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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



2021 draft budget sees a half billion reduction



Cambodia News | 26 October, 2020

The Royal Government of Cambodia, through the Council of Ministers, has approved a draft annual budget of approximately \$7.62 billion for the year 2021. The approval was made during a cabinet meeting held last Friday, chaired by Prime Minister Hun Sen. The 2021 draft annual budget follows on from the 2020 annual budget which was more than \$8.2 billion, representing a 7 percent year-on-year drop. The \$7.62 billion comprises more than \$4.36 billion for current expenditures and \$3.26 billion for capital expenditure. When approved by the National Assembly before the end of the year, the 2021 annual budget will go against the recent trend of a rapidly expanding national budget by the government. The drop comes despite this year's 22 percent increase from 2019's \$6.7 billion budget, which followed a 10 percent increase from 2018's \$6.09 billion budget. However, despite the 7 percent contraction, the proposed budget remains much larger than that speculated in June when it was reported that the government would implement extreme cuts to the national budget to mitigate the challenges to the national economy as a result of the COVID-19 pandemic. It was then speculated that the government may cut expenditure by 50 percent, projecting that the 2021 national annual budget could amount to just \$4 billion. Out of the \$7.62 billion total budget, \$493.04 million will be allocated for

general administration costs while national defence gets \$641.46 million, interior ministry and public security more than \$425.46 million. Social welfare will receive \$1.75 billion, economic development \$1.6 billion while budget allocations for emergency relief, unexpected spending, reimbursements for foreign debt, and others received more than \$2.58 billion. Education and national defence remain the government's largest annual expenditures at \$825.63 million and \$641.46 million respectively, representing around 10 percent and 8 percent of the proposed budget. Health and social affairs will cost the government \$384.41 million and \$325.31 million respectively, representing around 5 percent and 4 percent. A government document cited by Khmer Times, states that to meet the expenditure costs, the government plans to collect around \$5.275 billion in national revenue, as well as borrowing around \$1.5 billion from development partners. "The 2021 budget is a budget to fight to protect people's lives, maintain socio-economic stability and people's livelihoods, as well as focus resources to restore and stimulate economic growth in the post-COVID-19 crisis," it stated. "[The budget] aims to ensure peace, social stability and sustainability of Cambodia's economic growth and competitiveness with the continued improvement of the people's well-being," it added. The document stated that the minimum wage and salaries of civil servants and armed forces will remain at the same level as that of 2020. This was attributed as a cost saving measure due to COVID-19's economic impact. The

Government has forecast that local GDP, estimated in 2019 at \$26.73 billion, will contract by -1.9 percent this year and forecasts positive growth will return in 2021 with estimated 3.5 percent growth. The Ministry of Economy and Finance spokesperson has previously told Khmer Times that the national budget, however, is not greatly affected by overall tax revenue. According to the government news agency AKP, the government has stated that it had planned a budget of 40 billion riels (\$9.8 million) to allow ministries and institutions to recruit qualified and high-skilled officials. "Like last year, the Royal Government has reserved a budget of 50 billion riels (\$12.2 million) for the Health Care Fund for public officials, former civil servants and veterans. "[In addition] 6 billion riels (\$1.4 million) [has been allocated] for the Social Security Fund on occupational risk for public officials to improve the health of civil servants, it added.

Source:<https://www.khmertimeskh.com/50776654/2021-draft-budget-sees-a-half-billion-reduction/>

ACLEDA hosts profitable investment seminar



Cambodia News | 26 October, 2020

ACLEDA Bank Plc, Cambodia's largest commercial bank and the Securities and Exchange Commission of Cambodia (SECC) held a seminar which focused on profitable investment opportunities in the securities sector for investors and the public. The seminar was designed to equip investors and interested members of the public with the knowledge

for gaining better insights into profitable investment opportunities in securities sector, prerequisite strategies for securities trading, foundation for securities investment, regulatory updates, and infrastructure of securities market as well as the development of ACLEDA Bank Plc, said Dr In Channy, President & Group. He said that at present, the Cambodia Securities Exchange (CSX) is in a very attractive stage for the public at large. In particular, ACLEDA Bank Plc., which has recently been listed on the CSX, as it provides considerable benefits to investors who have invested in a stake in the bank by buying-selling the Bank's shares listed on the CSX," Dr Channy said. "I have a strong hope that after the eminar, many investors and the public too will be interested in investing in the securities sector in Cambodia and the number of investors and trading volume will increase substantially in time to come," he added. SECC's deputy general director, Chhun Sambath, said that investors and the public will gain more knowledge on the mechanisms and strategies needed to benefit from trading in the stock market. He added that investing in securities and trading in the market demands a certain set of skills and knowledge as well as the proper strategy. Sambath said trading in the stock exchange is very different from trading in the property and real estate sector. "We have to have the right strategies and basic knowledge on the targeted stocks, its movements over a period of time and subsequently trading in them," he added. "I hope that through the seminar and training, more trading activities in the

securities market will arise and with the cooperation of ACLEDA Bank, it will boost the market and build trust with the public and hopefully, investors will be drawn to join the market with confidence.” he added. ACLEDA’s trading volume (share) was 9,504 on October 23 with a trading value of 163.39 million riel in the CSX at its closing last Friday. The total trading value surged to 409.32 million riel. ABC’s closing price was 17,200 riel per share on Friday last week. Through the local bourse, ACLEDA Bank has another alternative source of raising funds, and this is a gateway to gain the source of funds locally and sustainably, said ACLEDA Bank’s Executive Vice-President and Group Chief Operations Officer Mar Amara. “There is an increased level of participation from the individual investors as they are confident in ACLEDA Bank’s operations and performance, so they support the bank. Therefore, when the bank wants to expand its presence to the region in the future, we will have existing customers to support the growth,” said Amara. She added that the bank welcomes all investors to join the market and be ACLEDA bank shareholders.

Source:<https://www.khmertimeskh.com/50776885/acle-da-hosts-profitable-investment-seminar/>

World Bank provides emergency financing for small businesses



Laos News | 27 October, 2020

The World Bank’s Board of Executive Directors last week approved US\$40 million in emergency finance support for small and medium-sized businesses in

Laos to help them recover from the impacts of the COVID-19 pandemic, the bank said in a press release. The funding will be channelled through the World Bank’s ‘Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project,’ which will work with the Ministry of Industry and Commerce and local financial institutions to provide credit to small businesses struggling to cope with the economic slowdown brought on by Covid-19. Small companies will have the chance to secure working capital loans that can sustain their businesses during the pandemic and initial recovery period, or investment loans for new equipment or expansion of facilities. Micro, Small, and Medium Enterprises (MSMEs) are the foundation of the Lao economy, accounting for 82 percent of total employment. Such companies have been significantly disrupted by the ongoing Covid-19 crisis, with many facing sharp reductions in demand and income, as well as interrupted supply chains. Tourism came to a near standstill in the second quarter of 2020, while a lockdown in April and May limited demand for various services and halted production at many firms. As a result, many firms expect to lay off a large percentage of their workforce while half of all businesses report that they will have to close permanently. “This new project will help MSMEs to stay in business, protect the livelihoods of employees, and soften the socio-economic disruptions caused by Covid-19,” said Mariam Sherman, World Bank Country Director for Myanmar, Cambodia and Laos. “These activities

build on and continue the work undertaken by the Small and Medium Enterprise Access to Finance Project, which has been successfully supporting loans to Lao firms since 2014." The project will provide finance to participating financial institutions, which will then disburse loans to companies that apply for funds. The World Bank will also provide technical assistance to strengthen the Bank of Lao PDR's capacity to supervise a credit guarantee facility. This will reduce the credit risk associated with loans under the project, allowing the participating banks to continue providing access to finance. In addition, the project will provide technical assistance to strengthen the capacity of commercial banks, small firms, the Ministry of Industry and Commerce, and other participating institutions. Five banks have so far expressed interest in taking part. Businesses must be registered companies that are micro (1-5 employees), small (6-50 employees), or medium-sized private enterprises (51-99 employees) to be eligible for loans under the project. The credit decisions and pricing of the loans are left to the participating financial institutions to determine based on their own credit assessment.

Source:http://www.vientianetimes.org.la/freeContent/FreeConten_WorldI_209.php

Feature: China-Laos cooperation projects bring better life to Lao people, promote friendship



Laos News | 27 October, 2020

VIENTIANE, Oct. 26 (Xinhua) -- About 200 km southeast from the Lao capital Vientiane sits a busy hydropower plant construction site and this is the place where Khamla Mounmanivong, a local villager, sees hope for a better life. The Nam Theun 1 Hydropower plant, invested by Lao and Thai sides, is contracted by the PowerChina Sinohydro Bureau 3 Co., LTD (Sinohydro 3), a Chinese engineering company. Khamla, 31, has been working at the construction site with Sinohydro 3 for more than half a year. "It is a project that can promote the development of my hometown, and I want to contribute to it," he told Xinhua. Khamla, the only son of his parents with five sisters, is a major bread earner of the family, and since being offered the opportunity to work with Sinohydro 3, his life has improved a lot. "I am preparing to build my own new house, right next to my parents' house. This project provides local people with many job opportunities and at the same time promotes investment in infrastructure in Laos," he said. In Laos' Borikhamxay Province, the construction of the 650-MW Nam Theun 1 Hydropower Plant on a tributary of the Mekong river is progressing smoothly. Vanphen

Vongnalin, head of the Nakheua Village where the power station is located, has experiences in auto repair and he now works as a maintenance man with Sinohydro 3. "I am very happy to be a member of the company. The company has created income for Lao employees," he said, adding "you can also get in touch with new things at work and learn a lot of technology and equipment skills brought by the company." More than 1,000 local villagers work at the construction site, according to the village head. Hongshi cement factory, a Chinese-invested modern cement factory, is located some 100 km north of Vientiane and in a hilly area. The factory not only pays attention to eco-friendly technologies, but also makes efforts to help improve local people's life. "We used to pay to cross the nearby river by boat to go to Vientiane. The Hongshi company built roads and bridges for us for free, bringing much convenience," said Hae Kongphaly, head of the village where the cement factory is located, while talking about changes in the village. Noting that in the past, people in the village mainly engaged in farming and many of them lived in poverty, Hae Kongphaly said since the Hongshi cement plant was built in 2016, the villagers' incomes have been gradually increasing with active participation in the factory's construction. "Life has been becoming better, and more new houses have been built, all because of the coming of the Hongshi," the village head said. Ken Xaiyavong,

53, runs a gasoline station near the Hongshi cement plant, and he said, "The gas station was built when the Hongshi cement plant opened, and the business here is very good." In the Lao capital Vientiane, China-aided Mahosot General Hospital is under construction by Chinese and Lao engineers, with a construction area of approximately 54,000 square meters. The hospital will become the largest and most advanced hospital in the country upon completion, which includes the expansion of the existing Mahosot Hospital and the building of new medical facilities. Asked about his work with Chinese colleagues, Tui Phonsavan, 37 and who hails from northern Laos' hilly Oudomxay Province, told reporters: "I can learn from the experience of Chinese experts and technicians and I am happy and satisfied." "After completion, the Lao hospital's technical level will be greatly improved," he said, adding that promoting development through technical exchanges with China is great. Khamla, working at the Nam Theun 1 hydropower plant construction site with his Chinese colleagues, is seeing his life getting better and better. He said that when the project is completed, "if the project company (Sinohydro 3) is willing to continue hiring me, I'll follow them." Enditem

Source:http://www.xinhuanet.com/english/2020-10/26/c_139467833.htm

Yangon receives 16 proposals for new city development



Myanmar News | 26 October, 2020

The government has received a total of 16 investment proposals for developing phase 1 of the Yangon New Urban Development Project, according to the Ministry of Investment and Foreign Economic Relations. The proposals were made in response to an October 15 invitation to submit expressions of interest (EOI) for the development of an industrial park in the New Yangon City under a Swiss Challenge against China Communications Construction Company (CCCC). The Swiss Challenge Tender Committee said it received 16 EOIs from nine countries, including Singapore, Japan, Italy, Spain and France as well as from two consortiums comprising Myanmar and foreign partners. Those shortlisted will be provided with information about the Request for Proposal (RfP) by the tender committee no later than seven working days after the deadline for EOI submission of October 22. The RfP will contain further details on the scope of work, documents to be submitted by applicants and a timeframe for the Swiss Challenge tender process. "The tender committee with the aid of our international consultant will select the most suitable party to undertake the development work," U Theim Wai, CEO of New Yangon Development Company Limited (NYDC), said last week. NYDC in

2018 signed an agreement with CCCC to develop the industrial park and other related infrastructure but came under fire for not calling a tender. It later called for a Swiss Challenge instead, allowing third parties to challenge and better CCCC's bid.

Source: <https://www.mmtimes.com/news/yangon-receives-16-proposals-new-city-development.html>

US mission explores investment opportunities in Vietnam



Vietnam News | 26 October, 2020

VOV.VN - A US mission led by Adam Boehler, chief executive officer of the US International Development Finance Corporation (DFC), is touring Indonesia, Vietnam and Myanmar to seek investment opportunities from October 23-27. He is accompanied by Kimberly Reed, Chairman and President of the US Export-Import Bank, along with other officials of a number of US departments of finance, commerce, state, and energy. Boehler is scheduled to meet government officials and business executives of the host countries to look into investment opportunities and ways of increasing cooperation and spurring economic growth. The DFC has committed to increasing investment in the Indo-Pacific, considering it a priority in its development strategy for the sake of long-term prosperity and security in the region. Boehler visited Vietnam in January this year. He told Prime Minister Nguyen Xuan Phuc at the January 8 reception that US President Donald Trump has highly valued

cooperation with Vietnam. He voiced his commitment to invest in Vietnam, especially in the fields of energy, health, and infrastructure. As Vietnam takes the role of the ASEAN Chair in 2020, the DFC desires to cooperate with the Southeast Asian nation to invest in infrastructure connecting five countries in the Mekong region. Through previous meetings with Vietnamese ministries, branches and authorities, he highly appreciated Vietnam's improved legal framework on PPP investment, thereby facilitating private investment

Source: <https://vov.vn/en/economy/us-mission-explores-investment-opportunities-in-vietnam-812825.vov>

Vietnam Jan-Oct FDI inflows drop

2.5% y/y to \$15.8 bln: govt



Vietnam News | 26 October, 2020

HANOI, Oct 26 – Vietnam received \$15.8 billion in foreign direct investment (FDI) in the first ten months of the year, down 2.5% from a year earlier, the Ministry of Planning and Investment said on Monday. FDI has been a key driver of Vietnam's economic growth. Companies with investment from foreign firms account for about 70% of the Southeast Asian country's exports. FDI pledges — which indicate the size of future FDI disbursements — dropped 19.4% from a year earlier to \$234.8 billion, the ministry said in a statement. Of the pledges, 45.7% were due to be invested in manufacturing and processing, while 20.5% targeted gas, water and electricity distribution, it said. Singapore was the top

source of FDI pledges in the period, followed by South Korea and China.

Source: <https://vietreader.com/business/20673-vietnam-jan-oct-fdi-inflows-drop-25-y-y-to-158-bln-govt.html>