work

processes. Viet Nam's manufacturing production growth slowed sharply to 6.5 per cent year-on-year in November 2019, its lowest level since 2017, from 10.8 per cent year-on-year in October 2019. The agriculture sector will also be under pressure in 2020 due to hydroelectric dam projects upstream of the Mekong River in Laos, as well as diseases such as African swine fever. However, it is expected that stronger growth in construction and services will partially offset the slowdown. The construction of the North-South Highway, which began in September 2019 and is expected to be completed by 2021, will be a key project supporting the construction sector. Meanwhile, services growth would be underpinned by four key sub-sectors, analysts said. Firstly, a strong increase in real wages, in part driven by skills shortages, would support a continued rise of Viet Nam's middle class. This, together with the ongoing trend of robust tourist arrivals, boded well for further strengthening in retail as well as hospitality services. Retail sales growth had been relatively stable above 10 per cent over the past three years, growing by an average of 11.7 per cent year-on-year. Next, the influx of companies to Viet Nam to circumvent US tariffs on China would also support the growth of transport and warehousing services, especially with a shortage of such services likely to push up prices and profitability in this sub-sector. Finally, despite a likely (slight) softening of economic

growth in 2020, still-robust economic activity would continue to support growth of financial services. VNS

Source : <https://vietnamnews.vn/economy/570811/viet-nams-gdp-to-ease-slightly-in-2020.html>
