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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



Getting ready for free trade with China



Cambodia News | 11 December, 2020

In fewer than 20 days the Cambodia-China Free-Trade Agreement (CC-FTA) comes into force after both countries signed the deal on Oct 12 during a two-day state visit by China's Foreign Minister Wang Yi in Phnom Penh. Now questions are being asked about how the Kingdom is preparing to export products to China when the agreement comes into effect in January 2021. The private sector is ready to take advantage of the Chinese market, the second-largest economy in the world, said Pen Sovicheat, undersecretary of state at the Ministry of Commerce (MoC). He added the ministry is working on and will soon release a full list of commodities that can be exported to China. This will help the private sector to be aware of what can be exported and what the criteria are that they need to fulfill," Sovicheat added. He said that the potential products are mostly agricultural, processed meat and livestock. "I cannot say which products have a high potential and which products don't. It is up to local production. However, we know we can export livestock, processed meat, fresh fruits, vegetables, rice, sesame, corn, bean, cooking ingredients and garments," he added. "The ability to expand our market is our key priority. Therefore, the government has to think about how to attract businesspeople from China or investors from other countries to invest in Cambodia and export to the Chinese market and other countries." Cambodia

has listed around 340 more commodities for export to China under the CC-FTA, bringing the total to more than 10,000. Most are in addition to what Cambodia trades via the Asean-China FTA. The 340 products include pepper, chilis, vegetables, fruit, fish, meat (including processed), grain, seafood and a variety of canned products, said the MoC. According to the MoC, among the additional 340 commodities in the CC-FTA, 95 percent of them will be untaxed. Taxes will be dropped on the remaining 5 percent for at least 10 years. China can list more than 9,500 products for export to Cambodia, according to the MoC. The CC-FTA deal sends a powerful message to Cambodia's friends that the nation has gained entry into a Chinese market of more than 1.3 billion people. Two-way trade value was \$8 billion in 2019 up from more than \$7 billion in 2018, thanks to the Asean-China FTA. With the new trade deal, there are hopes exports to China will increase by as much as 25 percent a year and reach \$10 billion by 2023. Longmate Agriculture Director Hun Lak said Cambodia has to strengthen its production lines to meet the quality and standards of the Chinese market. "For the private sector, the CC-FTA is an opportunity. But we have to improve our processing production in response to market demand. The required quality and standards relate to sanitary and phyto-sanitary levels despite the lack of quota or tariffs. Meeting hygiene rules is a necessity for our products if we are to export them," Lak said. According to Lak, in recent years there has been a lot of investment in agro-processing such as

in mango and banana production. American Chamber of Commerce in Cambodia (AmCham) President Anthony Galliano, said the relevance of the agriculture sector in Cambodia is gaining traction given the current weakness in tourism and the garment industry. "I expect trade will increase in this area [agriculture] as well as in construction. China is the most important trade partner in infrastructure development and construction, which has contributed to the economy significantly in these challenging times," Galliano said. He noted the United States is the single largest importing country of goods from the Kingdom and therefore it is a very critical and strategic trading relationship. Galliano said Cambodia benefits greatly from the Generalised System of Preferences (GSP) with the US, which, although not being a trade agreement, entitles it to benefits such as duty-free or tariff reductions on its exports sent there. "The bilateral trade relationship with the US in 2019 surged to \$6 billion, with Cambodia having a huge trade surplus of \$5.5 billion. Trade with China is \$8 billion, but China benefits from a trade surplus of \$6 billion," he added. Minister of Agriculture, Forestry and Fisheries Veng Sakhon agreed that although the Cambodia-China FTA comes into force in January, Cambodia will not be able to freely send any of its products to the Chinese market without gaining sanitary and phytosanitary certificates (SPS), validating any quarantine requirements and being of a high standard. "The FTA states trade will be tariff and quota free, but meeting the SPS demands is the main

barrier, especially for Cambodian agricultural products. The export of meat, livestock and fishery products must also go through quarantine according to Chinese standards," Sakhon added. "To solve this issue, Cambodia and China have to sign protocols for each product. The protocol will include the role of the exporters, planting procedures, pest management, any fertiliser used, harvesting management procedures and clean and proper packaging." Regarding livestock exports to China, Sakhon said the Chinese will check what kind of feed was provided to the animals, how they were raised, the slaughtering procedure, the precise nature of the stock and movement arrangements. "We still have to negotiate more on our agriculture products. We are discussing them one by one because China has not agreed to discuss groups of products," Sakhon said. "If we want to meet market demand, we have to know [for example] what kind of seedlings are being sold and the growing techniques used. They [the Chinese] will check onsite. We have to follow their standards and meet their demands. To do this, we need time. Therefore, the private sector should play an important role in this job. We are pushing our local production. We are sharpening the procedure of our local production to meet the necessary standards so food is safe to eat," he added.

Source: <https://www.khmertimeskh.com/50791954/getting-ready-for-free-trade-with-china/>

Cambodian, Vietnamese Central Banks satisfied with bilateral cooperation



Cambodia News | 11 December, 2020

The Central Banks of Cambodia and Vietnam have lauded the progress of their bilateral cooperation which has contributed significantly to the development of the banking and economic sectors of the two countries. The satisfaction was expressed by Chea Chanto, Governor of the National Bank of Cambodia (NBC) and Ms. Nguyen Thi Hong, Governor of the State Bank of Vietnam (SBV) at the Annual Bilateral Meeting 2020 between the two central banks, held via Videoconference Wednesday. The SBV appreciated the Royal Government of Cambodia for having maintained macroeconomic stability by keeping the prices and exchange rate stability, tightening the banking system stability and controlling well the spread of COVID-19. Mr Chanto thanked the Vietnamese government for continuing to provide scholarships through the SBV for the NBC's officials to pursue their master's and doctorate degrees in Vietnam. The annual meeting was aimed to foster the cooperation and ties of friendship between NBC and SBV. It set work priorities and agreed to continue the cooperation under the memorandum of understanding updated in February 2017. The meeting also agreed to expand the scope of exchanges of experience and information, strengthen cooperation especially in supervising

banks with cross-border operations and the development of payment system connectivity as well as human resource development. Phal Sophanith – AKP

Source:<https://www.khmertimeskh.com/50792134/cambodian-vietnamese-central-banks-satisfied-with-bilateral-cooperation/>

Govt, Laos-China Railway Co. ink development deal



Laos News | 14 December, 2020

The government and the Laos-China Railway Co., Ltd. have signed a Memorandum of Understanding on the development of areas surrounding railway stations in the capital and Oudomxay, Vientiane and Luang Prabang provinces, with the aim of fostering industry and logistics. The agreement was signed in Vientiane on Friday between Deputy Minister of Planning and Investment, Mrs Khamchan Vongsenboun, General Manager of the Laos-China Railway Company, Mr Xiao Qianwen, and representatives of the four areas concerned. The signing was witnessed by Deputy Minister of Public Works and Transport, Dr Viengsavath Siphandone, Deputy Minister of Agriculture and Forestry, Mr Thongphat Vongmany, Deputy Minister of Natural Resources and Environment, Mr Bounmy Phouthavong, and other guests. Speaking at the event, Mr Xiao Qianwen said the development of areas around these railway stations would tap the potential in these locations for the growth of industry, logistics, commerce, and local economies. The

targeted areas are the station in Vientiane, a station in Vangvieng district, Vientiane province, a station in Xay district, Oudomxay province, and a station in Luang Prabang province. As of December 10, work on the tunnel railroad, tunnels, and bridges was about 95 percent complete, while railroad tracks and buildings were 41.3 percent complete, Mr Xiao said. The 422.4-km railway, which connects Vientiane to the Chinese border, traverses the provinces of Vientiane, Luang Prabang, Oudomxay and Luang Namtha, passing through 75 tunnels with a combined length of 197.83km, according to the Laos-China Railway Co., Ltd. Construction of the US\$5.986 billion (37.4 billion yuan) railway began in December 2016 and is scheduled to be complete and open for use in December 2021. The Laos-China railway is a strategic part of China's Belt and Road Initiative and the government's plan to transform Laos from being landlocked to a land linked within the region. When it is operational, the railway will cut the cost of transport through northwestern Laos by 30-40 percent compared to transport by road. The 422.4-kilometre railway runs from the Boten border crossing in northern Laos, bordering China, to Vientiane, with trains running at a maximum speed of 160km per hour. The government is confident the railway will spur socio-economic development and enable Laos to make greater progress.

Source: https://www.vientianetimes.org.la/freeContent/FreeContenten_Govt_lao_china_242.php

Nay Pyi Taw to support community coffee plantation



Myanmar News | 11 December, 2020

The Myanmar government said it will support coffee plantation projects in the hinterland of the purpose-built capital city. The government will provide support such as seeds and techniques for coffee plantation expansion in the eastern and hilly areas of Nay Pyi Taw, said U Myint Swe, director of the Department of Agriculture under the Ministry of Agriculture, Livestock and Irrigation. He added that community-based tourism has been planned in that area. "For the mountainous region of east Pinyinmana, we will prepare to provide the seeds. We have asked the regional department head to compile a list of seeds in demand and when we get it, we will go there and set up nurseries in the villages," he said on December 10. Relevant authorities have endeavoured to deliver on this community-based tourism policy while making sure the local ecosystem won't be damaged by the project, U Myint Swe said. Referring to the project site, Pinyinmana township Pyithu Hluttaw MP U Than Soe Aung said it is more than 3000 feet above sea level and very suitable for coffee plantation. "We will help ensure the coffee production is of good quality and assist in seeking markets," said the lawmaker. At present, coffee has been growing in Mya Thida, Aung Beikthate, Pyadar Chaung and Seik Poo Taung villages. Harvesting techniques will be supported in order to make sure the crop quality is good, he added. "We will help find

markets when they harvest coffee beans. To ensure good quality, the beans should be picked up when it is fully ripe.” - Translated

Source: <https://www.mmtimes.com/news/nay-pyi-law-support-community-coffee-plantation.html>

Myanmar to grow by 6% in 2021:

ADB



Myanmar News | 14 December, 2020

The Myanmar economy is forecast to expand by 6 percent in 2021, according to the Asian Development Bank (ADB) in its latest report on December 10. “The outlook for developing Asia is showing improvement. Safe, effective, and timely vaccine delivery in developing economies will be critical to support the reopening of economies and the recovery of growth in the region.” said ADB Chief Economist Yasuyuki Sawada. In Myanmar, growth is expected to be supported by stable performance in agriculture, higher government spending, and expansion in the telecommunications industry. The country’s largest neighbours, China and India, are also forecast to grow, which bodes well for Myanmar.

- Translated

Source: <https://www.mmtimes.com/news/myanmar-grow-6-2021-adb.html>

Garment sector targets 55 billion

USD from exports by 2025



Vietnam News | 12 December, 2020

Hanoi (VNA) - The garment sector has set targets of earning 55 billion USD from export and generating 3

million jobs by 2025. The targets were unveiled at the sixth congress of the Vietnam Textile and Apparel Association (VITAS) in Hanoi on December 12. To meet the targets, the garment sector will capitalise on free trade agreements Vietnam has signed with its partners. The VITAS will play a better role in connecting businesses with international organisations and customers to elevate Vietnamese garments’ position in the global supply chain. The VITAS proposed the Ministry of Industry and Trade soon submit to the Government for approval a strategy for the development of Vietnam’s textile and garment sector to 2030 with a vision to 2035. It also proposed the Government and ministries accelerate administrative reform, remove difficulties, ensure a sound business investment environment and reduce costs for businesses. The garment sector has been singled out for maintaining production and growth during 2016-2020, especially in the context of the COVID-19 pandemic in 2020. It has made good use of FTAs Vietnam has signed with the Republic of Korea, the Eurasian Economic Union, the European Union (EVFTA), or of those FTAs to which Vietnam is a signatory, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP). Vietnam’s garment exports have increased considerably from 28.1 billion USD in 2016 to 38.9 billion USD in 2019, posting an average growth rate of 9.55 percent annually. The 2020 figure is expected to be 35.2 billion USD./.

Source: <https://en.vietnamplus.vn/garment-sector-targets-55-billion-usd-from-exports-by-2025/193053.vnp>

Dong Nai hopes to attract FDI by improving investment climate



Vietnam News | 13 December, 2020

Dong Nai (VNA) - Attracting foreign direct investment (FDI) is a key aspect of the southern province of Dong Nai's socio-economic development strategy for 2020-2025, according to the provincial People's Committee. A preferred destination for foreign investors in the south-eastern region, the province has taken a number of concrete measures to attract them, with priority given to projects that involve high technology, are environmental-friendly and less labour-intensive and to manufacture competitive products. The province would speed up investment to improve its infrastructure system, skill its workforce and modernise technology besides strengthening administrative reform to increase its competitiveness as an investment destination, said Cao Tien Dung, Chairman of the People's Committee. The province offers favourable conditions and end-to-end support to investors to ensure their success, he said. It has sped up administrative reform to streamline processing investment procedures, he said. Better co-ordination among official agencies also helps investors address issues related to administrative procedures. New industrial parks are planned to be built in Xuan Loc, Dinh Quan, Vinh Cuu, Thong Nhat,

and Tan Phu districts and Long Khanh town, he said. Many large companies are expected to invest in the province, he added. Tran Duc Toan, a senior law department employee at Ajinomoto Vietnam at Bien Hoa 1 Industrial Park, said the province has done exceedingly well in administrative reform, thus creating a good investment climate for enterprises to invest in and operate. Investment registration procedures have been simplified with the processing time reduced from one or two days to just one or two hours, he added. Somhatai Paichewa, general director of industrial park developer Amata Vietnam, said her company is quickly creating infrastructure for the Long Thanh High-tech Industrial Park to attract tech companies. Many foreign tech companies plan to lease land and set up factories in the park, she said. Do Thi Thu Hang, chairwoman of Sonadezi Corporation, said her company targets sustainable industrial development while protecting the environment by using renewable and clean energy. It prioritises enterprises in high-tech and clean energy industries with high added-value, she said. It is now focusing on improving infrastructure at industrial parks and the quality of products and services, she said. So far the province has 1,523 FDI projects with more than 31 billion USD in registered capital. Of them, more than 1,350 worth a total of 26.5 billion USD are in industrial parks. Of 47 countries and territories investing in the province, Taiwan, the Republic of Korea, Japan, ASEAN member countries, Europe, and America are the leading investors./.

Source: <https://en.vietnamplus.vn/dong-nai-hopes-to-attract-fdi-by-improving-investment-climate/193063.vnp>
