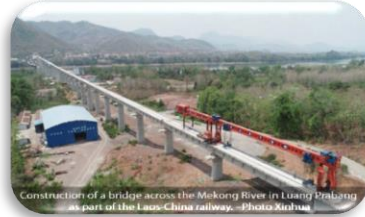


Highlight News / May 27/2020



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (Aiti)



Industry leaders continue to call for further economic support



Cambodia News | 26 May, 2020

Business advocates are continuing to call on the Cambodian government to further support the local economy during and after the COVID-19 pandemic – through the implementation of collateral-free working loans and new policies to encourage more foreign direct investment in the Kingdom. The calls come after the government announced a plan last week to reduce electricity tariffs for businesses in the manufacturing, agriculture, commercial and service sectors from June until October. Companies in these sectors will only be required to pay for the electricity they consume and are expected to save approximately 25 percent off their power bill. While reduced electricity tariffs are welcome news, business advocates have stated the government has still not addressed the major request by leading business chambers and associations in a joint letter addressed to Kith Meng, President of Cambodia Chamber of Commerce (CCC) and readdressed to the Minister of Economy and Finance, Aun Pornnoro, last month. The letter, signed on April 24, requested the Cambodian government guarantees loans for up to three months of a company's 2019 revenue or two years of a company's salary expenses. They want companies committing to at least 50 percent of their employees remaining on the payroll, while loan payments would not be necessary in the first year but would need to be paid, in full,

within six years. Industry leaders have also called on the government to encourage foreign direct investment (FDI) and promote the Kingdom as a destination for startups and entrepreneurs by providing tax incentives and benefits for small and medium enterprises and for major investment projects. Anthony Galliano, Group CEO of Cambodian Investment Management, told Khmer Times yesterday that Singapore is a great example of a country offering tax reduction schemes targeted at businesses, especially startups and, as such has emerged as the dominant regional startup hub. “[In Singapore] One of the more attractive tax incentives is the special tax exemption for startups for the first three assessment years. An eligible company receives a 75 percent exemption on the first \$100,000 of normal chargeable income and a further 50 percent exemption on the next \$100,000 of normal chargeable income,” Galliano said. “Other incentives [the General Department of Taxation could implement] can include reduced tax rates on profits, tax holidays, accounting rules that allow accelerated depreciation and loss carryforwards for tax purposes, reduced tariffs on imported equipment, components and raw materials,” he added. Galliano also said, that while there hasn't been an overall dramatic increase in business failures and closures, a short grace period should be considered, as well as, a pause in audits. The International Monetary Fund (IMF) has predicted Cambodia's 2020 gross domestic product will contract by -1.7 percent this year in line with a global

contraction of - 3.0 percent. If the prediction is realised, it will be the first time the Kingdom's economy has contracted since the IMF began recording the Cambodian economy in 1988, following the instability caused by the Khmer Rouge conflict. Khmer Times put questions regarding these recommendations to the Ministry of Economy and Finance yesterday. However, it has not received a response.

Source : <https://www.khmertimeskh.com/50726929/industry-leaders-continue-to-call-for-further-economic-support/>

Kandal's 400mW heavy fuel power plant to resume construction next month



Cambodia News | 26 May, 2020

Construction on a 400 megawatt (mW) heavy fuel oil power project in Kandal province's Lvea Em district, which was planned to begin operations in the first part of June, will not be able to move forward as planned. The on-going COVID-19 pandemic is causing disruption for the project because essential foreign civil engineers cannot fly to Cambodia to continue their work, said Victor Jona, director-general of energy and spokesperson at the Ministry of Mines and Energy. He added construction on the project is still moving forward, but there is a problem with getting the technical team here because of travel restrictions. However, he said there might be a positive move from June for the project to begin moving forward. The government also has a plan to

build a substation connecting the 400mW project to the national grid, which is expected to significantly contribute towards stabilising the country's power supply. It is also part of the government's plan to combat power woes in the country. It was previously announced the project will cost \$380 million – \$300 million to be lent by the government and the rest coming from the state-run Electricite Du Cambodge's budget. The construction of the power project started in October 2019. It is composed of two plants. One will be powered by a 200mW generator from Finnish firm Wartsila. This plant is being developed by Chinese firm CGGC. The second plant will use another 200mW generator, this time from Germany's Man Group. It is being built by China National Heavy Machinery Corp (CHMC). "Although progress will be delayed, there will be no negative impact on power supply," said Jona. "The power consumption this year will not face the same power shortages as last year because currently we have sufficient water levels to produce electricity at hydro-power dams, so we can assure people there will be no power shortage this year," he noted. Currently, 12 power projects are in operation, seven of which are hydropower dams, with a total capacity to generate 2,093mW. The government also granted licences for nine more power projects, which are currently under development, with a capacity to produce a total of 1,500mW in the near future. In the light of the COVID-19 pandemic, the government last week announced a 25 percent reduction in electricity tariffs. This incentive is based on the previous

average from Q1 and will be implemented from next month until October – a five month period. Only those businesses that are suffering from the pandemic in four key areas – manufacturing, agriculture, commercial and service – will receive the benefit.

Source : <https://www.khmertimeskh.com/50726931/kandals-400mw-heavy-fuel-power-plant-to-resume-construction-next-month/>

Recruits needed for Laos-China railway training programmes



Laos News | 27 May, 2020

The operators of the Laos-China railway are seeking candidates for the second and third training programmes for personnel required to assist in operating the railway when construction is completed late next year. The upcoming programmes will train successful applicants for the positions of station master or station agent, locomotive handler, freight forwarder, passenger transit assistant, rescuer, and pointsman. Applicants can submit application forms to the office at the Vientiane Centre or to WhatsApp +85620 55784880 up until June 5. Construction of the railway is on schedule despite the Covid-19 pandemic and the track was laid in the first tunnel on May 23 after track-laying began in Vientiane on March 27. The Xinhua News Agency reported that the 500-metre long track was placed on sleepers by engineers through a tunnel in Nong Khay village, Vientiane province. The Chinese news agency reported that throughout the Covid-19 pandemic, the China Railway No. 2

Engineering Group had continued to plan operations and sourced over 700 Lao and 200 Chinese engineers and workers. They had worked together efficiently, increasing the initial speed of construction from two kilometres in three days to 1.5 km each day at present. At the northern end of the railway, the China Railway No. 5 Engineering Group (CREG-5) completed drilling of the 9,020-metre Konluang village tunnel, a key section of the railway on April 29, which was 43 days ahead of schedule. CREG-5 has now bored all 10 of the railway's 75 tunnels, completing its work in northern Laos and has basically finished its offline engineering operations. The 414-km Laos-China railway has tunnels running for a total distance of 198km while bridges cover 62km. It runs from the Laos-China border crossing in Boten and slices through the north-west of the country to Vientiane. It has a top operating speed of 160km per hour. Construction began in December 2016 and is scheduled for completion and the start of service in December 2021.

Source : http://www.vientianetimes.org.la/freeContent/FreeContent_Recruits100.php

Myanmar tourism businesses prepare to reopen



Myanmar News | 26 May, 2020

Myanmar tour companies are preparing to organise tours again, which had been suspended since February as part of the government's efforts to prevent the spread of COVID-19, an official of a local travel association said. Daw Aye Thida Moe, vice

chair of the Union of Myanmar Travel Association, said tour companies are awaiting government guidelines to ensure a safe reopening of their businesses. "Companies are following the guidelines of the Health Ministry," she said. They will focus on the domestic tourism market at first, and improve some destinations. She said they will come up with a marketing scheme to fit the new reality. "Travel agencies will contact travel agents abroad to inform them about the reopening of the local tourism market," said Daw Tha Toe Thuzar Aung, managing director of Authentic Myanmar Tourism. She said safety measures will be implemented for both tourism workers and tourists. Also, some international airlines have announced the resumption of flights to Yangon starting on June 1. Myanmar suspended all international commercial flights from March 29 to May 31 as part of its effort to prevent COVID-19. The Lwin Toe, managing director of Myanmar Voyages International Tourism, said, "Visitors have to make adjustments for the travel restrictions when they come." Visitors to Myanmar dropped by 44 percent from January to April as the world grappled with the deadly virus that has spread to 188 countries and killed over 345,000 people. The Ministry of Hotels and Tourism is also preparing for the reopening of tourism, and is planning to stop zero-budget tours, which involve mostly Chinese tourists buying cheap package

deals from tour operators registered in Myanmar but owned by Chinese nationals. The packages involve tightly planned itineraries that only patronise shops, hotels and restaurants that are connected to the tour operators. The ministry said on May 18 that it aims for quality rather than quantity in attracting foreign tourists. U Aung Aye Han, deputy director general of the Ministry of Hotels and Tourism, promised a review of zero-budget tours. In October last year, Myanmar eased visa restrictions on Chinese tourists, triggering a surge in visitors from China. U Sai Soe Han, a senior Chinese tour guide, welcomed the government plan to review the zero-budget tours, which typically spend less money than tour packages from other countries. Since the tours are booked online, the government cannot collect taxes from these tourists. In 2019, the Ministry of Hotels and Tourism said, foreign arrivals by land and air in the country rose 23 percent to 4.36 million, up from the 3.55 million the previous year. Government data showed that Chinese nationals accounted for nearly a third of tourists who visited last year, a 152pc increase from the previous year.

Source : <https://www.mmmtimes.com/news/myanmar-tourism-businesses-prepare-reopen.html>

Myanmar to receive agriculture loan from World Bank



Myanmar News | 26 May, 2020

A senior government official has revealed that Myanmar will receive a loan of US\$200 million (K277 billion) from the World Bank. Deputy Minister of Agriculture, Livestock and Irrigation U Hla Kyaw said during the sitting of the Pyidaungsu Hluttaw (Assembly of the Union) on May 26 that the loan will be used to boost food security food and agricultural in Myanmar. Among the areas that the deputy minister highlighted will benefit from the loan are developing better agricultural produce, boosting competitiveness, livestock care, financial aid for farmers affected by the COVID-19 pandemic, rural nutrition drives, and job creation through the improvement of rural irrigation systems. "Through the projects, we mainly intend to overcome the crisis in the agricultural sector brought about by the pandemic, provide the poor with food, and generally improve agriculture in Myanmar," U Hla Kyaw He said the projects funded with the loan will be carried out in 228 townships – 38 in Yangon Region, 31 in Shan State, 29 in Mandalay, over 20 in Bago and Magwe, two in Tanintharyi, five in Kayah, seven each in Kayin and Nay Pyi Taw, eight each in Chin, Mon and Rakhine, and nine in Kachin. Feasibility studies for the projects were conducted from July to December 2019, and once again in March and May this year.

Source : <https://www.mmtimes.com/news/myanmar-receive-agriculture-loan-world-bank.html>

WB: EVFTA could lift Vietnam's exports by 12% by 2030



Vietnam News | 26 May, 2020

The World Bank (WB) has predicted that the EU-Vietnam Free Trade Agreement (EVFTA) could help Vietnam's GDP and exports grow 2.4% and 12%, respectively, by 2030, the Ministry of Industry and Trade (MoIT) has reported. The deal is also expected to bring 100,000 to 800,000 people out of poverty. The WB believes Vietnam could enjoy greater benefits from joining the EVFTA and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) if it conducts overall economic and institutional reform to comply with their conditions. WB Country Director in Vietnam Ousmane Dione said Vietnam could optimise the deals and reap unprecedented benefits. Requirements on the rules of origin is one of the challenges Vietnam needs to overcome, he said, as a number of Made-in-Vietnam products still rely on imported materials - 62% in electronics and 53% in automobiles. He suggested that Vietnam improve links between domestic suppliers and foreign enterprises that lead global supply chains. Vietnam will become a destination for EU and global investors because of the EVFTA, he added. When FDI increases, however, the number of trade complaints will also pile up. He therefore advised Vietnam to launch a systematic mechanism to deal with complaints between the State and investors. At the same time, priority should be given to key currency

earners post-COVID-19. MoIT will partner with the Ministry of Science and Technology this year to supplement and amend the revised Law on Intellectual Property 2009 and review decrees relating to the EVFTA. From 2021-2025, it will work with the Ministry of Finance to supplement and amend the revised Law on Insurance Business 2010. In the near future, it will popularise the complaint settlement mechanism in the EVFTA and other FTAs to which Vietnam is a member.

Source : <https://english.vov.vn/economy/wb-evfta-could-lift-vietnams-exports-by-12-by-2030-414153.vov>

Local coffee prices skyrocket on limited supply



Vietnam News | 26 May, 2019

VOV.VN - Coffee prices have kept rising since the beginning of May as the product is in short supply in the domestic market, according to the Import-Export Department under the Ministry of Industry and Trade. Moreover, a recent severe water shortage has also greatly affected the coffee output of the Central Highlands region which has the largest coffee growing acreage in the country. The General Department of Customs reported that Vietnam exported 165,800 tonnes of coffee at a value of US\$279.83 million during April, a fall of 2.5% in volume and a drop of 5.1% in value. Indeed, the opening four months of the year saw the nation ship 682,800 tonnes of coffee abroad with a total value of US\$1.15 billion, an increase of 8.1% in volume and

up 5.3% in value in comparison to the same period from last year. Moreover, April saw the average export price of coffee drop by 2.7% to US\$1,688 per tonne, causing the average export price over the course of the four-month period to suffer an annual decline of 2.6% to US\$1,682 per tonne. Throughout the four-month period, the average export price of coffee to several foreign markets, including Myanmar, Chile, China, South Africa, and New Zealand enjoyed an upward trend. In contrast, the average export price of coffee to other markets such as Singapore, Cambodia, Israel, and the Philippines suffered declines. Coffee exports during April to several major markets such as Germany, the United States, Spain, Belgium, Russia, Japan, and the Republic of Korea increased from the figures seen during April last year, while exports to Italy, the Philippines, and Algeria all declined. Most notably, coffee exports to the German market during the four-month period enjoyed a vast increase of 35.4% to US\$176 million, while coffee exports to the US market fell by 14.4% to US\$102 million.

Source : <https://english.vov.vn/economy/local-coffee-prices-skyrocket-on-limited-supply-414161.vov>