

Highlight News / June 04/2020



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Thailand Plus One: Poipet SEZ investment strategy



Cambodia News | 03 June, 2020

Poipet Special Economic Zone – a wholly-owned subsidiary of Phnom Penh Special Economic Zone Plc. – is aiming to become a higher value-added production hub, particularly for electronics, mechanical and automotive parts, according to its Chief Executive Officer. The zone will also utilize its close proximity to the Thai border and access to the developing ‘Asian Highway’ that will link the future industrial hub to key distribution points. Uematsu Hiroshi, Chief Executive Officer of Phnom Penh Special Economic Zone (SEZ) told Khmer Times that the Poipet SEZ will aim to target investors with already established longstanding operations in Thailand for many decades, especially Japanese and Thai manufacturers. “We call it the Thailand + 1 strategy,” Uematsu said. Currently, the Phnom Penh SEZ accommodates investors from various countries and of both export and domestic market-oriented industries. “Poipet SEZ is developing 65.7 hectares of land, and is equipped with international standard infrastructure such its own electricity line (a joint venture with B. Grimm Power in Thailand), a water treatment plant, 24 hours security service and other services to meet the needs of higher value-added manufacturers.” “We will not target heavy industry like steel and petrochemical. As we think that Cambodia is too small to attract heavy industry as Japanese heavy industry already goes to bigger

countries with large natural resources,” said Uematsu. Uematsu added that there is already one factory, Sumitronics Manufacturing (Cambodia) Co. Ltd., who is producing printed circuit boards and wire harness in the Poipet SEZ. With exports of electronic and vehicle parts and accessories to Japan has already increased to \$77.8 million in 2019, up from \$39.4 million in 2018, according to a World Bank report. “Cambodia should diversify its exports beyond garments by further promoting shipments of electronic and vehicle parts and accessories to Japan. “ “The Japanese market appears promising for Cambodia’s exports of electronic and vehicle parts and accessories,” the bank said. However, stable and quality electricity is needed to attract additional high-value-added manufacturing to Cambodia, as the quality of electricity in the kingdom remains a challenge for investors as the manufacturing sector, said Mey Kalyan, senior advisor to the government’s Supreme National Economic Council. He told Khmer Times that to diversify, Cambodia needs to have quality electricity to supply the industry in order to achieve the government’s Industrial Development Policy 2015-2015. “Quality electricity means strong and stable power, 24 hours a day, supporting manufacturing with no up-and-down frequency. If we don’t have this, we will not be able to encourage foreign direct investment to Cambodia,” he said. The Poipet SEZ is located approximately 8kms East of the Poipet city centre, with access to one of the key border crossing points with Thailand in the

NorthWest of Cambodia. With its strategic location attractive to prospective investors who are looking to open a new manufacturer, warehouse, or distribution centre. In addition, it is only 250 kilometres away from the deep-sea port at Laem Chabang, Thailand and has direct access to National Road 5.

Source : <https://www.khmertimeskh.com/50729641/thailand-plus-one-poipet-sez-investment-strategy/>

Sluggish construction sector causes sharp FDI contraction



Cambodia News | 03 June, 2020

Cambodia's inflow of Foreign Direct Investment (FDI) has recorded a sharp decline in the first two months of the year, specifically hit by the reduction in investment for both the construction and tourism sectors, according to a World Bank report. The report titled, "Economic Update for Cambodia in a time of COVID-19," stated that Cambodia's total approved FDI value declined by 52.2 percent in the first two months of 2020, attributing the significant drop to the global COVID-19 pandemic effect on the appetite for international investment. The majority of Cambodia's approved FDI projects mainly flow to the local construction and real estate sector. However, as the rapid spread of COVID-19 has devastated international economies this has resulted in major cutbacks by international investors, the report said. It is estimated that Cambodia received over 40 percent of total FDI inflows from mainland China, of which, the majority of investment was channelled to the construction sector. "Construction activity

significantly weakened after the suspension of large development projects financed by overseas investment due to the spread of COVID-19," the report added. However, according to the Cambodia Construction Association (CCA), the value of approved real estate projects actually increased during the first quarter of 2020, thanks to investment from local sources. Chiv Sivpheng, general manager of the CCA said, "The total value of government-approved projects actually increased by 51 percent in the first quarter." "But the ability to construct these projects was significantly weakened due to issues with importing the raw construction materials needed, after the virus shut borders. Once the virus ends and these projects restart the sector will come back strong." According to the World Bank report in 2019, Cambodia's approved FDI project valued at around \$3.5 billion. The National Bank of Cambodia has previously forecasted FDI into Cambodia would rise 10 percent this year, estimated at \$3.95 billion. However, this figure now seems unlikely given the current economic environment.

Source : <https://www.khmertimeskh.com/50729648/sluggish-construction-sector-causes-sharp-fdi-contraction/>

Labour ministry orders businesses to pay workers amid virus outbreak



Laos News | 04 June, 2020

The Ministry of Labour and Social Welfare has instructed businesses in the production and service sectors to respect the Law on Labour, related laws,

and regulations on the payment of workers affected by the Covid-19 outbreak. Director General of the ministry's Department of Labour Management, Mr Phongxaysack Intharat, represented the ministry during the daily briefing given by the National Taskforce Committee for Covid-19 Prevention and Control on Tuesday to explain the steps taken by the ministry concerning the payment of workers and social insurance. The ministry has issued special instructions in response to the unusual circumstances resulting from the virus outbreak. The measures taken by the ministry relate to the Law on Labour, Law on Social Insurance, and Prime Minister's Order No. 6 on Enhancing Measures on Prevention, Control, and Comprehensive Preparedness in the Response to Covid-19. The ministry has instructed businesses that suspended operations in April, in line with the PM's Order, to pay their employees their normal wage if they have not yet done so. Businesses that are in serious financial difficulties should pay their workers at least 50 percent of their normal wage. Workers whose wages are determined by output or are paid on a daily basis and earn less than the minimum wage set by the government should also be paid at least 50 percent of the amount they typically earn, or about 550,000 kip. In each case, workers should be paid their normal wage for the days they worked and for the Lao New Year holiday from April 13-19. Workers who are members of the Social Insurance Fund and were laid off by their employers from May 1 onwards under the PM's Order are to be paid unemployment benefit

in accordance with the stated conditions and timeframe. The ministry instructed employers to comply with the Law on Labour, related regulations, and labour agreements. They should not cancel any agreements entered into with workers, who are facing hardship due to the virus outbreak, without the ministry's permission or engaging in discussions with all parties. Businesses and employers can discuss problems faced by workers while the PM's Order is in force with the workers themselves or their representative agency, with the outcome to be submitted to the Ministry of Labour and Social Welfare for consideration. Businesses certified as being affected by the Covid-19 outbreak that need to resolve issues such as the temporary suspension of operations, permanent ending of operations, reduction in the workforce, or labour agreements can discuss these with individual workers or groups, as specified by the prime ministerial decree on labour-related disputes. The ministry also noted that employers must continue to pay contributions to the Social Insurance Fund as well as paying workers' wages.

Source : http://www.vientianetimes.org.la/freeContent/FreeConten_Labour106.php

Govt okays Singaporean-Lao feasibility study for clean thermal power plant



Laos News | 04 June, 2020

A Singaporean firm joint-venturing with a Lao partner has agreed with the Lao government to conduct a

feasibility study on the development of a clean thermal power plant in the southern province of Xekong. Evolution Power Investment Corporation (EPIC) and Khounmixay Bridge and Road Construction and Repair Company (KMX) recently signed a Memorandum of Understanding (MOU) with the government for the clean thermal power development. Under the MOU, EPIC and KMX will be permitted to conduct a feasibility study on the economic, social, and environmental viability of a 1,000MW clean thermal technology power plant project in Dakcheung district, Xekong province. The project is estimated to cost US\$1.7 billion and expected to be commissioned by 2027, producing reliable year-round electricity for export to neighbouring Thailand, Vietnam, and Cambodia. Domestic distribution is also likely. The project intends to use domestically-extracted fuel sources to generate power for export and thereby adding value to local natural resources and optimising foreign exchange. A number of thermal power technology options will be studied such as conventional pulverised boilers (PC) and circulating-fluidised-bed (CFB) boilers, both of which will operate within an ultra-supercritical (USC) steam parameter which determines how efficient the fuel source can be spent. Deputy Minister of Planning and Investment, Mr Khamchanh Vongseneboun, and KMX Vice President, Mr Khamthanh Phommthat on behalf of the EPIC-KMX joint venture company signed the MOU. KMX Vice President, Mr Khamthanh said thermal power would play an essential part in the

power generation mix for the Asean region and given the global headwinds against thermal power, in terms of its environmental impact, the latest technologies needed to be used to minimise such impact. “This is precisely the intention of the project by working with world-class construction and power equipment manufacturers in delivering sustainable energy that meets the reality of tomorrow’s power demand in the most efficient and environment-friendly manner,” he said. Commenting on the MOU, EPIC Executive Director, Don Lim said, “We are extremely excited to have reached this important milestone for the development of our flagship project with the Lao government and believe we can make a significant contribution to not only the country’s energy sector but also regional markets as well given the significant shortfall in baseload energy supply such as in Vietnam.”

Source : http://www.vientianetimes.org.la/freeContent/FreeContent_Govt106.php

JICA restructures loan program to channel more funds to needy SMEs



Myanmar News | 03 June, 2020

The Ministry of Planning, Finance, and Industry (MOPFI) and Japan International Cooperation Agency (JICA) announced that K64 billion in funds will be provided to micro, small, and medium enterprises (MSMEs) in Myanmar negatively affected by COVID – 19 under a JICA Emergency Program. JICA said on June 1 that it will provide up to K64

billion in low-cost financing under terms and conditions favorable to MSMEs to support the continuation of business activities affected by COVID – 19. The emergency program is financed through the restructuring of an ongoing SME financing project known as the JICA SME Two-Step-Loan Phase 2 which started in 2018 to respond quickly to struggling SMEs. The MOPFI and JICA have agreed to disburse the funds under a newly introduced emergency program to MSMEs negatively impacted by COVID – 19. The emergency program will be implemented through Myanmar Economic Bank and other commercial banks participating in the project with the aim of supporting Myanmar's initiative to ease the impact on SMEs in accordance with its COVID – 19 Comprehensive Economic Relief Plan, JICA said. "SMEs, accounting for 99 percent of the businesses, are a crucial part of the entire economy and important source of living for many people in the country. JICA is committed to continuing providing swift and strong support to SMEs going forward so that we can overcome this unprecedented economic crisis and build a strong foundation for sustainable, inclusive and dynamic economic growth," said Sakakura Noriji, Chief Representative of JICA Myanmar Office. The majority of the funds will be made available with relaxed collateral conditions to improve financial access of small-scale SMEs with limited collateral, JICA said.

The maximum loan amount for each business will be K300 million. A yearly interest rate of 5.5pc to 10 pc, depending on the borrower's ability to provide collateral, will be charged. The loan period will vary from three years to five years. Loans under three years will have 6 month grace period and loans ranging from three years to five years will enjoy a grace period of up to a year.

Source : <https://www.mmtimes.com/news/jica-restructures-loan-program-channel-more-funds-needy-smes.html>

Vietnam aims to export 7 million tonnes of rice this year: govt



Vietnam News | 03 June, 2020

HANOI -- Vietnam, the world's third-largest rice exporter, aims to ship 7 million tonnes of the grain this year, greater than last year's volume, the government said on Tuesday. The Southeast Asian country fully resumed rice exports in May after it briefly banned shipment of the grain in March and limited April shipments to 500,000 tonnes. Those measures were taken to ensure it had sufficient food during the coronavirus pandemic. "This will be 400,000-500,000 tonnes higher than last year," Mai Tien Dung, chief of the government office, said at a news conference. Dung said the country had bumpy rice harvests this year from dry weather conditions and the intrusion of salty water in the Mekong Delta. He said Vietnam had put aside enough rice for

domestic use, stockpiling 270,000 tonnes of rice, including 80,000 tonnes of unhusked paddy, to ensure food security. Vietnam's rice exports in the first five months of this year rose 3.7% from a year earlier to 2.86 million tonnes, according to the government's customs data.

Source : <https://tuoitrenews.vn/news/business/2020/0603/vietnam-aims-to-export-7-million-tonnes-of-rice-this-year-govt/54897.html>

Vietnam's retail sales down in five months



Vietnam News | 03 June, 2019

NDO/VNA - Total revenue of retail trade and services reached more than VND1.91 quadrillion (US\$82.36 billion) in the first five months of this year, down 4 percent year-on-year, a report from the General Statistics Office (GSO) showed. If inflation was excluded, retail sales dropped 8.6 percent, compared to 8.5 percent seen in last year's corresponding period. In May, total retail sales of goods and services witnessed a significant month-on-month increase of 27 percent to an estimated VND384.8 trillion thanks to the end of the social distancing period, resulting in rebound in purchasing power of local people, the GSO said in its report. Retail sales of goods during the five-month period were estimated at 1.54 quadrillion VND, representing a modest rise of 1.2 percent year on year or accounting for 80.6 percent of the total revenue. GSO statisticians attributed the slight increase in retail sales of goods in the period to

sufficient sources of essential goods provided by supermarkets and trade centres so that price fluctuations were not incurred as well as to a change in local people's consumer behavior with a priority given to shopping online. Among all sectors, purchases of food and foodstuff grew by 6.1 percent year-on-year, followed by home appliances (2 percent) while that of educational and cultural products dropped 8.2 percent and textiles and apparel (3 percent). Several localities recording a retail sale growth included the northern port city of Hai Phong with 9 percent and two economic hubs of Hà Nội and HCM City with 6.4 percent and 6 percent, respectively. As per the report, the five-month revenue from accommodation and catering services witnessed a decrease of 26 percent to VND175 trillion, compared to 10 percent increase in the same period last year. Despite the facts that accommodation and catering businesses have resumed their operations after the social distancing period and local people have been less worried about the pandemic, the revenue from accommodation and catering services in five months of 2020 still slumped significantly compared to the same period last year as students started to return to school and the people's demand for travelling remained modest, the GSO assessed. During the same period, travel service revenues experienced the strongest decline of 54 percent at VND8.3 trillion because of the complicated development of COVID-19 around the world so Vietnam halted visa issuance for foreigners and the domestic tourism industry has

yet to recover. Localities posting a strongest decline in travel service revenues were Ba Ria- Vung Tau at 73 percent; Khanh Hoa (68 percent); HCM City (66 percent); Quang Ninh (65 percent); Can Tho (59 percent) and Hanoi (55 percent). From January to May, revenue from other services totaled VND186.9 trillion, down 12 percent year-on-year, the GSO noted.

Source : <https://en.nhandan.com.vn/business/item/8729302-vietnam%E2%80%99s-retail-sales-down-in-five-months.html>
