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Highlight News / December 16/2020

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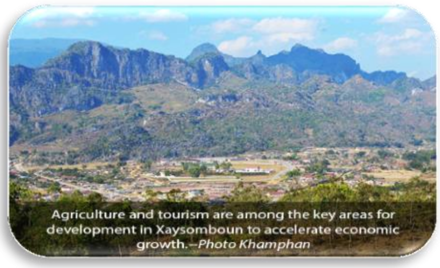

Agriculture and tourism are among the key areas for development in Xaysomboun to accelerate economic growth.–*Photo Khamphan*

PPSP says shares are 'undervalued' in buyback

Cambodia News I 15 December, 2020

The industrial park operator Phnom Penh Special Economic Zone (CSX: PPSP) believes its falling share price now offers a good investment as the board proposed its share buyback plan to the regulator yesterday. PPSP Chief Financial Officer Fong Nee Wai said, in his opinion, the company share price (trading yesterday at 1,490 riels a share) is currently way undervalued and believes there are buyers/investors in the market who will see potential value and be prepared to invest and buy shares from seller(s). "There appear to be shareholder(s) willing to part with their shares at way below what is in our opinion, the fair value of PPSP. Having said that, there are also ready buyers in the market who do see value in the PPSP shares and they are prepared to wait and buy shares from [those] seller(s). Because of the price pressure exerted by the seller(s) [who] maybe [have had] a change in their own rationale and reasons for holding PPSP shares, the share price for the past month has been drifting lower [which is] certainly beyond the company's control. However, this is not specifically reflected only in PPSP. Most of the shares listed on the CSX are also lower, as reflected in the declining CSX index over the past months," Fong said. PPSP had a meeting with the exchange's regulator, the Securities and Exchange Commission of Cambodia (SECC) yesterday to discuss the share buyback plan that received shareholder approval in October. "We intend to keep the share buyback plan as planned, but this will be subject to its final approval by the regulators after they understand our plan. The timing may alter slightly but it will still be within this month [December]," Fong said. Last month it was announced that PPSP was in arbitration with Asiatic Group (Holdings) Ltd (AGHL), a Singapore Exchange-listed company seeking a minimum of $14.4 million in relief over a disputed power supply contract – allegations PPSP fully denies. Their share price, however, has fallen 34 percent from $0.56 in October (when the share buyback plan was announced) to yesterday, representing a 50 percent drop from its 2016 initial public offering of $0.73. Official company documents list Oknha Lim Chhiv Ho as the company's major shareholder (45.09 percent) as well as WD Infologistics PCL (14.61 percent) and Zephyr Co Ltd (14.17 percent) of the 71,875,000 listed shares. According to the company's third-quarter report for the first nine months of 2020, PPSP made $537,246, down 93 percent compared with $8,615,848 over the same period last year. The company's revenue and profit is largely attributed to land sales within the zone. According to PPSP Chairman Tan Kak Khun: "The financial position of the company remains strong" with total assets amounting to $95,142,366 and total equity amounting to $59,944,787, representing a debt-to-equity ratio at 0.59.

Source : https://www.khmertimeskh.com/50793013/ppsp-says-shares-are-undervalued-in-buyback/

Domestic tourism is key to sector recovery: Experts

Cambodia News I 15 December, 2020

It's no secret that the tourism industry is a pillar of strength as both a key driver in the Kingdom's GDP, as well as a major trickle-down contributor to the local economy. A less known fact though is that domestic tourism accounts for nearly twice the number of inbound tourists yearly. In 2019, a United Nations World Tourism Organisation (UNWTO) report cited there being 11.2 million domestic visitor trips in the Kingdom, nearly twice the 6.2 million inbound visitor trips registered. And as sharp declines in international tourism continue worldwide, experts and stakeholders are looking to domestic tourism when talking about paths to sector recovery. A report by the UNWTO said that with travellers now considering shorter trips and destinations closer to home, countries with higher shares of domestic tourism are likely to recover earlier and faster. "Domestic tourism can be decisive in times of crisis, as it has proven its resilience [over] several adverse occasions. The current crisis offers an opportunity for countries to re-evaluate domestic tourism and implement policies that encourage domestic travel. Although international tourism often receives more attention because of its capacity to generate valuable export revenues, domestic tourism represents a much larger share of travellers and spending in many countries. Indeed, the report found that domestic tourism globally was six times larger than its international counterpart, and in OEDC countries, it accounted for 75 percent of total tourist expenditures. The International Social Tourism Organisation (ISTO) said that domestic tourism is a real solution for the sector because relying solely on international tourist arrivals is much riskier and domestic tourism [actually] provides wider benefits. "At the quantitative level, we know that domestic tourism is much more important because of the number of travellers it generates, [the associated spending of those travellers] and [given] the average growth in domestic tourism as compared to international tourism," the report said. "But the most important [benefit] is certainly linked to qualitative aspects. [Domestic] visitors have a better knowledge of the socio-cultural environment and therefore [also have] a greater demand for quality services and products and [will] look for a wider variety of destinations and activities. This reduces congestion and the offer of products and services [available to them] must be very varied to meet this demand. And [because] destinations are closer together, land transport is more widely used, [and] the cost of travel is lower, [which] allows more people to access this form of tourism." Therefore, the social composition of tourists is much broader and that diversity stimulates different types of demands, the report added. "Domestic tourism is less geographically concentrated and better distributed over a national territory. Ultimately, the daily expenditure is lower than international tourism but the volume is greater. The effect of distributing tourist revenues provides for real regional development and economic growth of communities, [allowing] domestic tourism to contribute to innovation in the development of new destinations and new products," it said. ISTO added that for all these reasons, domestic tourism should be fully part of a national or regional tourism policy with a medium and long-term vision going beyond any short-term crisis. Because the environmental, economic and social challenges are very important, this approach can contribute to better tourism. A report by the World Bank agreed, saying diversification of tourism in Cambodia was necessary to ensure sector resilience. "While Angkor Wat in Siem Reap has been the main attraction to Cambodia, statistics show that growth in arrivals to Angkor sites is slowing. Tourists are instead increasingly choosing to visit Cambodia's coastal areas or neighbouring countries, especially Vietnam, leading Chinese and South Korean tourists away from Siem Reap. "Trends of increased visitors to ecotourism sites in Cambodia indicate that ecotourism is a product that could be further developed and the Cambodian government wants to capitalise on this. Developing tourism can also create much needed revenues to help manage Cambodia's extensive protected-area (PA) network and maintain the important economic services provided by forests in the PA's," it added. The World Bank's advisory report on Enabling Ecotourism Development in Cambodia, a report which has been developed to support the Royal Government of Cambodia in the sustainable development of ecotourism, focuses on two key points. Firstly, it explains the importance of investing and diversifying the country's tourism as part of the WB's broader strategy for sustainable management of the country's natural capital and strengthening its links to the economy. The second essential investment focus [needed] is in eco-tourism, to mitigate the pandemic's impact on the economy. "As more people become unemployed because of the fallout of COVID-19, they are more likely to turn to illegal activities to supplement incomes, such as illegal wildlife trafficking and logging and clearing forests for agriculture. The promotion of ecotourism development in Cambodia is, therefore, an essential element in Cambodia's post-COVID-19 recovery strategy. It is also an essential ingredient that can pave the way towards the building back of a more resilient economy, which in turn can boost sustainable livelihoods and rural job creation for the Cambodian people," it added. Chhay Sivlin, President of the Cambodia Tourism Association, said there has definitely been a noticeable increase in domestic tourism which is promising for the post-pandemic recovery. "Domestic tourism will act as a driving force to jumpstart the tourism industry in Cambodia. In fact, we had already seen how domestic tourists helped tourism businesses maintain their stances in the industry despite the tremendous drop in international tourists. Not to mention, there were a number of new boutique resorts opening across the Kingdom to cater to the local tourists' demands. Domestic tourism also helped boost the livelihood of local communities in mountainous areas where hiking and camping have become quite a popular activity for many local tourists," she said. "During this pandemic, domestic tourism offers an eye opener to many tourism businesses that local tourists are actually the fundamental customers in the country as it is easier to meet their expectations. Additionally, domestic tourists are always keen on trying new things, whether it is eco-tourism, luxurious weekend getaways at the beach and so on," she added. As reported by Khmer Times last month, the Ministry of Environment said that ecotourism has generated some $25.21 million in revenue over the first nine months of 2020, a marked increase from the two previous years, despite the pandemic.

Source : https://www.khmertimeskh.com/50793199/domestic-tourism-is-key-to-sector-recovery-experts/

Govt tax breaks aim to spur investment in Xaysomboun

Laos News I 16 December, 2020

The government has introduced a tax break policy to attract more private investment in Xaysomboun to enable the province to catch up economically with other areas of Laos.The 12-page Decree on Economic Development Policy in Xaysomboun, signed by Prime Minister Thongloun Sisoulith, is being circulated among the sectors concerned. Deputy Minister of Information, Culture and Tourism, Mr Ounthuang Khaophanh, recently highlighted the importance of this initiative for expediting economic growth in Xaysomboun. Under the policy, businesses investing in tourism development and hotels will be exempt from paying profit tax for a period of five years. If they increase investment in tourism by more than 50 percent of the original amount invested, they will be exempt from paying profit tax for another two years.Investors will also be exempt from paying land concession fees, and the amount they spend on tourism-related human resource development training can be deducted from their overall tax bill.To support the government's promotion of ecotourism, businesses investing in homestays and other people's participatory tourism activities will not have to pay tax for five years. The government says ecotourism positively impacts almost everyone in the local community and tourism benefits people who sell food and other items to visitors. Ecotourism also encourages villagers to preserve forests and biodiversity. Mr Ounthuang said the government also promotes commercial production, particularly clean/organic agriculture and agriculture research centres, crop seed production, bio-fertiliser production, slaughterhouses, and the agriculture processing industry. Businesses investing in these fields in Xaysomboun will benefit from the government's tax break policy. For instance, there will be tariff exemptions on imported agricultural machinery, equipment, crop seeds, and pesticides. The Bank of the Lao PDR is also encouraging commercial banks to issue loans to businesses engaged in commercial production in Xaysomboun province. The payment of fees for the lease and concession of state-owned land will be waived for five years while profit tax on agricultural production, processing and services will be waived for 15 years. The province of Xaysomboun was created in December 2013 and has a population of more than 81,800 people. The province covers an area of 8,500 square kilometres, comprising the districts of Hom, Longxan, Anouvong, Longchaeng and Thathom. Located 220km from Vientiane, about a four-hour drive away, Xaysomboun is receiving special attention from the government as it attempts to spur economic growth in the province.Agriculture and tourism have been earmarked as areas for development in order to accelerate economic growth and poverty reduction efforts. Local authorities say they will develop Xaysomboun province based on its potential and source more investment from the private sector to operate tourism-related businesses and grow crops, particularly cold-weather crops for commercial purposes. The province is endowed with a large area of arable land.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten_Govt_244.php

Myanmar's garment sector told to diversify

Myanmar News I 16 December, 2020

Myanmar's garment sector needs to diversify its market due to dwindling orders as a result of the current COVID-19 situation, said the general secretary of the Myanmar Garment Entrepreneurs Association. Daw Khaing Khaing Nwe said that Myanmar's garment sector must try to expand the market to overcome challenges brought on by the current pandemic, especially with the uncertainty of when the COVID-19 vaccines will be available. "We do not know when (the vaccine) will come so we must try to diversify," she said during a press conference. "We must expand the market. Many of our exports go to the EU but not many to Central America and the Middle East. We will have to try to reach (these regions)," she said. At present, the Myanmar garment markets include the EU, Korea, Japan and Germany but only a small number reach US shores. Many of these countries' economies are however struggling, resulting in less orders. "When we look at the Korean (market), their economy is falling. Japan's economy is not booming. They cannot place many orders. The challenges our buyers face are also challenges for us," she said, adding that they also encounter fierce competition from other exporting countries. Countries that import raw fabric from China and Myanmar might consider importing from India or Pakistan, said the general secretary. Daw Khaing Khaing Nwe said the COVID-19 pandemic has also led to a rise in the unemployment rate in the sector. The pandemic led to order cancellations which resulted in jobs becoming rarer and employees being laid off due to foreign investors leaving the country, she said. So far, as many as 64 CMP (Cut-Make-Pack) factories have closed during this period, resulting in over 25,000 individuals becoming unemployed. The National Export Strategy listed the need for the garment sector to shift from a CMP model to a FOB (Free-On-Board) model to improve the capacity building of the workers and expand the market. Under a programme spearheaded by the UK's DaNa Facility, local garment factories are also being encouraged to diversify their products, with five local garment factories in Yangon and Bago having started making personal protective equipment (PPE). Myanmar earned nearly US$4.8 billion from garment exports in fiscal 2019-20, which is down by over US$63 million when compared to the year before, according to the Ministry of Commerce. – Translated

Source : https://www.mmtimes.com/news/myanmars-garment-sector-told-diversify.html

Vietnam trade surplus further expands to $20 billion in 11 months

Vietnam News I 15 December, 2020

The Hanoitimes - Vietnam's trade turnover is expected to hit $540 billion this year, marking a year-on-year increase of $23 billion.Vietnam posted a trade surplus of US$754 million in November, further expanding the cumulative surplus in the 11-month period to US$20.06 billion from US$19.5 billion recorded one month earlier, according to the General Department of Vietnam Customs (GDVC).The government-run General Statistics Office last month estimated a trade surplus of US$20.01 billion for the January-November period. In November, Vietnam recorded an export turnover of US$25 billion, down 7.4% month-on-month, while imports slightly increased by 1.5% to US$24.7 billion. Revenue of some of Vietnam's major export staples soared in the second half of November compared to the first half. They included computers, electronic devices and parts with an increase of 21.1%; textile (31.9%); machinery, equipment and parts (14.1%); footwear (24.6%); and wooden products (29.4%); among others.Vietnam's external trade during the 11-month period rose 3.6% year-on-year or US$17.16 billion to US$489.88 billion. Of the sum, exports totaled US$254.97 billion, up 5.5% year-on-year, and imports reached US$234.91 billion, up 1.7%.Foreign-invested companies recorded a trade value of US$333.46 billion during the period, up 9.5% year-on-year. This included $182.44 billion in exports, up 8.6% year-on-year, accounting for 71.6% of Vietnam's export turnover; and US$151.02 billion in imports, up 10.6% and making up 64.3% of total imports. As such, they posted a trade surplus of US$31.42 billion.Meanwhile, the domestic-invested sector recorded a trade value of US$156.42 billion, down 7% year-on-year.Trade turnover set to exceed 2019 figureThe Ministry of Industry and Trade (MoIT) suggested Vietnam's positive trade performance is thanks to a number of free trade agreements that the country is a part of, including the CPTPP and EVFTA."With such growth in export-import activities, there is a high chance that Vietnam's trade turnover could soon hit US$540 billion for the whole year, US$23 billion higher than the figure in 2019," stated the MoIT, adding this is an encouraging result amid the Covid-19 crisis.Director of MoIT's Agency of Foreign Trade Phan Van Chinh said the agency would continue to support local firms utilizing trade deals."Vietnamese companies should take advantage of preferential treatment from FTAs to gain competitiveness against their foreign peers," he noted."The MoIT gives priority to administrative reform in creating utmost convenience for local trader to penetrate new markets in the quickest way possible," Mr Chinh added.

Source : http://hanoitimes.vn/vietnam-trade-surplus-further-expands-to-us2006-billion-in-11-months-315366.html

Vietnam, China firms sign contracts worth nearly $760 million at trade fair

Vietnam News I 15 December, 2020

The Hanoitimes - The signed contracts are in the fields of export-import of metal ores, chemicals, agro-forestry-fishery products, and fertilizer, among others.Vietnamese enterprises signed with their Chinese peers 18 economic contracts worth US$758.9 million during the 20th Vietnam – China border trade fair. The signed contracts are in the fields of export-import of metal ores, chemicals, agro-forestry-fishery products, and fertilizer, among others.The event, kicked off on December 12, was jointly held for the first time in a virtual platform due to the Covid-19 pandemic by Lao Cai province People's Committee of Vietnam and the authorities of Yunnan province in China.From the Vietnamese side, the trade fair was held at the Kim Thanh Trade Fair and Exhibition Center in Lao Cai province, while the other part of the fair took place at the Hekou International Exhibition Center in Yunnan province of China."Trade and economic cooperation between Lao Cai and Yunnan in 2020 have been growing strong despite the severe Covid-19 impacts," said Vice Chairman of the Lao Cai Province People's Committee Hoang Quoc Khanh.During the border trade fair, visitors have opportunities to experience virtual booths, products and services under the 5G network, as well as key export products from two countries.The 20th Vietnam – China border trade fair is aimed at further promoting bilateral trade, investment and tourism between Lao Cai and Yunnan, contributing to a comprehensive strategic partnership between the two countries, stated Mr. Khanh.Contracts with sizable economic values showcased the dynamism of both Lao Cai and Yunnan following the signing of the Regional Comprehensive Economic Partnership (RCEP) on November 15, with Vietnam and China both are members of the deal, according to experts.

Source : http://hanoitimes.vn/vietnam-china-firms-sign-contracts-worth-nearly-us760-million-at-trade-fair-315354.html