Advisory Institute For Trade And Investment By TCC
University of the Thai Chamber of Commerce
Tel. +66(0) 26976357 ext.6357
Fax. +66(0) 2692-3161

Highlight News / February 20/2020

- Stricter tax collection puts $2.9 billion target in sight
- Cambodia's ranking as a logistics hub remains 'stable'
- Lao vehicle imports, exports to be processed using single customs window
- Clean project helps farmers explore export potential
- Carp export to Bangladesh increases
- Total FDI hits 2.693 billion USD
- FDI in Việt Nam expected to surge after the epidemic
- Farm produce prices slump as Covid-19 hits exports

Stricter tax collection puts $2.9 billion target in sight

Cambodia News I 19 February, 2020

The General Department of Taxation (GDT) announced it aims to collect a total of $2,886 million in tax revenue this year. In January, it had already collected about $239 million, accounting for 8.3 per cent of the annual target and an increase of 14.75 per cent on the same period last year. Kong Vibol, GDT director-general, said to ensure it meets the 2020 target, the department will continue strict enforcement and effectively implement government policy reform. “Improved tax collection is being undertaken as a result of the reforms,” he said, adding that meeting the target this year is possible. Among measures being undertaken this year is uncovering tax avoidance on specific products, including construction materials, cement and fuel oil. Anthony Galliano, chief executive of Investment Management financial consultancy, said efforts were being taken to crack down on smuggling, making law enforcement stricter and ensuring the rising level imports had due tariffs imposed on them. “The greatest benefit of the success of increased tax collection is that Cambodia is gaining financial independence and escaping from a donor-dependent economy,” Galliano said. “The stability and reliability of tax collection, leading to a national treasury base, will create a foundation for social and infrastructure spending and an increased standard of living,” he added. Speaking at a graduation ceremony in Phnom Penh last November, Prime Minister Hun Sen raised the subject of increasing tax collection and said it gives the government more money to spend on public infrastructure. He said the government is earning about $500 million per month from tax and non-tax income, noting that the country is able to save $100 to $200 million per month.

Source: https://www.khmertimeskh.com/50691647/cambodia-china-closer-to-fta-signing-deal

---

Cambodia’s ranking as a logistics hub remains ‘stable’

Cambodia News I 19 February, 2020

survey is conducted by Agility, one of the leading logistics companies in the world. Agility first conducted the survey in 2008 and has published its findings every year since. The study only involves countries that are considered to be emerging logistics markets. The World Bank’s International Finance Corporation has defined emerging markets as a country making an effort to improve its economy, with the aim of reaching the same level of sophistication as nations defined as “developed”. This year, Cambodia achieved a score of 4.36 points (out of a perfect 10), placing it on the same ranking as Uganda and just behind Iran. The Kingdom performed the best in international logistics opportunities (4.46), while its lowest score was in business fundamentals (4.19). Among the 50 countries in the survey, Cambodia was ranked 49th in domestic logistics opportunities, 33rd in international logistics opportunities and 36th in business fundamentals. China remains the top-ranked country on the global index of the emerging logistics market. Asia's largest economy scored 9.75 points in the international logistics opportunities, validating its reputation as one of the world's leading logistics hubs and a premier destination investment in logistics. Among countries in Southeast Asia, it is Indonesia (4th globally) that is on top, followed by Malaysia (5th), Thailand (9th), Vietnam (11th), Philippines (22nd), Cambodia and Myanmar (47th). Singapore, the region's richest and most developed country was not included in the study. Neither was Laos because, being landlocked, it has no port. Vietnam, which was in the top 10 in 2019, fell one notch and was overtaken by Thailand. Still, Vietnam did well, ranking 4th globally in international opportunities, which is a testament to the country's growing reputation as a premier investment destination, not only in Southeast Asia but in the world. Cambodia's ranking is expected to improve further in the future, with development of the logistics sector prioritised by the government and more global players eyeing to tap the vast potential in the Kingdom's logistics market. In the last five years, according to figures provided by Cambodia Freight Forwarders Association, close to 500 registered logistics companies have started operating in different parts of Cambodia. These include local firms and branches of prominent international players such as Maersk, Nippon Express, OOCL and Ben Line Agencies. The countries are ranked based on three factors; domestic logistics opportunities, international logistics opportunities and business fundamentals. Falling under domestic logistics opportunities are the following factors: Domestic logistics markets-size and growth; economy-size and growth; population- size and growth; income equality; urbanisation; and development of business clusters. International logistics opportunities are measured through the following factors: International logistics markets-size and growth; logistics-intensive trade-size and growth; infrastructure quality and connectedness; and border procedures-time and cost. Business fundamentals are the following: Regulatory environment; credit and debt dynamics; contract enforcement and anti-corruption frameworks; inflation and price stability; the cost of crime and violence; and market accessibility and domestic stability.

Source:https://www.khmertimeskh.com/50692512/cambodias-ranking-as-a-logistics-hub-remains-stable

Lao vehicle imports, exports to be processed using single customs window

Laos News I 19 February, 2020

All vehicle imports and exports will have to be recorded under the Lao National Single Window

(LNSW) system at the Lao-Thai Friendship Bridge checkpoint starting on March 1.The move follows the LNSW's temporary closure to upgrade the system to link with electronic bank payments. The upgraded system has been operational at the Vientiane Friendship Bridge since February 6, and it will be mandatory for all vehicle imports and exports to submit relevant documentation through the One-Stop Tax System from March 1 onwards. Authorities say the new system will be transparent and speed up tax collection for the national treasury while linking with online payment systems. Furthermore, the system will introduce uniform procedures and practices between customs officers and businesses shipping vehicles. Authorities are urging traders to register before February 29 for the one-stop tax system to ensure prompt processing of vehicles from March 1. The Customs Department, in partnership with the international certification agency Bereau Veritas, has been working on the Lao National Single Window scheme since 2013. Implementation of the system is among the strategic plans to modernise the customs sector and implement Prime Minister's Orders No. 2 and 12 to facilitate trade and investment. The move will improve the management of goods, imports and exports and revenue collection as well as the management of fee collection through the banking system that links the single window system. The LNSW will not only serve the customs sector but also allow other public sectors related to imports and exports to use the system. The electronic platform facilitates information exchange through a single-window system that removes unnecessary processes, reduces paperwork, and also saves time and money.

Source: *http://annx.asianews.network/content/lao-vehicle-imports-exports-be-processed-using-single-customs-window-114153*

Clean project helps farmers explore export potential

Laos News I 19 February, 2020

The Creating Linkages for Expanded Agricultural Networks (CLEAN) project in cooperation with the Department of Agriculture is helping farmers in production and value chain development to identify export growth potential. The CLEAN project, funded by the United States Department of Agriculture and implemented in Laos by Winrock International, is conducting programme activities in the provinces of Vientiane, Champassak, Xekong and Saravan as well as the capital with cabbage, cassava, specialty coffee, and sacha inchi production. The activities aim to boost productivity and expand trade in agricultural projects leveraging Laos' comparative advantage in the Greater Mekong Sub Region (GMS) and global markets, where there is a large middle-class population willing to pay a premium price for high-quality horticultural products, and secondarily to increase domestic demand. Chief of Party of the CLEAN Project, Mr Alexandre Dahan, said the project was prioritising the specific needs of production, quality and the market at different levels depending on the commodity. The project is working on specialty coffee, sacha inchi, cabbages and cassava in southern Laos on the Bolaven plateau as well as in Vientiane province and the capital. Through its key activities, including promoting Good Agricultural Practices (GAP) standards, the project is encouraging organic production for commodities such as sacha inchi. Farmer groups are also being promoted with support from the private sector such as Thailand-based Shopping D and Living Fresh who have handled warehouse packing processes to EU standards in Laos in recent years. Mr Dahan explained the project was raising awareness about GAP, which was a transition from conventional to organic production while assuring farmers of their viability and supporting efforts to minimise pesticides to benefit public and consumer health. Demonstrations in Vientiane and Pakxe City in Champassak province have highlighted the levels of quality, packing and traceability to be expected in the international market. The next step is to build up farmers' capacity with the help of government and the private sector to start exporting to regional and international markets. To support further development, the CLEAN project recently published grants available to support farmer groups and innovative companies and called for proposals to be considered in the next few months.

Source:http://annx.asianews.network/content/clean-project-helps-farmers-explore-export-potential-114152

Carp export to Bangladesh increases

Myanmar News I 19 February, 2020

Freshwater carps export to Bangladesh through Maungdaw border trade center is increased during January and it is became the second largest export product at Maungdaw border trade center, according to figures from Office of the Director of Maungdaw border trade. Myanmar is continued to export carps via Maungdaw border trade center. It exported 180 tons of carps in December 2019 and 224 tons of carps in January 2020. The export amounts of carps to Bangladesh are 319 tons in October 2019 and 224 tons in November 2019, according to figures from border trade export list. The largest export product is onion followed by carps export. At the present, onion, dried fish, betel nuts, chick peas and ginger along with carps are exported. The carp fish is carried from Yangon to Rakhine State with cold storage trucks to export from Sittwe and Maungdaw border trade centers. Myanmar exported US$1.537 million worth of products to Bangladesh via Maungdaw border trade center during January.

Source: https://elevenmyanmar.com/news/carp-export-to-bangladesh-increases

Total FDI hits 2.693 billion USD

Myanmar News I 19 February, 2020

Till 13 February of 2019-2020 fiscal year, Myanmar Investment Commission (MIC) allowed 111 foreign investments worth 1.973 billion, according to a press conference by the Directorate of Investment and Company Administration (DICA). During the same period, the total FDI including the extension of investments worth 616.956 million US dollars amounted to 2.693 billion US dollars. Inflows of more FDI from Hong Kong, Singapore and Thailand are expected during this FY, said U Aung Naing Oo, Permanent Secretary of the Ministry of Investments and Foreign Economic Relations. Nine Asean countries have invested in Myanmar. Manufacturing businesses accounts for 80 per cent of the FDI at Thilawa Special Economic Zone granted by the MIC under the Special Economic Zone Law while trading represents nearly nine per cent and logistics, around five per cent. A total of 50 countries have invested in 12 economic sectors in Myanmar. Oil and gas sector accounts for over 27 per cent of the total FDI, the electricity sector for over 26 per cent, the production sector, for over 14 per cent, the transport sector for over 13 per cent, the real estate sector for over seven per cent, the hotel and tourism sector for over three per cent and the mining sector for over three per cent.

Source: https://elevenmyanmar.com/news/total-fdi-hits-2693-billion-usd

FDI in Việt Nam expected to surge after the epidemic

Vietnam News I 19 February, 2019

HÀ NỘI – As a major foreign investment hub, China is hit hard by the new strain of coronavirus, now known as Covid-19, but this also provides an opportunity for other countries to accelerate efforts to attract new foreign investment, especially investments in China which may seek other destinations. One big US corporation is planning a multi-billion dollar project in Asia and its prospective investment location is either China or Việt Nam. "With disturbance caused by Covid-19 in China, they may choose Việt Nam," Đỗ Nhất Hoàng, director of Foreign Investment Agency under the Ministry of Planning and Investment, was quoted as saying on baodautu.vn. "They will make final decision in March," Hoàng said. Last week, a group of Korean and US investors came to Việt Nam to study investment opportunities in liquefied natural gas (LNG) power projects. As the world talks about the impacts of Covid-19 on tourism, trade and investment, this also can be seen as an opportunity for Việt Nam's economy. The representative of Korean investor group – which include Korea Gas Corporation, Korea Electric Power Corporation and Hanwha Group – said they wanted to invest in LNG port and gas power plants in Việt Nam. However, Hoàng also pointed out the Covid-19 impact was real, with not only production and business activities interrupted, but also plans to visit Việt Nam to seek investment opportunities cancelled. In a recent report to the Government, the Ministry of Planning and Investment said activities to explore investment potential in Việt Nam by investors from China and other countries would likely be delayed, including seminars, investment forums and business visits. Consumer demand, especially for non-essential goods, would decline sharply, causing a standstill in production due to large inventories. New investors would hesitate to make investment decision at this time, while for invested projects, investors would likely postpone the increase in investment capital, the report said. Global experts have raised concerns over the world's over-reliance on China and predicted a shift in both global supply chains and investment. Investors will have to reassess production and investment plans to avoid risks and the rearrangement of global production networks will be an opportunity for Việt Nam to lure a large number of foreign businesses and investments, according to the Vietnamese National Centre for Socio-Economic Information and Forecast. At a press conference last week, chief representative of Jetro Hà Nội Takeo Nakajima said 122 Japanese enterprises would switch manufacturing locations out of China in the future and 42.3 per cent of them might choose Việt Nam as the next location. Japanese businesses wanting to relocate from China was not just because of its trade war with the US but also to "avoid" the rising input cost in this market, Nakajima said. Two scenarios for FDI in 2020 Foreseeable investment inflows to Việt Nam will be affected due to Covid-19 but high economic growth will provide a buffer for the country. According to Nguyễn Bích Lâm, general director of the General Statistics Office (GSO), Việt Nam is in favourable position to attract more foreign investments, including the relocation plans of foreign investments in China to evade the US-China trade war and many free trade agreements (FTA) that Việt Nam has signed, including CPTPP and EU-Việt Nam FTA. GSO has prepared two scenarios for FDI in 2020 which are lower than initial expectation but still higher than 2019. If Covid-19 epidemic is brought under control in the first quarter, Việt Nam is expected to lure US$38.6 billion of foreign capital in 2020, while if the epidemic ends in the second quarter, the country will only attract $38.2 billion. In the initial prediction without Covid-19 epidemic, Việt Nam would likely rake in $39.6 billion. In the first 20 days of January this year, $5.3 billion of FDI landed on Việt Nam, a surge of 179.5 per cent year-on-year. “This is an opportunity for Việt Nam to fine-tune policies to attract investors who are intending to narrow production in neighboring countries and invest in Việt Nam,” Lâm said, urging investment promotion agencies to proactively work with foreign investors who have plans to invest in the country to discuss the preliminary investment procedures, not only waiting for the epidemic to be completely controlled. In the long term, it was necessary to continue improving the investment and business environment, amending policies and strategies to attract quality foreign investments, he added. — VNS

Source: https://vietnamnews.vn/economy/592304/viet-nam-needs-to-find-new-rice-markets-to-replace-china-experts.html

---

Farm produce prices slump as Covid-19 hits exports

Vietnam News I 19 February, 2019

HCM CITY – The suspension of trade in seafood and agriculture products at some northern border gates with China as a measure against the novel coronavirus (Covid-19) has caused a demand-supply imbalance in the market. The fisheries sector is facing a number of difficulties because of the epidemic. According to the Vietnam Association of Seafood Exporters and Producers, fisheries exports to China, where Covid-19 is raging, were 45 per cent down in January to US$51.5 million. VASEP general secretary Trương Đình Hòe said exports were down from the same period last year partly because January coincided with the Lunar New Year holidays which interrupted exports for 10 days. The outbreak in China has also had a serious impact on several other industries in Việt Nam including transport, tourism and retail. Last year China was the largest importer of Vietnamese tra fish, buying $622.7 million worth, or 31 per cent of the country’s total exports. Many processors continue to see China as a strategic market this year thanks to steady export growth and the good prices and diverse segments in that country. So any interruption in Việt Nam-China trade such as the current one hits the tra fish segment hard, he said. Lobster exports to China too have been hit, causing prices to drop by nearly half in the local market. Trần Thị Trang, a seafood restaurant owner in HCM City, said lobster prices are now around VNĐ 700,000 ($30.2) per kilogramme, VNĐ 400,000-500,000 ($17.3-21.5) down. Thanks to the sharp price drop, her restaurant sells more than one tonne a week, including 300-400kg during weekends, she said. Alaska lobster and king crab prices have dropped by 30-50 per cent. The consumption of that seafood is increasing sharply but cannot pick up the slack caused by the slump in exports. In this context, VASEP has advised member businesses to keep abreast of information from Chinese partners to dispatch their consignments as soon as customs clearance is permitted to minimise preservation and storage costs. They have also been told to rework farming and processing plans to avoid excessive supply. VASEP plans to propose that the Ministry of Agriculture and Rural Development and the Government should issue policies to support affected businesses and farming households such as by reducing loan interest rates and extending payment deadlines. Covid-19 has caused problems to the agricultural sector, which is thought to be the worst affected, especially dragon fruit, watermelon and rice exports. But it is also an opportunity to change production and business methods to adapt to new challenges and difficulties. Minister of Agriculture and Rural Development Nguyễn Xuân Cường said it was necessary to develop both short- and long-term scenarios. "In order to take advantage of opportunities, it is necessary to develop large-scale production and co-operation chains to find other directions for agricultural output." Deputy general director of Central Group, Nguyễn Thị Phương, said her company was buying agricultural products from farmers in the provinces of Bình Thuận, Gia Lai, Khánh Hòa, Long An, and Tiền Giang. "This support programme is being carried out at all 37 Big C and GO! Market supermarkets nation-wide until the situation is controlled. We expect to buy 80 tonnes of dragon fruit and watermelon per day." At Big C and GO! in the north, watermelon is sold at VNĐ6,200 per kilogramme and dragon fruit at VNĐ15,500. In the south, they are sold at VNĐ4,900 and VNĐ10,900. These prices are around a third of that on normal days. The demand for agricultural products was very high in her supermarket chain, Phương said. It had asked MARD for details of agricultural produce which cannot be exported so that it could set up proper marketing programmes in the domestic market, she added. – VNS

Source:https://vietnamnews.vn/economy/602415/farm-produce-prices-slump-as-covid-19-hits-exports.html