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Highlight News / November 10, 2020

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Lower taxes on less-developed agricultural export products needed as trade deals sought

Cambodia News I 9 November, 2020

Cambodia, which currently depends for most on its less -developed agricultural products on negotiating free trade agreements (FTAs), needs to urgently address this issue, say industry watchers. With about 80 percent of its total exports being garments and textiles, mostly under the trade preferences provided by developed economies, the government is now boosting agricultural products through negotiating FTAs after the country officially signed a bilateral FTA with China (CCFTA) on Oct 12. However, Cambodia's rice is excluded from the list of item products under the CCFTA because the country has received a quota framework for exports to China. Group Chief Executive Officer of corporate finance firm Cambodian Investment Management Anthony Galliano said that listing priority products for preferential treatment of lower tariffs should be a core strategic initiative and outcome. "This allows the exporting country to capitalise on the goods and services it wishes the importing country to increase its purchase of, given the favoured treatment, and also allows the exporting country to formulate a policy to boost production, eventually creating jobs and investment," he said. "In negotiating FTAs, countries need to put their best foot forward, touting products that meet quality and regulatory standards of the importing country, ensure that the demand exists and also consider the limitation and advantages of quotas and tariffs." He said the bilateral trade relationship is reflective of Cambodia's garment driven economy, with Cambodia's main imports from China being fabrics, fibres, machinery and cotton and main exports being apparel and artificial fur. Galliano said while the present realities of China's rising foreign investment is the greatest benefit of the commercial relationship – a figure that reached $3.5 billion in 2019 – the Kingdom's trade is still heavily reliant on exporting to the US and eurozones," he added. Chheng Kimlong, second vice-president of Asian Vision Institute (AVI), said that to go beyond agriculture in a short time is not possible. However, Cambodia will have to expand and diversify more export markets, undertake greater and faster investment in technological adoptions, promote local small and medium enterprises (SMEs) and economic diversification of the economic growth base and enhance the standard and quality and standard of ease of doing business. "The Cambodia-China FTA would seek the opening up of the Chinese market for Cambodian products and thus it will push greater private domestic investment and attract more investment into Cambodia," he said. He said sanitary and phytosanitary issues will remain a key topic to address because China has its own standards and certification system. However, because both countries have strong and close political and economic cooperation, as well as having a long history of brotherhood, trade and trade-related issues will be addressed in good time and the signing of the FTA has clearly indicated the strong will of the two nations. Under the CCFTA, Cambodia can trade 340 products more than Asean-China FTA. However, the actual products so far have not yet been officially released. Undersecretary of State and spokesperson at the Ministry of Commerce (MOC) Penn Sovicheat declined to provide more details at the movement, saying that the ministry needs to wait until the agreement has come into effect. Cambodian agricultural products such as peppers, bananas, mangoes, longans, cashew nuts, rubber and cassava have the most potential for export because they have the greatest value. Cassava is the country's second agricultural product after rice. However, the products are in limbo because the sector has remained hindered by factors such as lack of processing investment, high cost of production and transportation, while markets mostly depend on neighbouring countries to which to export raw materials. The country is negotiating an FTA with South Korea, while looking for more FTAs with dozens of countries in the region.

Source:https://www.khmertimeskh.com/50780935/lower-taxes-on-less-developed-agricultural-export-products-needed-as-trade-deals-sought/

PPSP yet to implement buyback as share price hits record low level

Cambodia News I 9 November, 2020

Phnom Penh Special Economic Zone (PPSP) share price hit a record low on Friday, closing at 1,850 riels a share as the company says it is still working on "internal information" for the share buyback plan approved by shareholders last month. Chief Financial Officer at PPSP Fong Nee Wai responded to questions on when the company would submit documents for approval by the regulator, stating: "Internally we are preparing some information relevant to this exercise to be carried out." He added: "Once ready, we will share with you the information, which must be after we have submitted to and consented with the SECC [Securities Exchange Commission of Cambodia]," he added. Cambodian Securities Exchange Chief Operating Officer Ha Jong Weon said the company is yet to disclose any formal documentation regarding the buyback. "In regards to the share buyback, further information [on the number of shares and the offered price] has not yet been disclosed from the company. To proceed with this matter, PPSP shall seek approval from the SECC," he said. The PPSP share price has been on a downward trend since hitting a record high of 3,650 riels a share on Jan 28, 2019, up from its original 2,890 riels when it first listed in May 2016. When news broke that the company would have no dividend distribution this year and would instead be buying back shares, the share price dropped from 2,300 riels in mid-October to its current record low of 1,850 riels a share. PPSP has a total market capitalisation of 71,875,000 shares valued yesterday at 132,969 million riels ($32,605,115). After reporting healthy results in 2019, PPSP has been struggling with cash flow this year as it reported revenue and after-tax profit was "largely affected by land sales". The company's half-yearly report released in August, revenue dropped from around $25 million, with after-tax profit at $9.3 million in the first half of 2019, to revenue of around $9.9 million, with after-tax profit at $270,000 over the same period this year. According to Ha, as of this year's second-quarter results, the profitability of PPSP has significantly declined and the company will want to preserve some cash to use in the operation rather than distributing it to shareholders. "The shares buyback indicates the determination of PPSP to keep the share price under control. We can see the downward trend of PPSP's share price during the last financial year and, with shares dropping below the initial public offering price and currently undervalued, the buyback will increase the value of stocks," he said. "Moreover, with low profitability so far this year, the buyback may help PPSP reduce the cost of equity financing resulting from dividend payments next year," he added.

Source:https://www.khmertimeskh.com/50780979/ppsp-yet-to-implement-buyback-as-share-price-hits-record-low-level/

Govt confident of economic recovery next year

Laos News I 10 November, 2020

The government is optimistic that the economy will grow by 4-4.5 percent next year despite complex global changes and Laos' financial difficulties. To ease budgetary tensions, the government will focus on attracting private investment to boost economic growth and poverty reduction efforts. Domestic and foreign investment currently represents more than 50 percent of the country's entire investment over the past five years. The government has announced that it will not only continue to improve the business climate but will also encourage private enterprises to take part in infrastructure development through build-operate-transfer (BOT) schemes and public-private partnerships. Deputy Prime Minister and Minister of Planning and Investment, Dr Sonexay Siphandone, told the National Assembly recently that the government will continue to facilitate the construction of mega projects in an attempt to accelerate growth. These include the Laos-China railway which is now more than 90 percent complete, and the Vientiane-Vangvieng Expressway which is scheduled to open for public use next month. Other mega projects comprise the building of industrial parks and dry ports, and hydropower and mining projects, all of which will help drive economic growth. Over the past five years (2016-2015), economic growth averaged 5.8 percent, less than the target of 7.2 percent approved by the National Assembly. This year, the economy is projected to grow by 3.3 percent with GDP per capita of US$2,664 which is below the target of US$2,978 approved by the Assembly. The global economic slowdown triggered by the Covid-19 pandemic has severely impacted economic growth. The protracted travel restrictions imposed to prevent the spread of the virus have exacerbated the country's economic woes and rising debt burden, with widespread flooding causing additional problems. "Growth tends to decrease every year and the quality of economic growth is not high. Growth is mainly driven by the resource sector," Dr Sonexay said. He also stressed that commercial production for export had not progressed as anticipated. The fiscal deficit remains high, resulting in rising public debt and affecting socio-economic development. Changes made so far have not been sufficiently effective to remove obstacles to investment and replace them with red carpets that would entice more foreign investment, he added. One of the government's main goals over the next five years is to pursue sustainable development by balancing economic development with environmental protection, using natural resources in an appropriate, sustainable and effective manner. The government will also attempt to strengthen commercial production in association with the processing industry, as well as promoting services along railways and other economic corridors. In addition, the government will roll out electronic systems for use in revenue collection and to ensure transparency and accountability in budget expenditure. The government also announced it will do more to control exchange rates and curb inflation. Foreign reserves should be sufficient to purchase imported goods for at least three months. The government will re-inspect the implementation of various policies to facilitate the economic sector, particularly policies related to land rights and real estate.

Source:http://www.vientianetimes.org.la/freeContent/FreeConten_Govt_219.php

Investment applications to go online in Myanmar

Myanmar News I 9 November, 2020

The Directorate of Investment and Company Administration (DICA) will launch an Online Investment Application function to facilitate the investment process with the aim of attracting responsible investors, said U Thant Sin Lwin, Director General of DICA. The new function permits companies to carry out the process for proposed investments online without having to physically go to the Myanmar Investment Commission and DICA offices. This will encourage more investments at a time when travel into the country is restricted due to COVID-19. The Online Investment Application will enable potential investors to enquire, register, apply and request for the necessary information and coordinate with government departments to provide the needed documentation for business. "We will work online to reduce paper and the number of people who can come and go as much as possible," U Thant Sin Lwin said. This comes after DICA in 2018 permitted investors and businesses to register their companies online. The Myanmar Companies Online (MyCO) electronic company registration system currently has more than 68,000 registered companies. The Ministry of Investment and Foreign Economic Relations will continue to provide a greater number of permits and approvals online via singledigital-windows to create an investment environment that attracts domestic and foreign investment, U Thaung Tun, the Minister of Investment and Foreign Economic Relations said recently.

Source:https://www.mmtimes.com/news/investment-applications-go-online-myanmar.html

Over 321 million USD invested in IZs in Ho Chi Minh city

Vietnam News I 9 November, 2020

The management board of the Ho Chi Minh City Export Processing Zone and Industrial Park Authority (HEPZA) has held a conference to inform about the situation of export processing zones and industrial parks by the end of third quarter and plans for the fourth quarter.By the end of October, domestic investment in industrial zones (IZs) in Ho Chi Minh City reached more than 321 million USD, a year-on-year rise of 48%. Mr. Hua Quoc Hung, Head of the management board of HEPZA, said in the 10 months, total newly-licensed and increased capital reached some USD592 million, up 18.3% compared to the year's plan and up 7.2% year on year. Meanwhile, foreign investment capital reached 270.67 million USD, down over 19% from the same period last year. Over the past 10 months, total domestic investment capital in export processing zones and industrial parks posted more than USD321 million, up 47.6% year on year. Of this, 46 new projects were licensed with a total registered capital of nearly USD251 million, up nearly 30%, and 32 ongoing projects registered for additional capital of about USD70.33 million, up 2.91 fold year on year. He added that enterprises have not yet recovered their production and business activities. During the pandemic period, progress of many projects met difficulties in capital mobilization, thus the management board considered to approve the progress of 34 projects./.

Source:https://en.dangcongsan.vn/economics/over-321-million-usd-invested-in-izs-in-ho-chi-minh-city-564353.html

Vietnamese retail market lures Japanese firms

Vietnam News I 9 November, 2020

VOV.VN - Vietnam has emerged as a lucrative retail market suitable for financiers from abroad, with Japanese businesses recently unveiling several billion-dollar investment projects throughout the country, according to insiders. This comes after a socio-economic report compiled by the General Statistics Office (GSO) indicates that despite the complicated nature of the COVID-19 pandemic globally, Vietnam has maintained positive import-export growth.October alone witnessed total retail sales of consumer goods and services increase by 2.4% in comparison with September, representing an annual rise of 6.1%.Tetsuyuki Nakagawa, general director of AEON MALL Vietnam Co. Ltd., therefore expressed optimism about the future of the country's business environment, saying his firm will conduct an investment survey in Ho Chi Minh City by 2021 to build a third AEON shopping mall in the southern metropolis.With the latest AEON Mall poised to open in Hai Phong city on December 14, AEON Group is currently planning to open 20 shopping malls nationwide by 2025, Nakagawa said, revealing the Japanese enterprise intends to inject US$2 billion into Vietnam. It is expected to export goods worth US$1 billion from Vietnam to Japan and other countries.The AEON head highlighted Vietnamese efforts to combat the COVID-19 epidemic as a means of helping the retail sector to bounce back, noting that among shopping mall chains throughout Asia, the Vietnamese retail system has recorded a swift recovery.Most notably, the number of customers shopping at AEON Mall chains nationwide in recent times has risen again after COVID-19 was brought under control, reaching over 90% in comparison to last year.According to the latest report released by Nielsen Vietnam that surveyed the impact of COVID-19 on global consumer actions during the second quarter of the year, there appears to be a positive outlook for the local retail market.The report indicates that 56 out of 68 markets in the survey reported confidence levels under 100, therefore signaling greater pessimism among consumers globally.Despite the plunge in confidence across all markets in the Asia-Pacific region, the area remains vastly polarised as it is both home to many of the most optimistic as well as the most pessimistic consumers in the world.The report outlines that while confidence levels in India, Vietnam, the Philippines, and Indonesia remain over 100, confidence levels in markets such as Japan and the Republic of Korea are below 50, the lowest globally.Although there has been a sharp decrease from 126 to 117 points compared to the previous quarter, Vietnam still ranked among the most optimistic globally, overcoming Philippines and Indonesia to finish second, just behind India, for having the most positive consumers globally.

Source: https://vov.vn/en/economy/vietnamese-retail-market-lures-japanese-firms-816274.vov