

Highlight News / November 05/2020



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Power management company enters market promoting 'reliability'



Cambodia News | 04 November, 2020

Global power management company Eaton has announced it has partnered with One Stop Solution Electric (OSS) as its licensed distributor for its low voltage power management products to be sold in the Cambodia market. The partnership is to start this month and will assist with efficient and reliable power management for the rapidly growing construction sector as well as the Cambodian government's overarching aim to bring electricity to the entire country. OSS will be the official distribution channel of the Low Voltage range of Eaton's Moeller series, such as the Miniature Circuit Breaker and Surge Protective Device, which are considered integral components of a building's power management infrastructure. Speaking to Khmer Times about its products, Eaton said its circuit breakers and surge-protection device are used for electricity reliability and safety purposes in improving power quality. By using this equipment, the cost savings will not be directly reflected in electricity bills but the equipment will be useful in reducing indirect costs such as equipment damage or maintenance costs from electricity surges, lightning or other operational costs and time from production line interruption, he added. Many of these low voltage products in Eaton's Moeller series are typically used in the construction of mid- to low-rise residential and commercial buildings as well as retail developments, which are

among the fastest areas of growth in Cambodia's construction sector. Eaton's Country Manager for Indochina Gary Ang said, "With Cambodia's rapid development and resultant rise in power consumption, efficient and reliable power management in Cambodia will be central to ensuring sustainable growth. Cambodia's energy infrastructure development journey is only just beginning and we are excited to embark on this partnership with OSS to make our expertise and solutions more accessible to businesses across the country." OSS Managing Director Tan Kim San said, "This partnership with Eaton will allow us to collaborate more closely with them and introduce their extensive and innovative product portfolio to Cambodia through our established local network. As Cambodia sets its sights on economic recovery in the coming months, we will be well-positioned to support the pickup in the construction and retail sectors." Products for the local electricity market have been growing rapidly since 2010, as, according to the World Bank's Energy Progress Report published last year, Cambodia electrified at a rate of around 8 percent each year since 2010. This resulted in household electrification recorded at 2.68 million out of 3.57 million households across the country, representing a 74.78 percent coverage.

Source : <https://www.khmertimeskh.com/50779435/power-management-company-enters-market-promoting-reliability/>

Rice exports hindered by a number of factors, says an insider



Cambodia News | 04 November, 2020

The Cambodian rice sector has come a long way from the less than 30,000 tonnes exported in 2008. And when a rice policy was adopted in 2009, it boosted exports that today reach more than 600,000 tonnes on average a year. In 2015, the government set a target for 1 million tonnes of rice exports by 2020. It will miss it this year with an expected 800,000 tonnes and has reset it for next year. The amount, however, has remained far behind its neighbouring countries in the region with the sector rapidly increasing. An insider said there are many unresolved issues for this. Vietnam, the third-biggest global exporter, has an opportunity to overtake Thailand in rice exports this year, with expected exports of around 6.5 to 6.7 million tonnes. Thailand is expected to export 5 million tonnes, a decline from a previous projection of 6.5 million tonnes. The insider told Khmer Times that various issues have remained unresolved for years now despite the establishment of the Technical Working Group (TWG) #9 (Rice) five years ago when the Cambodian Rice Federation (CRF) was conceptualised. “The Government Private Sector Forum (GPSF) process was disrupted for a few years and only once re-activated last year. Then the COVID-19 issue again prevented the GPSF from resuming thus many issues remained lingering within all the TWGs concerned, without a clear decision from the prime

minister,” he said. He added production and logistics costs including infrastructure bottlenecks remain a continuous challenge. While Thai and Vietnamese rice mills are strategically and purposefully located along waterways, Cambodian rice mills are located much further inland with an acute limitation of using either railways or waterways. “Our logistics and infrastructure still need lot of work to make us more competitive and efficient,” he said, adding being squeezed between two rice-exporting giants, Thailand and Vietnam, where pricing has always been more competitive, Cambodia should focus on primarily fragrant rice Sen Kra Ob and Jasmine because, despite EU-imposed taxes, pricing remains acceptable there for these grains and Chinese and other importers are keen because the quality is good. “We cannot compete on the Long Grain White Rice (LGWR) because Vietnam has beaten us for decades on this. We should just focus on a niche where we won’t compete on volume but more on quality,” he said. Cambodia exported 536,305 tonnes of milled rice in the first 10 months of 2020, of which 421,132 tonnes were fragrant rice, according to the Ministry of Agriculture. Adding to the high cost of production and transportation, it remains a long-haul exercise to get Cambodia’s irrigation system improved nationwide. The country’s irrigation system has not been very well engineered nor managed in the past because several ministries have overlapping jurisdiction over it with an approach of just spending donors’ funding and digging irrigation channels sometimes in the wrong

format or area. Veng Sakhon, Minister of Agriculture, Forestry and Fisheries (MAFF), said that the lack of infrastructure, which is now being developed, has left the country far behind in the region. “The infrastructures to support the production chain, logistics and transportation are being developed such as electricity supply, roads and ports – and we are almost done,” he said. When asked how long it would take Cambodia to follow Vietnam and Thailand in term of rice exports, the minister said: “The challenges have remained and we need to develop our waterways to facilitate transportation to create more competitiveness. Vietnam has been trying hard to boost rice exports over the last few years because the country provides cheap processing and transportation.” Cambodia produces more than 10 million tonnes of paddy a year and unofficially exports most of it to Vietnam to the tune of more than 2 million tonnes annually, according to figures from MAFF. According to Sakhon, Cambodia is ranked number 4 in Asean countries as a rice exporter, behind Myanmar as the third exporter in the bloc.

Source : <https://www.khmertimeskh.com/50779265/rice-exports-hindered-by-a-number-of-factors-says-an-insider/>

Govt vows to reduce fiscal deficit, debt burden



Laos News / 05 November, 2020

The government is committed to lowering the fiscal deficit to an average of not more than 3 percent of Gross Domestic Product (GDP) annually from 2021

to 2025. The pledge comes as Laos is attempting to minimise public debt and ease budgetary tensions, enabling the nation to improve its financial liquidity against the backdrop of the Covid-19 pandemic. But to reduce the budget shortfall the government will have to cut spending, which will inevitably impact on development. Speaking at the ongoing National Assembly session, Deputy Prime Minister and Minister of Finance Mr Somdy Duangdy attributed the elevated fiscal deficit to loans sourced from foreign countries to finance development projects. Revenue shortfall has exacerbated the fiscal deficit, forcing the government to seek more funds in an attempt to balance the budget. In June, the government adjusted its 2020 budget deficit from 3.77 to 5.8 percent of GDP, attributing this to travel restrictions which have affected the economy and contributed to revenue shortfall. Over the past nine months, the budget deficit hit 3.22 trillion kip and, if the money to pay the principal owed to domestic and foreign creditors is included, Laos will require 5.45 trillion kip to cover expenditure. The government has sourced 8.88 trillion kip from within Laos and from other countries to address the fiscal deficit over the past nine months. The government projects that more than 20.15 trillion will be needed to balance all the budget shortfall this year. Of that amount, 11.54 trillion kip will be borrowed from foreign sources to finance development projects and address fiscal deficit, and another 9.12 trillion kip will be mobilised from domestic sources. Critics say borrowing more money to address the deficit is feasible in the short-

term, but in the longer term the deficit could drag the country into chronic debt. In the long run, the government needs a strategy to manage the deficit and ensure the country's debts are under control. Laos is undergoing an unprecedented level of macroeconomic stress. The Covid-19 pandemic has exacerbated an already fragile economic landscape. The country has been experiencing financial difficulties for several years, ramping up pressure on its debt servicing capacity. The government has been urged to modernise the way it collects revenue and to cut spending on non-essential projects that do not guarantee economic returns. There is considerable potential to garner more revenue from land resources, tourism and transit services. But economists recommend that the government does more to help the private sector, particularly SMEs, to lower production costs in order to increase the amount of goods produced for export. Laos must also greatly improve the investment climate to attract foreign investors and grow the export sector, which in the long run would benefit the economy.

Source : http://www.vientianetimes.org.la/freeContent/FreeConten_Govt216.php

Myanmar exporters concerned over falling dollar rate



Myanmar News | 04 November, 2020

Traders are concerned about international demand and export revenues in Myanmar, which have taken a hit as a result of lower demand and a weaker dollar

exchange rate. The Central Bank of Myanmar's (CBM) reference exchange rate was set at K1287.4 per dollar on November 3, its lowest level in two years. "The dollar price is weakening against the Myanmar kyat. It is good value for importers but exporters are facing more difficulties. We are currently in the paddy harvesting season so our incomes may decline a lot at the current exchange rate. The CBM should take note of the situation," said U Soe Tun, a local trader. The fall in demand for exports comes at a time when the country is facing disruptions in major border trade routes as a result of COVID-19, said U Hnin Oo, vice chair of Myanmar Fisheries Federation. According to the Ministry of Commerce, trade volumes in the first three weeks of the current fiscal year is less than half of the income earned during the same period in fiscal 2019-20. "The export market was already ailing due to COVID-19 but this has been compounded by the weak dollar rate. If the dollar rate continues falling, the exporters can face losses," U Hnin Oo added. "The government and CBM needs to coordinate to find possible solutions for this potential problem," said U Soe Tun. He warned that although export volumes have not yet been "seriously" affected, revenues could take a hit should the dollar remain at current levels. Meanwhile, due to a drop in domestic spending, demand for the dollar to purchase imported goods has also been affected, and that has

also contributed to the weak exchange rate. U Soe Win Maung, a financial analyst, reckons the dollar rate could remain below K1300 per dollar for some time to come. He pointed out that the US Federal Reserve has printed and distributed some US\$3 trillion to stimulate its economy in the past seven months. "If the US continues printing, the dollar rate will weaken further," he said. - Translated

Source : <https://www.mmtimes.com/news/myanmar-exporters-concerned-over-falling-dollar-rate.html>

Construction of Bago-Kyaik Hto

Expressway to commence in 2022



Myanmar News / 04 November, 2020

Construction of an expressway connecting the city of Bago and Kyaik Hto township in Mon State is expected to start in fiscal 2022-23, U Aung Myint Oo, Director General of Department of Highways under the Ministry of Construction, told the Myanmar Times. This comes after the Asian Development Bank (ADB) last week approved a US\$483.8 million loan to build the 64-km expressway. "Detailed design work is currently underway for the project. We will continue to work on compensation for the residents who live along the road area," U Aung Myint Oo said. The project, which is expected to be complete in fiscal 2028-29, will include a 2.3-km bridge across the Sittaung River. The Japan International Cooperation Agency will finance the New Sittaung Bridge construction with a ¥27.8 billion loan. The project

falls under the Greater Mekong Subregion (GMS) East West Economic Corridor (EWEC) from Bago to Kyaik Hto, The 4-lane asphalt concrete highway with 3.5-meter wide carriageway, 2.5-meter wide median and 2.5-meter wide shoulder on each side will also provide easier access to the Thilawa Special Economic Zone near Yangon. The EWEC connects Thailand with Thilawa SEZ, and onwards to Patheingyi in Ayeyarwaddy. The project will facilitate more efficient and safer movement of goods and people within Bago Region, Mon State and Yangon Region by reducing travel time, shortening travel distance, minimising transport costs and improving regional connectivity with Thailand and other GMS regions. The project will also help improve the ability of the Ministry of Construction to manage the country's major toll highways and implement social and environmental safeguards. It will include a new community-based road safety program for villagers along the Bago - Kyaikto corridor.

Source : <https://www.mmtimes.com/news/construction-bago-kyaik-hto-expressway-commence-2022.html>

Vietnamese digital economy expected to jump to US\$43 billion by 2025



Vietnam News / 04 November, 2020

A seminar running the theme of "Vietnam's e-commerce development in the digital era" was held

on November 4 in Hanoi, with delegates outlining that the country enjoys the highest growth rate of all digital economies in ASEAN. Many participants proposed a range of solutions aimed at developing e-commerce across a variety of areas pertaining to social life and business activities. Statistically, both Vietnam and Indonesia lead the way with regards to growth in digital economic development throughout the ASEAN region, reaching average annual growth of 38%, while the remaining countries in the bloc usually see annual growth of between 20% and 30%. The accelerated voluntary digital transformation of businesses as a result of the novel coronavirus (COVID-19) pandemic has served to further speed up the movement of customers towards e-commerce activities in the nation. This comes after the Vietnamese digital economy reached a sum of US\$12 billion in 2019 and is predicted to rise to US\$43 billion by 2025, including in the fields of e-commerce, online travel, online media, and e-hailing vehicles, of which, e-commerce is expected to reach US\$23 billion in sales by 2025. In a master plan aimed at greater national e-commerce development for the 2021- 2025 period adopted by Prime Minister Nguyen Xuan Phuc, e-commerce will be considered one of the pioneering areas of the digital economy, helping businesses to vastly improve competitiveness, and develop export markets. Nguyen Thi Minh Huyen, deputy director of

the Department of E-Commerce and Digital Economy under the Ministry of Industry and Trade, said, "The Prime Minister's Decision 749 has outlined a vision by 2025, in which the digital economy accounts for 20% of GDP and e-commerce is one of the important components for the US\$35 billion target of total retail e-commerce of goods and services nationwide by 2025. E-commerce is increasingly asserted as one of the important modern distribution channels besides the traditional one. "Vietnamese e-commerce growth in recent years indicates that the telecommunications infrastructure is yet to fully meet the requirements of the digital economy due to the distributed data system not being shared and interconnected. In addition, development is not equal among economic field and regions, while the connection of economic sectors is not as high as expected. As a result of these factors, participant at the seminar said that, along with promoting e-government and building towards a greater digital economy, it is necessary to announce a master plan relating to information technology development and application. Assoc. Dr. Phan The Cong from the University of Commerce stated, "It is necessary to work out a master plan on the development of information technology application. It should clearly indicate a national development strategy for each sector and each locality across the country in order to help people,

businesses, and managers shape the development strategy of information technology application. "He also underscored the need to ensure cybersecurity whilst combatting high-tech crime based on decrees and regulations with a synchronous legal system as a means of creating trust for users.

Source : <https://vietreader.com/business/finance/22025-vietnamese-digital-economy-expected-to-jump-to-us43-billion-by-2025.html>

E-commerce to become indispensable instrument for Vietnam enterprises



Vietnam News / 04 November, 2020

The Hanoitimes - E-commerce has been a spotlight of the Vietnamese economy with an average growth rate of 14% in the first three quarters of this year. Amid the complicated Covid-19 situation globally, e-commerce would become an indispensable instrument for local enterprises to expand their operation and trading activities, according to Vice Director of Hanoi's Department of Industry and Trade Tran Thi Phuong Lan. While e-commerce is an inevitable trend and expected to enhance enterprises' competitiveness, it would gradually change customers' behavior and enterprises' way of doing business, Ms. Lan said at a conference discussing export opportunities for Vietnamese enterprises from e-commerce on November 3. The Covid-19 pandemic is hurting Vietnam's exports in general, and those of Hanoi in particular as many

major partners have canceled or delayed orders, not to mention the slow customs clearance process due to tightened anti-Covid-19 measures. In the first 10 months of 2020, Hanoi's exports stood at US\$13.19 billion, up 0.1% year-on-year, the lowest growth rate over the past 10 years. Amazon, along with other e-commerce platforms, is playing an increasingly important role as a convenient and safe shopping option for Vietnam's traders, stated Ms. Lan. According to the World Trade Organization (WTO), trade in Covid-19 pandemic situation has made it clear that e-commerce can be an important solution for consumers in a time of crisis, and that it is also an economic driver, including for small businesses. Nguyen Thi Minh Huyen, deputy director of the E-commerce and Digital Economy Department under the Ministry of Industry and Trade, said resorting to e-commerce and digital economy is a must amid the Covid-19 crisis. While global economy is falling into a recession in 2020, Vietnam remains among a handful of economies with positive economic growth, albeit at a lowest growth rate over the past 10 years. This showed the strong efforts from the government in pursuing the dual target of both containing the pandemic and boosting economic recovery. During this context, e-commerce has been a spotlight of the Vietnamese economy with an average growth rate of 14% in the first three quarters of this year, noted Ms. Huyen. Referring to Amazon as the world's largest e-commerce platform, Ms. Huyen said it is essential for local enterprises to understand its policies and regulations. In the January – October period, the

volume of goods sales via e-commerce increased by 10 – 30% in average, while revenue from online sales in Hanoi made up 8% of total retail sales and services. 55% of population to shop online by 2025A government's plan for the development of e-commerce by 2025 targets around 55% of the population to shop online with an average spending of US\$600 annually by 2025. Additionally, revenue from online sales of business-to-consumer e-commerce, known as B2C e-commerce, is set to grow by 25% per year to US\$35 billion, accounting for 10% of total goods retail sales and service revenues. Meanwhile, the government expects the rate of population using related services, including non-cash payment services, at 50%, and intermediary payment services at 80%. The plan aims to keep delivery costs at around 10% of product prices in e-commerce. By 2025, 80% of e-commerce websites should be integrated with online shopping and 70% providing e-invoices. Notably, Hanoi and Ho Chi Minh City would make up half of e-commerce revenues in the next five years.

Source : <http://hanoitimes.vn/e-commerce-to-become-indispensable-instrument-for-vietnam-enterprises-314716.html>
