

Highlight News / December 23, 2020



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)

Think tank addresses tourism industry impacts



Cambodia News | 22 December, 2020

The global travel industry has suffered due to the COVID-19 pandemic, but Cambodia has been especially hard-hit and the government has initiated several programmes in response. The Centre for Policy Studies (CPS), a local independent thinktank, said yesterday at a video conference that the four regions facing the most impacts are Phnom Penh, Siem Reap, coastal and the north-east. Chan Sophal, director of CPS, said: “Registered businesses are hit hardest, but those that are non-registered have also experienced a reduction in sales.” The government offers several relief measures and the three most received programmes are tax and fee exemptions, rental negotiation and bank-MFI debt restructuring, Sophal said according to research completed in August. The IDPoor assistance transfers cash to vulnerable households, but Sophal said more needs to be done specifically for people working in tourism. “The provision of a skills improvement training programme for affected workers appears to be a wise policy option,” he said. “It is highly desired that the government maintains the debt restructuring policy and ensure effective cooperation from the creditors,” he added. Sophal offered four recommendations for assisting affected workers, a cash stimulus, the creation of urban jobs and off-farm employment, the formation of labour unions among workers in the informal sector and

strengthening prevention measures to ensure adequate supplies of hygiene facilities at workplaces. Heng Sour, Ministry of Labour spokesman, said the government will continue to help. “The main measures that the government has provided to the tourism sector include subsidising workers, continuing to provide health insurance benefits and all types of monthly tax exemptions,” he said. Chhay Sivlin, president of the Cambodia Association of Travel Agents (CATA) said: “The [economic] reduction is not only international tourists but also domestic. About 3,000 travel agencies suspended their business and we estimate 60,000 tourism workers are unemployed.”

Source: <https://www.khmertimeskh.com/50795857/think-tank-addresses-tourism-industry-impacts/>

Automotive firms hit on imports, exports



Cambodia News | 22 December, 2020

COVID-19 has affected the Kingdom’s automotive industry severely, with trade dropping nearly 40 percent compared with the previous year. According to the latest import and export statistics for the first nine months of this year, the volume of automobiles and motorcycles exported dropped by 34.1 percent and 39.5 percent respectively compared with year-to-date figures. Major domestic auto dealers attribute this drop in Cambodian supply and demand in the sector to the pandemic. The RMA Group (RMA), which is listed on the Cambodia Stock Exchange, stated in its latest financial report that

because of the pandemic several large-scale private and public investment projects in Cambodia have been postponed or cancelled and. this coupled with a weakening of consumer confidence, the tourism and hotel industries having suffered heavy losses and the nation's banks being more cautious in lending has contributed to the decreased demand for automobiles. RMA, which primarily represents the Ford Motor Co of the United States, said that movement control measures implemented by various countries have also affected the [regional] supply chain. They cited the Ford assembly plant in Thailand having had their deliveries interrupted by supply chain problems for a period earlier this year. Kevin Whitcraft, chairman of the group, pointed out in its latest financial report that while the pandemic has been well controlled in the Kingdom, its economic effects are indeed still being strongly felt across the economy. "Some government departments have cut their spending by half compared with last year and many investment projects have had to be postponed to the first or second quarter of next year," noted Whitcraft. He also said the the weakening in consumer confidence and tightening of lending conditions by banks had negatively affected sales of automobiles, heavy machinery and agricultural machinery. RMA Group's revenue for the first three quarters of this year was approximately \$230 million, an increase of 0.3 percent over the same period last year. Gross profits reached approximately \$33.6 million, a year-on-year decrease of 4.4 percent. In order to stimulate sales

in the face of fierce competition, the company decided to entice customers with additional discounts which affected the company's profit margin. Cars and motorcycles are Cambodia's leading, durable imports. However, they were not the only categories to experience trade volume decreases. Imports of consumer appliances (including mobile phones and televisions) dropped by 45.9 percent from the same period last year and food imports fell by 16.8 percent. Gasoline and diesel imports increased by just 0.3 percent and 2.7 percent respectively. The World Bank has stated that alongside Cambodia's imports having dropped significantly this year, the country's exports also dropped sharply. This further expanded the Kingdom's trade deficit.

Source:<https://www.khmertimeskh.com/50795854/automotive-firms-hit-on-imports-exports/>

The government of Laos has approved the sale of land along either side of the 450 Years Road in Vientiane Capital.



Laos News | 23 December, 2020

The Vientiane Capital Department of Natural Resources and Environment issued a notice regarding the sale of some 283,500 square meters of land on either side of 450 Years Road. The land had been previously reserved for the construction of new government buildings and lease by concession to private investors. Now, the government has announced it will begin the sale of some areas of this

land to individuals in order to raise funds. 93 plots of land within 50 meters along both sides of the 450 Years Road, will be sold off at market rates with the aim of raising funds to repay the Bank of the Lao PDR for the road's construction. The 20.3 km road was completed in 2010 to mark the 450th anniversary of Vientiane as the capital of Laos. The road links the Dongdok traffic lights in Xaythany district to Dongphosy village in Hadxaifong district. President of Duangchalern Development Construction Group, Mr. Khamphai Silaxa, stated in a report by KPL News yesterday that construction of the 450 Years Road and the subsequent sale of land on either side had originally fallen under the responsibility of the Vientiane Capital municipal authorities. The authorities were to sell the land along the road to help recover funds used for construction and repay the Bank of the Lao PDR, said Mr. Khamphai. However, after ten years, only 20 percent of the land was able to be sold, mostly due to a lack of proper infrastructure and utilities, such as water and electricity supply. Much of the land remained unfilled and was unattractive to buyers and investors. Duangchalern Development Construction Group has now been tasked with developing the land for sale, including connecting utilities and filling the land, under an agreement between Vientiane Capital, the Bank of the Lao PDR. The development has been valued at over USD 30 million and should see the land sold off within five years.

Source:

<https://laotiantimes.com/2020/12/23/government->

approves-sale-of-land-along-vientianes-450-years-road/\

Tamu border trade to resume promptly in line with health guidelines



Myanmar News | 22 December, 2020

Border trade (Tamu) between India and Myanmar will resume as soon as possible in accord with the guidelines of the Ministry of Health and Sports. “The union minister for commerce urged the resumption of border trade in line with the Covid guidelines and rules by making bilateral communications. In the coming week, the regional government and the minister will hold a meeting. Due to trade closures, merchants are making losses. There are fewer and fewer local job opportunities. Illegal trade increases. This is why we submit our reports to resume trade officially. We will do in line with the health ministry's guidelines. Border trade will surely resume,” said Hla Maung, chairman of Border Trade Merchants Association (Tamu). The suspension of Tamu border trade for nearly nine months has led to loss and damage to commodities and great commercial losses to merchants. Lower House MP Naing Naing Win for Tamu Township said: “The association submitted a letter to the Ministry of Commerce for trade resumption. The region committee for Covid-19 prevention and control did not allow it. When the central committee was requested for this, it told the regional committee that border trade should be resumed after calling a meeting. Now the central committee is planning to allow trade resumption

between the two countries.” He added that border trade resumption should not target rich merchants alone as the town has a lot of daily-wage earners. As Nanfarlon Market in Tamu which relies on the people from the Indian border remains closed, local people reliant upon the market are facing financial problems. Meanwhile, illegal trade has caused concern for Covid-19 infection. “I want the market to re-open as quickly as possible. We must consider how the shops from Nanfarlon Market can sell their products to the other country. The market has been closed for over nine months. The government has closed the border trade to curb Covid-19 infection but we are seeing illegal trade there. I would like the government to open the market as well,” said the MP.

Source: <https://elevenmyanmar.com/news/tamu-border-trade-to-resume-promptly-in-line-with-health-guidelines>

Vietnam's economy to grow 6.8 percent in 2021: World Bank



Vietnam News | 22 December, 2020

Hanoi (VNA) - Vietnam's prospects appear positive as the economy is projected to grow by about 6.8 percent in 2021 and, thereafter, stabilise at around 6.5 percent, according to the latest World Bank's economic update for Vietnam "Taking Stock". This projection assumes that the COVID-19 crisis will be brought gradually under control, notably through the introduction of an effective vaccine. The report emphasises that Vietnam might be exposed to fiscal, financial, and social risks that should require greater

attention from the authorities. "Vietnam is standing at a crossroads of post-COVID-19 recovery. It has an opportunity to set itself on a greener, smarter, and more inclusive development path that will bolster resilience to future shocks from both pandemics and climate-related disasters," said Carolyn Turk, World Bank Country Director for Vietnam. "The authorities must tackle the environmental and climate challenges with the same sense of urgency as they have done with COVID-19 because the costs of inaction are already visible and will become increasingly irreversible. The recent tropical storms in Vietnam's central region and rising air pollution in the country's major cities are good illustration of this fragility." The WB said Vietnam is expected to grow by almost 3 percent in 2020 while the world economy is expected to contract at least by 4 percent amidst the biggest global shock of the past decades. The external sector—the main driver of economic growth in Vietnam over the past decade—has performed exceptionally well since the beginning of the COVID-19 crisis. The country is on the verge of reporting not only its highest merchandise trade surplus ever but also an increase in international reserves. The continued inflows of foreign investment and the steady rise in merchandise exports more than compensated for the losses in foreign exchange earnings from decreased tourism activities and shrinking remittances, according to the report. The report suggests that foreign investors have continued investing and/or shifting production activities to Vietnam due to the country's good

management of the pandemic. According to the WB, two lessons from the successful management of the COVID-19 crisis could be extended to the environmental agenda. The first lesson is that the best way to cope with an external shock is to be prepared in advance and move with early and bold actions. Second, beyond vision and capacity, the ability to embrace innovation and experiments is instrumental to change individual and collective behaviours, which lays at the root of strategies to cope with health and climate threats. It argues that Vietnam's ambition to become a high-economy will be determined not only by its capacity to exit successfully from the COVID-19 crisis but also how it will manage its natural resources and climate risks./.

Source: <https://en.vietnamplus.vn/vietnams-economy-to-grow-68-percent-in-2021-world-bank/193558.vnp>

Vietnam's exports of medical face masks surge over 20% in November



Vietnam News | 22 December, 2020

The Hanoitimes - In total, Vietnamese enterprises exported over 1.3 billion medical face masks in the first 11 months of 2020. In November, Vietnam exported nearly 173 million medical face masks, representing a rise of 20.6% against the previous month, according to a monthly-report from the General Department of Vietnam Customs (GDVC). The GDVC added around 50 companies in Vietnam exported medical face masks to the US, Europe,

Singapore, or South Korea, among others. This marks an increase in three consecutive months in Vietnam's face mask export, following a 0.3% month-on-month growth in October. In total, Vietnamese enterprises exported over 1.3 billion medical face masks in the first 11 months of 2020. In May, Prime Minister Nguyen Xuan Phuc approved the export of medical face masks and protective gear provided domestic demand and reserves are met. However, the export turnover of face masks declined in July after the Covid-19 pandemic was gradually contained in many countries. In the domestic market, demand for face masks has also weakened as local people are calmer and more experienced in dealing with the Covid-19 pandemic. Since September, demand for face masks has sharply risen as countries around the world are struggling with a surge in Covid-19 infections, especially in Europe and the US. As such, many governments have now made it compulsory for people to wear face masks. Under the growing impacts of the Covid-19 pandemic, face mask production is considered a viable solution for garment companies in Vietnam to maintain operations and offset losses from lower demand for garments. This year, Vietnam's textile and apparel exports are set to decrease by 10% from 2019 to US\$35 billion, in turn falling short of the US\$42-billion garment export target.

Source: <http://hanoitimes.vn/vietnams-exports-of-medical-face-masks-surge-over-20-in-november-315493.html>