



- Cambodia, China closer to FTA signing deal
- Private sector 'regrets' EBA partial withdrawal decision
- Deputy PM advises ministry to maximise use of ICT, digitalization
- Trade deficit hits US\$137 million despite exports exceeding target
- Construction of Yangon Elevated Expressway to start in August
- Industrial sector's growth likely to hit almost 3% in Q1
- Việt Nam needs to find new rice markets to replace China: experts



## LOLC Cambodia reports assets exceeding \$1 billion last year



*Cambodia News | 20 February, 2020*

LOLC Cambodia, a microfinance institution, has reported assets of more than \$1 billion as of December last year, according to its quarterly and yearly report released last week and shared on the Cambodia Securities Exchange (CSX) on Tuesday. The report stated, its loan portfolio has increased to \$779 million, up 62 per cent compared with the end of 2018. In one year, the number of borrowers also increased by 25 percent to 294,152 while its portfolio risk ratio was lower than the industry average, at only 0.61 percent. It also noted that its deposit balance reached more than \$448 million, a 95 percent increase compared with the previous year, while the number of depositors reached more than 336,000 an 86 percent increase in the same time frame. "Fast growth for both portfolio and deposit balances have reflected our trustworthiness because we are offering excellent customer service, guaranteeing client protection and providing competitive and innovative deposit and loan products," said Sok Voeun, LOLC Cambodia chief executive officer. The company has also raised \$20 million for the growth of its lending business, expanding its operating network to 79 branches across the country. Sok said, LOLC is focusing on technology-oriented delivery channels that will improve customer service and increase efficiencies, such as ATMs, mobile banking applications and third-party connections. "We will try

to make the most out of the opportunities that our current successes open for us. We are confident that LOLC is well-positioned to bring further value to its customers, investors and shareholders," Sok said. The microfinance sector will continue to stay healthy because the sectors total loan portfolios reached more than \$7 billion last year, according to Kea Borann, chairman of Cambodia Microfinance Association this month. "If we look at the microfinance institution achievements, generally it was good last year. Credit portfolios continued good performance with almost a 30 percent increase, while deposits are also growing steadily." However, because of current economic headwinds such as the global Novel Coronavirus fears and recommended partial withdrawal of the Everything but Arms trade deal potentially slowing Cambodia's gross domestic product growth, future growth will also likely be affected in the microfinance sector, he added.

Source : <https://www.khmertimeskh.com/50692768/lolc-cambodia-reports-assets-exceeding-1-billion-last-year>

## H&M: EBA's recommended partial removal will hurt



*Cambodia News | 20 February, 2020*

Sweden-based fashion retailer H&M said it will make an evaluation over the business impact of the European Commission's (EC) recommendation to partially withdraw Cambodia's Everything but Arms (EBA) tariff benefits. The EC announced last week it wanted the European Union parliament to remove 20 percent of the Kingdom's EBA trade status, over

serious human and labour rights violations. In its statement, EC said the recommended partial withdrawal will specifically affect selected garment and footwear products and all travel goods and sugar; amounting to one-fifth of Cambodia's yearly exports to the bloc, estimated at a cut of \$1.1 billion. "H&M Group wants to continue to play a part in developing Cambodia in a positive way, including reducing poverty and strengthening human rights," it said. "However, because of a lack of adequate initiatives in developing the Cambodian textile industry and a partial withdrawal of the EBA privileges we will now further evaluate how the EU's decision will affect our business and production strategy in Cambodia." The company sources goods from factories in the Kingdom employing about 77,000 workers, claiming it has been driving different social programmes on the ground to improve the livelihoods and working conditions of garment workers in Cambodia, where the firm placed its first orders in the 1990s. "Cambodia is an important production market for H&M Group," it added, pointing out that the partial withdrawal of the EBA deal will have a negative effect on the employment of people in the textile industry. The firm said the textile industry employs around 1,000,000 people and is a key driver of the country's economy. Without an EBA deal, the company said it will be difficult for Cambodia to create the necessary transformation of its textile industry and it will be tough for it to create a modern and competitive industry. "It will negatively affect future investments," it noted. In addition to the

statement, a Bangladesh-based newspaper quoting David Savman, head of production at H&M, saying the company would do less business in Cambodia if the trade benefits ended and he named China and Indonesia as optional sourcing countries. Last May, a group of international businesses in the garment industry – including Nike, Adidas, and Levi Strauss – sent a letter to Prime Minister Hun Sen pleading with his government to listen to the concerns of the European Union regarding "labour and human rights setbacks" in the country. "We are concerned that the labour and human rights situation in Cambodia is posing a risk to trade preferences for Cambodia," they said in the letter. The letter said the group's work with suppliers in Cambodia contributed to the \$9.5 billion in garment, footwear and travel goods exported from Cambodia in 2018.

Source : <https://www.khmertimeskh.com/50692902/hm-ebas-recommended-partial-removal-will-hurt>

## Lao Airlines cuts price, adds flights during National Games



*Laos News | 20 February, 2020*

The national flag carrier, Lao Airlines State Enterprise, will offer a special price on flights between Vientiane and Xieng Khuang province during the National Games next month. "We will cut the price of a one-way flight from Vientiane to Xieng Khuang or from Xieng Khuang to Vientiane from 640,000 kip to 390,000 kip," said the Director of the airline's Commercial Department, Mr Noudeng Chanthaphasouk. The special offer will run from

March 16 until April 5. “We expect that more people will travel to Xieng Khuang during the games so the number of flights from Vientiane will be increased from one a day to two a day to ensure there are enough seats during the promotion period,” he added. The flight from Vientiane to Xieng Khuang takes about 30 minutes. The scheduled departure time is 2:40pm and the return flight is at 3:40pm. The extra flight will leave Vientiane at 8:30am and return from Xieng Khuang at 9:30am. Lao Airlines is also flying a new route from Luang Prabang to Xieng Khuang province so that people who live in Luang Prabang and nearby provinces can get to Xieng Khuang more easily. “The first flight on the new Luang Prabang to Xieng Khuang route will take place on March 3,” Mr Noudeng said. Lao Airlines currently operates eight domestic routes. Planes fly from Vientiane to Luang Namtha, Luang Prabang, Oudomxay, Pakxe, Savannakhet and Xieng Khuang. There are also flights from Pakxe to Luang Prabang and to Savannakhet.

Source : <http://annx.asianews.network/content/lao-airlines-cuts-price-adds-flights-during-national-games-114204>

## Laos granted multimillion-dollar projects via Mekong-Lancang cooperation



*Laos News / 20 February, 2020*

Laos has benefited from multimillion-dollar cooperation projects carried out under the Mekong-Lancang Cooperation (MLC) framework, according

to an official report. The projects have contributed significantly to poverty alleviation, narrowing the development gap and boosting Laos' capability for regional integration through capacity building, according to the report from the Ministry of Foreign Affairs. The report was revealed as foreign ministers of the MLC member countries - China, Myanmar, Laos, Thailand, Cambodia and Vietnam - are scheduled to gather in Vientiane today for their fifth meeting. In 2016, MLC countries' leaders at their first summit adopted 45 early harvest projects including Laos' 10 projects. The 10 in Laos included a poverty alleviation project, which amounted to more than 44.5 billion kip (US\$5 million), which was provided by China. Five of the 10 projects have been fully implemented, while another five have not yet been carried out. In addition, the leaders at their 2nd MLC Summit in 2018 approved 214 projects, including 26 proposed by Laos. Some 22 projects out of the 214 have been implemented, while the remainder are in progress. Deputy Minister of Foreign Affairs Thongphan Savanhphet told the media on Tuesday that today's meeting of the MLC foreign ministers will review the progress of cooperation projects and outline the cooperation plan. Progress made in implementing the outcomes of the 2nd MLC Summit will also be assessed. In addition to projects approved at the leaders' summits, MLC member countries will approve medium and small projects

which aim to narrow development gaps among MLC members, at their foreign ministers' meetings. In this regard, China has provided financial support to fund small and medium projects via the MLC Special Fund, to which Beijing contributed more than 2.67 trillion kip (US\$300 million). To secure funding, member countries are required to submit project proposals to Beijing for consideration, an official from the foreign ministry affiliated with MLC affairs told Vientiane Times. In 2017, some 132 projects were approved under the special fund including 13 projects amounting to almost US\$3.5 million proposed by Laos. The Lao projects included the Impact of Asean-China Free Trade Agreement on Agribusiness Development in Greater Mekong Sub-region (GMS) Countries and the Lancang-Mekong Forum on Sustainable Development for ICT. Additionally, some 138 projects were approved, securing finance from the special fund in 2018. They included 21 projects amounting to more than US\$4.5 million proposed by Laos. MLC cooperation focuses on key five areas - water resource management, agriculture development and poverty alleviation, connectivity and integration, capacity building in production, and cross border trade.

Source : <http://annx.asianews.network/content/laos-granted-multimillion-dollar-projects-mekong-lancang-cooperation-114201>

## Local investment reaches to Ks846 B within four and a half month



*Myanmar News | 20 February, 2020*

Local investors made investments worth over Ks846 billion including US\$154 million in regions and states from October 1 to February 13, according to Myanmar Investment Commission (MIC). The approved investments in No.3/2020 meeting of the MIC are seven investments by the MIC, one investment by Sagaing Region Investment Committee, one investment by Ayeyawady Region Investment Committee, two investments by Mon State Investment Committee and three investments by Taninthayi Region Investment Committee. The investments can create 894 job opportunities for locals and the 14 businesses are five in industry sector, three in hotel sector, and one each in electricity and mining sectors and four in other sector, according to the MIC. The approved investments in No.2/2020 meeting of the MIC are three investments by the MIC, two investments by Yangon Region Investment Committee, two investments by Mandalay Region Investment Committee, and one investment by Taninthayi Region Investment Committee. They can create 957 job opportunities for locals and the 14 businesses are three in industry sector, two in hotel and tourism sector, and one in housing development sector and two in other sector, according to the MIC. The total

investment is over Ks647 billion including US\$113 million from October 1 to January 24.

Source : <https://elevenmyanmar.com/news/local-investment-reaches-to-ks846-b-within-four-and-a-half-month>

## Industrial zone in Kyaukphyu SEZ to be built at \$30m



*Myanmar News | 20 February, 2020*

An industrial zone project within the Kyaukphyu Special Economic Zone (SEZ) in Rakhine State will be developed for US\$30 billion, deputy commerce minister U Aung Htoo told Pyithu Hluttaw this week. CITIC Consortium from China owns 51 percent of the industrial zone while the Myanmar government owns 49pc, he said. The industrial zone will be developed on 2400 acres of land and a high-end housing project will also be constructed across 1235 acres. The Kyaukphyu SEZ, which is expected to consist of the industrial zone and a deep sea port, will be developed across 4300 acres of land in total. Development will be led by China's CITIC Consortium and a total of 42 private Myanmar companies under Myanmar Kyaukphyu Special Economic Zone Holding Public Co, said U Aung Htoo. Myanmar will hold a 30pc stake in the SEZ, which will be developed in phases, while CITIC Consortium will invest 70pc. U Aung Htoo added that negotiations are now being held to start implementation of the first phase at \$1.3 billion. This

follows a concession agreement and shareholders' agreement for the deep-sea port between the two countries during President Xi Jinping's visit to Nay Pyi Taw last month. Tenders will be called to carry out social and environmental assessments and geological surveys as part of the development process. Development of the Kyaukphyu port will enhance China's presence in the Indian Ocean, allowing its oil imports to bypass the Strait of Malacca. The SEZ is an important asset in the China-Myanmar Economic Corridor, which is part of China's Belt and Road Initiative, which spans several countries in Asia. It will also be an important connecting point for the high-speed Kunming-Muse-Mandalay-Kyaukphyu railway project.

Source : <https://www.mmtimes.com/news/industrial-zone-kyaukphyu-sez-be-built-30m.html>

## Forestry industry to gain export value growth of 10% this year



*Vietnam News | 20 February, 2020*

HÀ NỘI – Việt Nam expects to gain a total export value of US\$12.5 billion from timber, wooden products and forest products this year, up 10 per cent year on year, according to the Việt Nam Timber and Forest Product Association (VIFORES). Of which, \$8.68 billion would come from timber exports and \$2.99 billion from wooden product exports, while other forest products would gain an export value of \$830 million. In terms of market, the US this year is

forecasted to be the largest export market for local timber, wooden and forest products with an expected export value of \$6.1 billion, up 15 per cent year on year. Following is Japan with an export value of \$1.52 billion, up 10 per cent; the EU with \$1.13 billion, up 10 per cent; and China with \$1.21 billion, up 5 per cent. The US housing market is expected to be brighter this year, leading to an increase in the demand for furniture. That will be an opportunity for Vietnamese wood enterprises to increase their market share in this market, according to VIFORES. Meanwhile, local experts said the US imposing higher import tariffs on Chinese products has caused higher prices for those products in the US market, including furniture, so US companies will increase imports of furniture from other markets, including Việt Nam. However, local enterprises would face risks relating to origin fraud because made-in-China products could be shipped to Việt Nam and then exported to the US with made-in-Việt Nam labels. That would avoid the high tariffs on Chinese products exported to the US. To avoid this, experts said State agencies should coordinate with localities to review production and business activities of foreign invested enterprises and products exported from Việt Nam to the US, as well as imported from China to Việt Nam. In addition, the process of issuing origin certificates should be checked carefully to ensure those certificates are

granted to qualified products. Meanwhile, local businesses need to strengthen cooperation and establish production chains from raw material production to export. Those will reduce transaction and production costs and improve efficiency in production and business. VIFORES chairman **ĐỖ Xuân Lập** said Vietnamese businesses have exported timber and wood products to the US market for many years, so they have implemented the requirements of this market. Việt Nam has exported artificial wood and softwood such as rubber and acacia wood to the US and imported oak and walnut wood from this market. Transparency in origin is an important factor, because that helps the local businesses exporting products to the US market avoid anti-dumping tariffs and increase market shares. Deputy Minister of Agriculture and Rural Development **Hà Công Tuấn** said the forest industry should focus on developing markets and also production chains to improve quality of wooden products for domestic consumption and export. **Tuấn** said the State should pay attention to policies on developing other forest products to create a favourable business environment for individuals and businesses producing those products. In the medium term, according to the association, the forestry sector should promote investment to complete the value chain from production, design to brand. At present, the value of Việt Nam's wooden

products is mainly in the production stage. Meanwhile, on the world market, 70 per cent of the value of one wooden product comes from design and 30 per cent is from production. Moreover, the global market has competitiveness in quality and design but not in price. Therefore, design and branding are important factors to improve the competitiveness of Việt Nam's wooden and furniture products in the future. According to the General Department of Customs, Việt Nam's export value of timber and wood products in 2019 reached \$10.65 billion, up 19.5 per cent year on year. Of which, the export value to the US rose by almost 40 per cent to \$5.33 billion. Wooden and furniture products are mainly produced in central and southern provinces, including Bình Dương, Đồng Nai, Long An, Tây Ninh and Bình Định. VNS

Source : <https://vietnamnews.vn/economy/602457/forestry-industry-to-gain-export-value-growth-of-10-this-year.html>

## Fruit, veggie exports decline in January



*Vietnam News | 20 February, 2019*

Hanoi (VNA) – Vietnam exported over 280 million USD worth of fruit and vegetables in January, a year-on-year decline of 20.6 per cent, according to the General Department of Vietnam Customs. The Import-Export Department of the Ministry of Industry and Trade said fruit and vegetables to China fell by

more than 10 percent in January against the same month last year. The reduction was attributed to the temporary closure of border gates due to the outbreak of the acute respiratory disease caused by a novel coronavirus (COVID-19). The ministry suggested the sector proactively should adjust production activities and seek to boost exports to other markets such as the US, Europe, Japan and Australia. The sector aims to gross 5 billion USD from exports in 2020 on the back of new-generation free trade agreements, according to the Vietnam Fruit and Vegetable Association (VINAFRUIT). With the EU – Vietnam Free Trade Agreement (EVFTA) expected to take effect this year, tariffs on Vietnamese fruit and vegetables will fall to zero, helping their value increase significantly. Besides, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will open new markets for Vietnamese products. According to Dang Phuc Nguyen, the association's general secretary, the target is achievable, especially because a large amount of fruit and vegetables are now being grown under VietGAP and Global GAP standards to meet requirements of selective markets. Last year, shipments of fruit and vegetables lagged behind expectations, reaching only 3.8 billion USD, a year-on-year slide of one percent. The Ministry of Industry and Trade said that 2019 was a really tough year for the sector. China, the country's largest importer, tightened requirements for imports from Vietnam via strict quarantine measures and origin traceability. However, growth was seen in



shipments to several markets such as the Association of Southeast Asian Nations (26.6 percent), the US (10.7 percent) and the European Union (32.2 percent)./.

Source : <https://en.vietnamplus.vn/fruit-veggie-exports-decline-in-january/168921.vnp>

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