

Highlight News / November 11/2020



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Increased free trade deals ‘need many more experts’



Cambodia News | 10 November, 2020

The signing of international trade agreements and the potential for more on the horizon will require Cambodia to conduct detailed trade impact assessments (TIAs) more frequently as the country seeks more bilateral and multilateral trade deals. Sok Sopheak, Secretary of State of the Ministry of Commerce, said since Cambodia became a member of the World Trade Organization in 2004, the country has been rapidly and actively integrating into regional economic and trade systems. “All the FTAs [free trade agreements] that Cambodia has entered into and is considering have undergone the most thorough assessments to weigh their social and economic impacts and ensure both sustainability and sustainable development,” he said. “As a result, Cambodia is in need of additional human resources, particularly trade negotiators, with the specific trade impact assessment knowledge and experience to verify the benefit of establishing FTAs with Cambodia’s potential trading partners in the future,” noted Sopheak. The statement was made during a workshop on methods for TIAs, jointly organised by the Ministry of Commerce and the ARISE-Plus Cambodia project. The workshop was also attended by representatives of the European Union in Cambodia and representatives from the German embassy. Sopheak said the workshop aimed to strengthen knowledge in the areas of formulating

trade policy, negotiation positioning, the identification of relevant issues and in raising awareness of the impact of trade agreements on the economy. Cambodia has become a member of many multilateral free trade agreements including the Asean-Japan free trade agreement, Asean-India, Asean-China, Asean-Hong Kong, Asean-South Korea and Asean-Australia-New Zealand. The country has also become a member of the upcoming Regional Comprehensive Economic Partnership (RCEP). Cambodia has just signed the Cambodia-China free trade agreement (CCFTA), which is its first bilateral FTA, and has been negotiating on the Cambodia-Korea FTA (CKFTA) while studying the possibility of establishing FTAs with many other trading partners. The EU delegation’s head of cooperation with Cambodia, Franck Viault, and Sascha Reeb, first secretary of the German embassy in Cambodia, both expressed optimism about Cambodia’s active participation in the international trading system and efforts that will allow Cambodia to continue to receive more technical assistance. Chheng Kimlong, second vice-president of the Asian Vision Institute (AVI) and director of the Centre for Governance Innovation and Democracy (CGID), said that since Cambodia joined Asean and the World Trade Organization, the country has inked several trade and investment cooperation deals. Kimlong said: “FTAs provide Cambodia with the ability to develop its domestic production capacities, legal frameworks, public institutions, while maintaining some competitive advantages.

Cambodia has been and is ready to engage.” Cambodia’s total import and export volume was valued at \$36.7 billion in 2019, according to figures from the National Bank of Cambodia. The figures showed that the Kingdom exported \$14.53 billion of products while imports amounted to \$22.19 billion.

Source : <https://www.khmertimeskh.com/50781402/increased-free-trade-deals-need-many-more-experts/>

Japan and Cambodia bilateral trade dropped 25%



Cambodia News | 10 November, 2020

Bilateral trade between Cambodia and Japan was worth \$1,548 million in the third quarter of the year, down 25 percent compared with the same period last year, according to a record by Japan External Trade Organization (JETRO). From January to September this year, Cambodia exported \$1,208 million, down 5.6 percent compared with the same period last year, while Cambodia imported \$339 million, down 14.8 percent, it added. The Cambodia’s exports to Japan currently account for 0.3 percent of the whole market, while Cambodia’s imports are only 0.1 percent of the total share of Japan, JETRO added. Cambodia has exported some agro-products (including peppers and fish) cloth, footwear and bikes and imported back machinery and electronic products. Currently, Japan is not only the main bilateral trade partner, but is also the main foreign donor and foreign investors in Cambodia. In addition to Cambodia, bilateral trade between Japan and three other Mekong nations –

Thailand, Vietnam – and Myanmar also dropped in the third quarter of the year. Laos was an exception. Japan’s exports to Thailand in this period were worth \$17,706 million, down 21.8 percent, and imports were \$17,060 million, down 10.5 percent. Japan’s exports to Vietnam were worth \$12,085 million, up 0.9 percent, but imports of \$15,947 million were down 4.1 percent. Japan’s exports to Myanmar were worth \$449 million, up 0.2 percent, and imports were \$1,025 million, down 1.6 percent. Japan’s exports to Laos were worth \$106 million, up 58.7 percent, but imports were only \$98 million, down 11.4 percent. Last year, two-way trade between the two nations rose by 13 percent to \$2,292 million.

Source : <https://www.khmertimeskh.com/50781435/japan-and-cambodia-bilateral-trade-dropped-25/>

NA calls on govt to address electricity issues



Laos News | 11 November, 2020

The government has been urged to address the fact that it buys electricity from dam operators at a high cost but sells it at a lower price, which is contrary to general business principles. National Assembly member for Vientiane and Vice President of the Lao National Chamber of Commerce and Industry, Ms Valy Vetsapong, recently asked the government to clarify the matter and seek possible solutions. “We request the government to address this issue while looking for more markets to boost the export of Lao electricity in order to lower the nation’s debt burden,” she said. Deputy Prime Minister and Minister of

Planning and Investment, Dr Sonexay Siphandone, said the government will look into investment in the energy sector to better understand the root cause of the problem. “In the past, when investors/developers proposed the cost of dam construction at about US\$2-3 million per MW, deals were made based on those proposals,” he said. “We have to base agreements on national interests. If investors misrepresent the actual cost of dam construction, our country will lose money.” “We will re-assess the true construction cost of dams so that the nation does not suffer further damage,” he added. “Electricite du Laos (EDL) will have to re-negotiate with the dam builders to find the best solution that benefits both investors and our country.” It is important that the government determines the exact cost of dam construction because high production costs will result in high electricity charges. For instance, Laos buys electricity from some dam projects for 6 US cents per kWh, but Yunnan province in China and Thailand can buy power from Laos for 4 and 5 cents per kWh respectively. Dr Sonexay acknowledged that in the past the government had concentrated on quantity by speeding up the production of electricity. This had happened because the projected need for energy was higher than the actual demand. He said the government projected that industrial projects would need a large amount of electricity, particularly special economic zones and mining operations. But many of those projects have not even got under way or progressed as planned. Some operators are still

looking for investors or development partners. The projected high energy demand to supply industry resulted in massive development of hydropower plants. Currently, there are 78 hydropower plants with a combined installed capacity of 9,972 MW in operation, which greatly exceeds domestic consumption needs. There are also a coal-fired power plant, four biomass projects, and six solar power plants. Another challenge is that transmission lines don't connect all areas of the country, meaning that some places have to buy electricity from other countries. In some years, Laos buys a lot of electricity from its neighbours at a high price, to meet increased demand in the dry season. The government is attempting to ensure that sufficient transmission lines are installed to connect all parts of the country, so that imports can be minimised.

Source : http://www.vientianetimes.org.la/freeContent/FreeConten_NA_220.php

Japan offers to participate in Dawei SEZ development



Myanmar News | 10 November, 2020

Japan has made an official offer to participate in the development of the Dawei Special Economic Zone (SEZ), said U Myint San, Vice Chair of the SEZ management committee. “The Japanese government has made a proposal after we invited them to participate in the project on a government-to-government (G2G) level on November 5. They've sent a letter to both the Myanmar and Thai governments indicating their interest to participate in

the Dawei SEZ,” he said. “Despite the pandemic, Myanmar was able to quickly approve Japan’s participation,” he said. Myanmar is counting on financial and technical support from Japan to kickstart construction of the long-delayed SEZ. The latest development comes after a state-owned Chinese firm expressed interest to invest in Dawei SEZ in February. Meanwhile, feasibility studies for the construction of an oil refinery at the SEZ by two Chinese firms have been delayed due to COVID-19. The studies were to be conducted in cooperation with local company Myanmar Chemical and Machinery Co. Ltd. The Dawei SEZ is expected to be the largest SEZ in South East Asia - about eight times larger than Thilawa SEZ in Yangon - and over ten times larger than Kyauk Phyu SEZ in Rakhine when complete. Located 20 kilometres north of Dawei, capital of Tanintharyi Region in Myanmar’s southeast coast bordering Thailand, the Dawei SEZ comprises 20,000 hectares of land and includes industrial as well as port facilities. Italian-Thai Development (ITD), a Thai construction firm, was to have taken the lead in developing the project when the initial memorandum of understanding between the Myanmar and Thai governments was signed in 2008, but the process was stalled in 2013 when the firm ran out of funds. Talks to restart development have been ongoing until now and the project has been repeatedly delayed. - Translated

Source : <https://www.mmtimes.com/news/japan-offers-participate-dawei-sez-development.html>

Myanmar raises trade target, aims to grow agri-exports this year



Myanmar News | 11 November, 2020

Myanmar is forecasting higher trade volumes in fiscal 2020-21 compared to the previous year despite potential setbacks from COVID-19, said U Khin Muang Lwin, assistant secretary from the Ministry of Commerce under the National League of Democracy government. The ministry is expecting trade volumes to reach US\$34.7 billion in the current fiscal year, with exports dropping to US\$16.2 billion and imports adding up to US\$18.5 billion, lower than last year. In fiscal 2019-20, trade volumes amounted to US\$36.6 billion, higher than the ministry’s US\$33 billion forecast, with exports totalling US\$17.6 billion and imports reaching US\$19 billion. This year’s exports will be supported mainly by agriculture, livestock and fisheries, which are expected to offset a decline in garment manufacturing due to COVID-19. Myanmar’s garment exports declined by more than US\$60 million in fiscal 2019-20 compared to the previous year and will continue to be under pressure in the current fiscal year, said U Khin Muang Lwin. Garment exports in 2019-20 were valued at \$4.8 billion. This year so far, revenues have totalled just US\$87 million, which is a decline of more than US\$172 million compared to the same period last year. In contrast, demand for crops such as corn has increased and bean exports are expected to be stable on higher margins. Meanwhile, demand for fisheries has also been on

the rise since last year. "Trade volumes are forecast to increase this year and despite the uncertainty around COVID-19, we will raise efforts to exceed our forecasts," U Khin Maung Lwin said. "We will take action to promote our best crops internationally, including rice, corn, fruits and beans," he said, adding that similar efforts will be made to promote Myanmar fisheries and livestock, as "these areas have good export potential." But local traders are sceptical, saying there are challenges that have to be addressed on multiple fronts, such as unpredictability at the Myanmar-China border gates, volatile international demand, as well as the weaker dollar exchange rate, which have all led to unstable prices. "World trade is affected due to the COVID-19 pandemic and export income may not be as good as previous years. Already, there are farmers who have stopped growing certain crops due to weaker demand," said U Thein Aung, Chair of the Myanmar Farmer Development Association. Myanmar needs to make preparations and arrangements to increase trade volumes as it might face setbacks due to COVID-19 in fiscal 2020-21, said U Than Myint, Minister of Commerce under the National League for Democracy government, during a virtual conference in late October. Myanmar can further increase exports by producing value-added products which are competitive in price and quality, he added. Myanmar recorded a trade deficit of US\$1.3 billion in fiscal 2019-20, up from over US\$1 billion in fiscal 2018-19. - Translated

Source : <https://www.mmtimes.com/news/myanmar-raises-trade-target-aims-grow-agri-exports-year.html>

GDP growth 6 percent in 2021 feasible: economists



Vietnam News | 10 November, 2020

Hanoi (VNS/VNA) - Vietnam's GDP may achieve a growth rate of 6 percent or greater in 2021, according to economists and industry experts. Duong Manh Hung, a senior analyst from the General Statistic Office of Vietnam, said the economy has seen strong bounce-back (2.62 percent growth) since the third quarter of 2020, after a record-low second quarter (0.39 percent growth). "The country's success in containing the pandemic set the tempo for all economic sectors to restart activities in a new normal. For example, the country's industrial sector recorded growth of 2.3 percent in August, 3.5 percent in September and 3.6 percent in October," he said. Businesses are reopening their doors with over 5,000 businesses resuming operations in October, a sharp rise of nearly 20 percent compared to September. In addition, more than 12,200 new businesses were registered in October. Hung said his office is confident the country's GDP growth will hit 2 percent this year and 6 percent or greater in 2021. "Of course, it will also depend on how major world economies fare, especially those with strong trade ties with Vietnam including the US, the EU, Japan and the Republic of Korea. It's possible that we will only see rapid growth again in 2022 or 2023," he

said. Economist Vo Tri Thanh, a member of the Prime Minister's Economic Advisory Group, was cautiously optimistic about Vietnam's economic recovery. Thanh said while a 6 percent GDP growth is feasible a full recovery will take time. Also, aside from the pandemic, the rise of nationalism and protectionism elsewhere around the world may negatively affect Vietnam's economic growth. Prof. Vu Sy Cuong, a finance expert from the Hanoi-based Academy of Finance, however, believed 2021's GDP will likely surpass the forecasted 6 percent. "Since the beginning of October, Vietnam's central region has been repeatedly hit by typhoons and flashfloods. The situation was so difficult and most economic activities were shut down and many of the region's infrastructures must be rebuilt. It's increasingly likely we will be looking at a much lower GDP growth this year and therefore, GDP growth in 2021 - which is based on 2020's GDP - may well surpass 6 percent," he said. Economists and industry experts urged the Government to put control of the pandemic above economic recovery, saying the only way for Vietnam to recover economically is to maintain tight control of the pandemic. In addition, they said the pandemic presented Vietnam with an opportunity to adjust its vision of economic growth and adapt to meet the challenges raised by climate change, trade wars and protectionism. Thanh said in a way the pandemic allowed the country to build an economic model for the future, one that is not entirely focused on maintaining growth, less dependent on just a handful

of traditional economic partners and more energy-efficient./.

Source : <https://en.vietnamplus.vn/gdp-growth-6-percent-in-2021-feasible-economists/190112.vnp>

Viet Nam should have law on supporting industry: VCCI chairman



Vietnam News | 10 November, 2020

HÀ NỘI — Viet Nam needs to have a law on the supporting industry to aid its development, according to the chairman of the Viet Nam Chamber of Commerce and Industry (VCCI). VCCI chairman Vu Tien Loc said new waves of foreign direct investment (FDI) to Viet Nam will focus on the supporting industries. Therefore, if the domestic supporting industries are not developed to reach to higher levels in the supply chains, other industries could not escape from the processing of goods, even though Viet Nam can attract tens or hundreds of billions of US dollars in FDI. Loc was informed by the Japanese Ambassador to Viet Nam that many Japanese enterprises have chosen Viet Nam to move their production and business from other countries. Meanwhile, Samsung Viet Nam's representative also told him its largest research and development centre in Southeast Asia is being built in Hà Nội, reported Pháp luật Viet Nam (Viet Nam Law) newspaper. At the Indo-Pacific Business Forum held in Hà Nội last month that drew participants from 50 countries and territories, Vietnamese and US

businesses signed investment agreements worth more than US\$11 billion in total. The investments were mainly in infrastructure development and renewable energy, said Loc. There are many opportunities to attract investment to Viet Nam in the future, he said. Minister of Industry and Trade Tran Tuan Anh recently issued action plans of the ministry to implement solutions on promoting the development of the domestic supporting industries, reported the Vietnam News Agency. Accordingly, the Ministry of Industry and Trade (MoIT) requires agencies and enterprises of the industry and trade sector as well as departments of industry and trade of provinces and centrally-run cities to implement the action plans. Specifically, the Department of Industry will work with agencies to build and efficiently implement synchronous mechanisms and policies on developing the supporting industries and the processing and manufacturing industries, especially credit and tax policies. The Department of Legal Affairs and agencies will study and build the Law on Development of Manufacturing and Processing Industry and then submit the law to the Government for approval. In addition, this department will review current legal documents on industrial management and supporting industries of the industry and trade sector to find problems and overlaps. Then, it will propose amendments and supplements to improve the quality of those legal documents and ensure their

feasibility. Besides that, the ministry will strengthen activities to attract foreign investment in the supporting industries as well as the processing and manufacturing industries. It will also support businesses to take opportunities from free trade agreements to develop those industries. The Department of Science and Technology will improve the science and technology ability of enterprises in the supporting industries, and the processing and manufacturing industry. That will facilitate technology transfer and absorption of the supporting industries. It will also strengthen domestic and international co-operation in research, development and application of science and technology as well as trading and transfer of scientific and technological products. The ministry will build and implement national programmes on developing human resources and improving their skills for the supporting industries and the processing and manufacturing industries. It will promote links between training institutions and enterprises. The Department of Trade Promotion will develop a project to enhance trade and investment activities between Vietnamese enterprises producing industrial products and foreign-invested enterprises in Viet Nam as well as foreign importers and investors to build production chains in the industrial sector. Meanwhile, the Trade Remedies Authority will assist domestic producers and exporters in the

supporting industries and the processing and manufacturing industry to deal with trade remedies imposed by importing countries. — VNS

Source : <https://vietnamnews.vn/economy/804469/vietnam-should-have-law-on-supporting-industry-vcci-chairman.html>
