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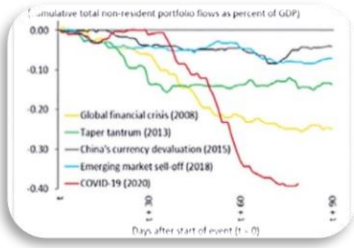
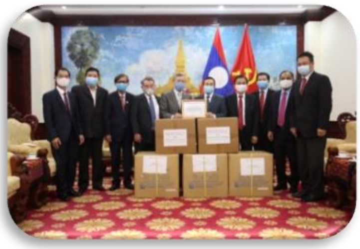
Highlight News / April 23/2020

- Record FDI outflow from emerging markets could leave Cambodia exposed
- Tourism industry asks for further gov't help
- COVID-19: Vietnam presents medical supplies to Lao people
- Some customs restrictions to be eased to facilitate trade
- MoIT proposes to resume rice exports
- Vegetable shortage continue to push prices upward
- Pandemic-hit garment producers find way to weather crisis





Record FDI outflow from emerging markets could leave Cambodia exposed

Cambodia News I 22 April, 2020

The outflow of Foreign Direct Investment (FDI) from emerging market economies – such as Cambodia – have been recorded at their greatest levels in recent history, according to data collated by the International Monetary Fund (IMF). The impact has been attributed to the adverse effects on financial markets, consumption, investment confidence, international trade and weakened commo- dity prices from the impact of extreme COVID-19 health measures. So far, during the COVID-19 pandemic, FDI outflow from emerging markets has been almost twice as high than the now second-worst FDI withdrawal during the Global Financial Crisis in 2007/8. FDI is defined as an investment made by a non-resident individual, company or government arm into the local economy and is considered to be a major driver for economic growth in emerging economies. Economists consider this extreme drop could pose a serious risk for Cambodia because the withdrawal of large and sudden amounts of capital can cause liquidity concerns for both the central bank and large corporations, as well as affecting the country's potential for growth through a lack of generated jobs and lower export potential. Over the past few years Cambodia has been attracting record levels of FDI inflows, predominantly from China, with investment concentrated in the manufacturing and services sector, plus the development of special economic zones throughout the country, providing much-needed funding for two of the Kingdom's economic pillars: garment manufacturing and real estate construction. In response to liquidity concerns, the Kingdom's central bank – the National Bank of Cambodia (NBC) – has implemented a series of economic measures to improve liquidity in the market. Amendments have included removing the capital conservation buffer, cutting interest rates and decreasing banks fund costs, reducing the collateral needed by lenders to encourage banks to disburse loans and lowering required reserves that banking and financial institutions must maintain at the NBC both for local currency (riel) and foreign currencies. However,these measurements have been limited in their monetary effectiveness because of the Kingdom's high level of doll- arisation as outlined by previous comments made by the NBC. "While the NBC has implemented measures, its efficiency and effectiveness are limited. This is because the NBC only has access to lower interest rates effective on riels and, of course, cannot have influence over US-issued dollars," NBC Director-General Chea Serey said. On a positive note, while emerging economies are typically defined as having high levels of external debt, according to an IMF report, Cambodia's debt-carrying capacity had improved from "medium" in 2018 to "strong" in 2019, recording a relatively low external debt to GDP ratio of 28.5 percent. While Cambodia may be in a better position than other emerging economies to weather this crisis, there is no doubt that much-needed FDI will become limited as developed and established economies take time to recover from this unprecedented global health and economic crisis. Cambodia attracted more than $3.588 billion of FDI during 2019, up 11.7 percent from $3.212 billion in 2018. Chinese investment accounts for 43 percent, South Korea for 11 percent, Vietnam for 7 percent, Japan and Singapore for 6 percent each and other countries 27 percent, according to the Macroeconomic and Banking Progress 2019 Report and 2020 Outlook. The report also expected FDI to grow a further 10 percent in 2020 to $3.951 billion, however, because of the current climate, this figure is sure to be revised down.

Source : https://www.khmertimeskh.com/50715485/record-fdi-outflow-from-emerging-markets-could-leave-cambodia-exposed/

Tourism industry asks for further gov't help

Cambodia News I 22 April, 2020

Tourism industry insiders have called on the government to discuss the possibility of delaying interest and principal repayments for businesses within the sector that have been economically destroyed by COVID-19. The request follows a report from the Ministry of Tourism which shows that as of April 17, there are 2,698 hotels, guesthouses, restaurants and travel agencies in the hospitality business in tourism sector, have been closed across the country. In February, the government announced that registered hospitality businesses in the badly hit province of Siem Reap – which had seen its usual 2 million visitors a year at the world-famous Angkor Wat temple complex dwindle to virtually nothing – would be given a four-month tax break until May. Last week, the government also rolled out a further three-month tax exemption (covering March to May) for similarly affected businesses in Phnom Penh, Preah Sihanouk, Kep, Kampot, Bavet city and Poipet city. Mondulkiri and Rattanakiri are two provinces that have escaped relatively unscathed. In a letter to tourism department directors, Tith Chantha, a secretary of state at the Ministry of Tourism, said the tax exemption was made in line with the government's measures aimed at assisting the private sector and workers affected by the pandemic. However, Van David, Senior Associate of Public Private Partnership at the Platform Impact and a regular commentator on the sector, said that while the industry will appreciate the government's measures, they don't take into account that many of these businesses still won't be able to pay at the end of the tax break. "I think granting tax exemption to the hospitality sector may be a good attempt but the issue here is those establishments may not even qualified to be "taxable" because the industry has practically collapsed during the pandemic," he said.

Source : https://www.khmertimeskh.com/50715483/tourism-industry-asks-for-further-govt-help/

COVID-19: Vietnam presents medical supplies to Lao people

Laos News I 22 April, 2020

(KPL/VNA) – The Vietnam-Laos Friendship Association on April 21 presented medical supplies to help Lao people, especially doctors and nurses who are directly involved in preventing and combating the COVID-19. Vice President of the Vietnam-Laos Friendship Association Nguyen Manh Hung handed over the gifts to the Laos-Vietnam Friendship Association through the Lao Embassy in Hanoi. The medical supplies include 500 protective suits and 18,500 face masks, including 17,500 medical masks and 1,000 antibacterial cloth masks. Speaking at the handover ceremony, Hung said that the gifts, despite being small, deeply reflected the sentiments of the Vietnam-Laos Friendship Association members toward the Lao people, contributing to promoting the special solidarity between the two nations and affirming their commitment to holding hands to overcome difficulties caused by the COVID-19 pandemic. He showed his belief that despite those difficulties, the two countries will actively promote the cause of national development, construction and defence to reap bigger achievements for the happiness and prosperity of their people. For his part, Laos Ambassador to Vietnam Sengphet Houngboungnuang expressed his sincere thanks to the Vietnamese people and the Vietnam-Laos Friendship Association for their valuable affections given to the Lao people.

Source : http://kpl.gov.la/En/Detail.aspx?id=51828

Some customs restrictions to be eased to facilitate trade

Myanmar News I 22 April, 2020

The government will reduce trade restrictions and red tape to facilitate the import and export process during the COVID-19 outbreak. Starting April 20, the customs department will reduce customs duties for businesses operating with the Myanmar Automated Cargo Clearance System (MACCS). Paperwork will also be streamlined, with an electronic version of Form D for preferential tariff treatment in Asean to be issued to simplify procedures between all the Asean countries. Those who want to apply for customs duty reductions will have to submit the e-Form D together with the reference number granted by other country. Traders can apply for the deadline for submission of required documentation to be extended. U Win Thant, director of the customs department, said the documents will be thoroughly checked especially for goods involving medicines and food products which are under the Food and Drug Administration. The documents will be cross-checked for legitimacy for the reduction in duties to be considered.

Source : https://www.mmtimes.com/news/some-customs-restrictions-be-eased-facilitate-trade.html

MoIT proposes to resume rice exports

Myanmar News I 22 April, 2020

The Ministry of Industry and Trade (MoIT) has asked the Government to resume rice exports. However, the export volume would be limited at 800,000 tonnes for April and May. The ministry on Monday sent an express dispatch to Prime Minister Nguyễn Xuân Phúc after collecting opinions from relevant ministries and agencies relating to rice export management. Accordingly, MoIT proposed to allow rice exports but strictly control monthly quota after careful consideration to ensure food security amid the COVID-19 pandemic. The plan takes into account suitable solutions to maintain the rice production to ensure economic growth while ensuring food security. Especially, the plan was also based on the official announcement from the Ministry of Agriculture and Rural Development on the rice volume of 3.2 million tonnes which could be exported in the winter-spring crop. This is the remaining quantity after ensuring normal domestic consumption and reserves. The ministry said the country shipped around 1.7 million tonnes of rice under signed export contracts as of March 31. Therefore, the rice export volume in the future would be 1.5 million tonnes. Meanwhile, the total rice reserves in the next two months before the summer-autumn crop would be 700,000 tonnes. Notably, the rice exports would be only allowed through international border gates including road, railway, seaway and airway which were connected to the General Department of Customs for observation. In addition, the ministry required the 20 biggest rice exporters to sign agreements with at least a supermarket system to ensure food reserves forcirculation. MoIT could revoke the licences for rice exports if exporters do not meet the requirement. Earlier, the Government announced on March 25 to ban signing new rice export contracts to ensure sufficient domestic supplies to cope with the coronavirus outbreak.

Source : https://elevenmyanmar.com/news/moit-proposes-to-resume-rice-exports

Vegetable shortage continue to push prices upward

Vietnam News I 22 April, 2020

HCM CITY – Vegetable prices have been surging in HCM City as farmers reduce production due to the Covid-19 pandemic and costs increase because of saltwater intrusion in rivers in the Mekong Delta.Trần Thị Hiền, a trader at Phạm Văn Hai Market in HCM City's Tân Bình District, said vegetable prices had been increasing by 5-10 per cent a day this month and tomato cost VNĐ35,000 (US$1.5) per kilogramme, cilantro, VNĐ55,000 (US$2.3) and broccoli, VNĐ30,000(US$1.3)."The prices are 50-100 per cent up from early this month and two to four times the prices early this year," Hiền said.Lê Thanh Tùng, director of the Phước Bình Agricultural Production Service and Trading Cooperative in HCM City's Bình Chánh District, said following the outbreak of Covid-19 farmers were afraid there would be no demand and so did not sow vegetables.As if to worsen their fears, vegetables became very cheap early this month after the Government ordered all restaurants to temporarily close to support social distancing, he said."I had to sell off and even give free to charity places. At some places they refused to take because they had too much."Meanwhile, in places like Tiền Giang Province in the delta, the saltwater intrusion means farmers have to buy water from other provinces.Afraid this would push the cost of growing vegetables too high and cause losses, farmers stopped growing, Tùng added.The situation is similar in other provinces such as An Giang and Long An, and vegetable output has fallen by 70 per cent.Normally Tùng's co-operative buys around 10 tonnes of vegetables daily to retail, but now it can get only two tonnes at two to four times the normal prices.With the unfavourable weather and continuing pandemic, the prices of vegetables are expected to keep rising. – VNS

Source : https://vietnamnews.vn/economy/715646/vegetable-shortage-continue-to-push-prices-upward.html

Pandemic-hit garment producers find way to weather crisis

Vietnam News I 22 April, 2019

Hanoi (VNA) - The COVID-19 pandemic has left Vietnam's textile and garment sector in deep trouble because of rising order cancellations and delays, but some producers have found a way around and been able to weather the storm.The pandemic has been a blow for domestic garment makers who had already been struggling to source materials elsewhere outside of China after Vietnam's northern neighbour went into lockdown in late January.And now, just as things are beginning to return to normal in China, bigger problems have emerged as the disease has spread globally, hitting orders from key markets for Vietnam such as the US and Europe.The latest data revealed some unpleasant truths for the sector. It saw exports slide 9.07 percent year-on-year in the first quarter and imports, 16.59 percent.US and European buyers have suspended or cancelled orders since mid-March, according to the Vietnam National Textile and Garment Group (Vinatex), one of the country's biggest apparel makers.Falling exports slashed its Q1 revenue by 7 percent year-on-year.Demand has plunged in the US and Europe, where travel restrictions and social distancing orders have been put in place to stem the spread of the pandemic. Retail outlets are unlikely to reopen until early May at best, causing extended delays to existing orders while few new orders have been placed, Vinatex's Managing Director Cao Huu

Hieu said.Most orders put on hold are for Spring and Summer clothing lines, he went on, while the pandemic is expected to be brought under control by Autumn at the earliest, making it highly likely these lines will be cancelled anyway.The Vietnam Textile and Apparel Association (VITAS) has forecast that Vietnam's textile and garment exports may shrink 15 percent to 33 billion USD in 2020. Globally, orders are predicted to fall 29 percent over the course of the year.Despite its many and varied negative impacts, the pandemic is also presenting opportunities as local producers benefit from rising demand for medical masks both at home and abroad. Export orders are in the millions of USD, with the Garment 10 Corporation JSC being an example of an enterprise doing well in the current environment.It has received an order for 400 million medical masks worth 52 million USD, together with orders for 20 million cloth masks from a US partner and 2 million cloth masks and 6 million medical masks from a German partner.Capable of producing 90-100 million masks a month, Vinatex has been processing orders from the Czech Republic, Hungary, Canada, and the US for anti-droplet and anti-bacterial three-layer masks.Shifting from garments to masks allows the company to keep production going and pay its workers, Hieu said.He added that in order to export masks to the US and the EU, producers must obtain FDA and CE certification, respectively, which indicate that a product meets their safety, health, and environmental protection requirements.This can generate extra costs and take time to obtain, he warned./.

Source : https://en.vietnamplus.vn/pandemichit-garment-producers-find-way-to-weather-crisis/172166.vnp