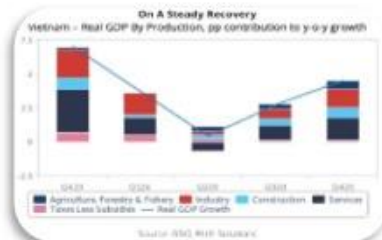


Highlight News / January 05, 2021



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## NBC outlines 2021 risks for personal debt growth



*Cambodia News | 04 January, 2021*

The National Bank of Cambodia (NBC) said declines in personal income and savings in 2020 pose the primary risk for a potential increase in personal debt in the Kingdom in 2021, according to its Macroeconomic and Banking Sector Update 2020 report. Consumer loan balances, as of September 2020, stood at \$9.11 billion, according to Credit Bureau Cambodia. By category the split was roughly 51.51 percent in mortgages, 47.90 percent in personal finance and 0.58 percent in credit cards balances. Data from the banking and finance sector shows that close to 270,000 loan accounts totalling \$3.7 billion had been restructured as of September 2020. In Channy, president of the Association of Banks in Cambodia (ABC) and president and group managing director of ACLEDA Bank, noted that with that in mind, the banking and finance sector has stepped up the introduction and adoption of financial technologies in order to reduce their operational costs and use those savings to protect users from additional expenses. Channy pointed out that as a market leader in the financial sector, expenses, production costs, benefits and risk are always a concern. He added: “When we are concerned about a risk, such as a decline in our customers’ incomes, then we try to introduce something that will reduce their banking costs as an adjustment to a hard-hit situation.” He added the many measures were

introduced by the government in 2020 to support and rehabilitate the economy. Those measures helped the banking sector support their customers in providing more credit to them. Channy also noted that the extension of loan restructuring to mid-2021 was another positive step by the government and the NBC as it enabled the sector to continue supporting its customers. He added that ACLEDA bank currently has restructured \$150 million in loans. PRASAC’s Executive Vice-President and Chief Marketing Officer Say Sony said earlier that as of September 2020, PRASAC’s loan portfolio stood at \$2.862 billion, an increase of 14.43 percent compared with 2019 figures. Their loan portfolio mixture was 64.31 percent in business loans with the remaining 35.69 percent being personal loans. “People took on personal loans for a number of purposes. Among them being home improvement, real estate, automotive, green-driven purchases and emergency loans among others. However, as of September 2020, the demand for business loans was more robust than the demand for personal loans. The portfolio quality of personal loans performed better than business loans,” Sony said. Regarding the risks and concerns issues about personal debt, the NBC said it continues to strengthen the supervision of the banking sector and has prepared to issue any prudent measures and other supports necessary to maintain the sustainability, resilience and level of trust in Cambodia’s banking sector. It added that the banking system continues to provide credit

responsibly, to raise awareness of financial literacy and to ensure inclusion to the public, while strengthening consumer protection and boosting the quality and transparency of the credit information-sharing system. These factors will contribute to the maintenance of financial stability and the avoidance of over-indebtedness among people. NBC added that the banking and finance sector continues to play a key role in supporting the country's economic activities as well as contributing to the maintenance of sound macroeconomic and finance principles. The central bank added it projects the country's economic growth in 2021 will reach 4 percent, should the efficacy of the COVID-19 vaccines and their distribution prove to be successful over the first half of this year. It added that a recovery of the economy in 2021 would reduce pressure on the banking sector, enabling it to increase available credit and to collect deposits at a higher rate than in 2020. NBC added that the continued strengthening of domestic economic activities will support and mitigate the impact on Cambodia's economy caused by the slowdown in external exports. It added the implementation of government policy to promote the development of small and medium enterprises and to boost innovation and the use of technology in all sectors will be significant in strengthening local-based growth activities.

Source: <https://www.khmertimeskh.com/50799995/nbc-outlines-2021-risks-for-personal-debt-growth/>

## Plant-based packaging growing



*Cambodia News | 04 January, 2021*

In 2019, Phnom Penh alone generated up to 3,000 tonnes of waste on a daily basis, of which 600 tonnes were plastic, according to the Konrad-Adenauer-Stiftung (KAS), a German political think tank working worldwide to engage people in dialogue about current and future topics. Waste generation is currently increasing across Cambodia at a rate of 10 percent annually. While Cambodia awaits an impending single use plastic ban, the global market in plant-based packaging is growing. According to a report by Plastics Today, a global community for plastics professionals, the potential market size for plant-based plastic products exceeded \$136 million in 2020. "The majority of consumers are increasingly receptive to plant-based products and packaging, with 54 percent viewing them favourably and 59 percent expressing interest." Jessica Bowman, executive director of the Plant-Based Products Council (PBPC), said there is a clear consumer desire to support and promote innovation in the plant-based products and packaging arena. "In addition to garnering attention globally, 54 percent of Western consumers are likely to purchase plant-based products over the next three months particularly, with 49 percent likely to recommend the products to others," she said. But is there demand in the Kingdom? Phnom Penh-based Only One Planet claims that people are looking for environmental options when it comes to daily use products in

Cambodia. “There is a real dependency [right now] on single-use items such as styrofoam containers, plastic bags, cups, straws and cutlery. However, each and every piece detracts from the natural beauty of Cambodia and adds to the severe pollution problems we see around us every day,” the organisation said. “We provide a wide range of eco-friendly products to businesses and individuals in order to help change demand. If each of us makes just a few small changes, together we can have a significant impact on the environment around us. We are aiding that through our range of green products and biodegradable food containers and business is growing,” it said. Only One Planet urges the eco-minded to become part of the movement towards responsible consumption. Markets and Markets, a leading international business to business (B2B) research firm, said that increasing eco-consciousness is also changing consumer attitudes. It notes: “The awareness gap signifies an opportunity for consumer education not only in growing familiarity [with such products], but to increase awareness of the positive impact plant-based products and materials have on the environment.” Soklim Srun, the owner of leading Phnom Penh anti-plastic restaurant Eleven One Kitchen, says that although it is daunting at first for restaurants to switch to plant-based packaging, it enables them to be part of that movement. “Initially, it was hard for us to get staff and suppliers on board, but creating demand for biodegradable products is key. To [illustrate] the importance of being green with our staff, we brought

in experts from Plastic Free South East Asia to show them the harm that plastic is causing, which really changed mindsets. Just like [the same way I first] learned, it’s about passing on the message to others, so they become agents for change themselves,” she added.

Source:<https://www.khmertimeskh.com/50800189/plant-based-packaging-growing/>

## Expert outlines opportunities, challenges of railway and expressway



*Laos News | 05 January, 2021*

Despite the huge opportunities presented by the Laos-China railway and Vientiane-Boten expressway, Laos needs to address the challenges they pose in order to reap the full benefits they offer. Acting President of the Lao National Economic Research Institute, Dr Sathabandith Insyxiengmay, told Vientiane Times last week that the railway and expressway are part of China’s Belt and Road Initiative and in line with the Lao government’s strategy to convert the country from being landlocked to a land link within the region. “The question ‘What will Laos gain from the railway and expressway’ is not relevant at present. The key question to be asked now is ‘how and what can we do to benefit from the railway and expressway,’” he said. Dr Sathabandith said all forms of investment involve a certain amount of risk and the possible loss

of anticipated benefits. The railway and expressway will have a significant impact on the economy and will provide huge momentum in strengthening Laos' connectivity with the rest of the region. First of all, these two routes give people the option to travel conveniently and comfortably, and to save time and money. Secondly, the railway and expressway will enable faster movement of people and workers. People will no longer have to worry about travelling long distances but can travel and do business in other areas without concern for time constraints. Thirdly, investors can more easily operate businesses in other areas because they can reach other towns and cities in a few hours. This will lead to the improvement of services and facilities in towns situated along the railway and expressway. Fourthly, these routes will create purchasing power synergy. Two or more towns will be connected so that people in one can spend their money in another area easily. For instance, it's now possible to travel from Vientiane to Vangvieng in just 90 minutes, significantly less than the three hours it took previously. The new routes will boost productivity, leading to economies of scale. Fifth, the railway and expressway will expedite the growth of urban areas as development is closely linked to population size. However, there are considerations that need to be addressed in order to reap more benefit from infrastructure developments. Firstly, it will be

necessary to build roads that link the railway with production sites so that goods can easily be transported. Secondly, logistics and cross-border services must be integrated to facilitate the transport of goods by rail. In the first nine months of 2020, trade between China and Thailand was valued at US\$66.4 billion, according to a report by Xinhua. If China and Asean countries conduct trade using the railway passing through Laos, there will be more benefits for Laos. Thirdly, the development of smart cities is critical to attract more trade and investment and build larger populations as a way of increasing purchasing power. Fourth, it will be important to create interesting cities and improve facilities to draw more foreign visitors to Laos. If cities have nothing to offer, then people will just pass through them.

Source: [https://www.vientianetimes.org.la/freeContent/FreeContent\\_Expert\\_2.php](https://www.vientianetimes.org.la/freeContent/FreeContent_Expert_2.php)

## China-backed solar projects to be completed by April



*Myanmar News | 05 January, 2021*

29 solar power projects now being implemented by the Chinese in Myanmar will be completed in April. The solar power projects are expected to generate more than 1000-megawatts of electricity when complete and be able to distribute power to the national grid, said U Zaw Moe Win, senior engineer at state-owned Electric Power Generation

Enterprise. The projects are being carried out by the Chinese under Independent Power Producer/Build, Operate, Own arrangements and must be completed within 180 days of receiving approval from the Myanmar government. The tender was first announced in May last year and the winners made known in September. Most of the winners were Chinese companies. The bidding price by the Chinese was lower than the industry's expectations, at US\$0.0422 per unit. The average bidding price was \$0.0508. "According to the terms and conditions of the tender, we fix a duration of six months after granting the letter of authorisation. We also urged the companies to meet the deadline, which is set for summer 2021," said U Zaw Moe Win. – Translated

Source: <https://www.mmtimes.com/news/china-backed-solar-projects-be-completed-april.html>

## Fitch Solutions revises up Vietnam

### GDP growth forecast to 8.6% in 2021



*Vietnam News | 04 January, 2021*

The Hanoitimes - Vietnam's strong growth momentum in manufacturing is expected to continue in 2021, supported by growing external demand from trade deals such as the EVFTA, UKVFTA, and RCEP. Fitch Solutions, a subsidiary of Fitch Group, expects the Vietnamese economy to record strong growth in 2021 and would raise its real GDP growth forecast to 8.6%, from 8.2% previously. Vietnam recorded an estimated GDP growth of 4.5% year-on-year in the fourth quarter of 2020, accelerating from 2.7% y-o-y in the third quarter. As a result, the

country recorded an economic expansion of 2.9% for the year and outperformed Fitch Solutions' forecast of 2.6%. The growth acceleration in the fourth quarter was broad-based across the economy, but was driven by a stronger recovery in the industrial and construction sector, and the services sector, stated Fitch Solutions in its latest report. "This was due to effective domestic containment of Covid-19 outbreaks and also strong exports growth supported by the EU-Vietnam Free Trade Agreement (EVFTA)," it added. With a global vaccine roll-out underway, Fitch Solutions expects 2021 to herald a year of economic recovery around the world, which should support external demand for Vietnamese exports. Meanwhile, the world is set to witness an increase in inbound leisure travel with the creation of regional travel bubbles. Favorable conditions kick in industrial production and construction, which accounted for 33.7% of GDP in 2020, will continue to drive growth in 2021. The industrial sector grew by 4.8% year-on-year in the fourth quarter, up from 2.3% year-on-year in the previous ones, led by manufacturing at 8.6%, which grew at more than double the 3.9% in the third quarter. Fitch Solutions expects strong growth momentum in manufacturing to continue into 2021, supported by growing external demand from trade deals such as the EVFTA, UK-Vietnam Free Trade Agreement (UKVFTA), and the Regional Comprehensive Economic Partnership (RCEP). Notably, the UKVFTA signed in December 2020 aims to reproduce similar aspects of the EVFTA

as the UK would have exited the EU by end-2020. Vietnam is also among the few Asian countries – along with Singapore, South Korea, and Japan – which has secured an exclusive FTA with the UK. “Considering that Vietnam has been a major beneficiary of the supply chain relocation/diversification trend out of China over the past several years, we see large scope for growth in Vietnamese exports in the years to come,” added Fitch Solutions. More importantly, there will be trade diversion in Vietnam’s favor from buyers in the EU and also the UK. In 2019, the European Union only accounted for about 13.5%, while the UK accounted for 2.2% of Vietnam’s total exports. Particularly in the UK’s case, the UKVFTA would position Vietnam as a key country to source lower value added and agricultural goods from Asia over the coming years, considering that the UK’s other existing arrangements in the region are with more developed countries specializing in higher value-added products. The RCEP, though only set to kick in the latter half of 2021 at the earliest, should also support foreign direct investment into Vietnam, given Vietnam’s favorable structural and labor demographics, and eventually strengthen its position as an exports manufacturing hub, stated Fitch Solutions. Construction growth also picked up to 8.6% year-on-year in the fourth quarter, from 7.0% in the third quarter. Fitch Solutions expects growth in this sub-sector to remain strong, adding effective containment of Covid-19 in Vietnam would allow for smoother progress of private construction projects

such as housing and commercial real estate, given less risk of work disruptions due to Covid-19 infection clusters. Meanwhile, broad services growth could strengthen in 2021. The broad services sector (41.6% of 2020 GDP) grew by 4.3% year-on-year in the fourth quarter of 2020, up from 2.8% in the previous quarter, led by wholesale and retail trade at 7.0% and financial services at 7.2%. “Vietnam’s ongoing economic recovery, combined with a good likelihood for its involvement in regional leisure travel bubbles in 2021 considering the progress of the ongoing global Covid-19 vaccine rollout, will constitute further tailwinds to retail, as well as hotels and restaurants and the transport category,” added Fitch Solutions. According to Fitch Solutions, growth of the agriculture – forestry - fishing sector (15% of 2020 GDP) will remain fairly low and stable so long as cultivation does not experience any major supply shocks from bad weather, and thus should not deliver a material change to headline growth. The sector grew by 4.7% year-on-year in the fourth quarter of 2020, up from 2.8% in previous quarter, driven by stronger growth in the agriculture sector of 5.9% in the fourth quarter, versus 2.8% in the third ones.

Source: <http://hanoitimes.vn/fitch-solutions-revises-up-vietnam-gdp-growth-forecast-to-86-in-2021-315738.html>

## Vietnam retail market records \$172 billion in 2020



*Vietnam News | 04 January, 2021*

The Hanoitimes - Such growth rate, while remaining lower compared to the 12.7% recorded the previous year, was an encouraging sign for the business community amid global retail market suffering plunge in revenue during the pandemic. Vietnam's retail market in 2020 expanded by 7% year-on-year or US\$11 billion to a record high of \$172 billion, according to the General Statistics Office (GSO). "While the Covid-19 crisis remains complicated globally, Vietnam's effective control of the pandemic has led to recovery of retail sales of consumer goods and services in the final months of the year," stated the GSO in its report. Such growth rate, while remaining lower compared to the 12.7% recorded the previous year, was an encouraging sign for the business community amid global retail market suffering plunge in revenue during the pandemic. Among cities/provinces with strong growth in retail sales in 2020, Ho Chi Minh City witnessed a two-digit growth rate of 12% year-on-year to US\$33 billion. A high growth rate in retail sales by year-end was due to retailers and shopping malls offering sales promotion programs to stimulate domestic consumption, added the GSO. In 2020, total retail sales of consumer goods and services in Vietnam reached an estimated VND5,059.8 trillion (US\$219.53 billion) in 2020, up 2.6% against 2019. On breaking down, retail sales of goods in

2020 gained around VND3,996.9 trillion (US\$172.76 billion), accounting for 79% of the total and increasing by 6.8% over the similar period in 2019. Estimated sales of accommodation and catering services in this year attained VND510.4 trillion (US\$22.14 billion), accounting for 10.1% of the total and down 13% from the same period of the previous year. Sales of tours achieved an estimate of VND17.9 trillion (US\$776.8 million), making up 0.3% of the total and plunging by 59.5% year-on-year. Sales of other services during this period were estimated at VND534.6 trillion (US\$23.2 billion), representing 10.6% of the total and decreasing by 4% against the comparable period in 2019.

Source: [http://hanoitimes.vn/vietnam-retail-market-expands-7-to-record-high-of-us172-billion-in-2020-](http://hanoitimes.vn/vietnam-retail-market-expands-7-to-record-high-of-us172-billion-in-2020-315740.html)

[315740.html](http://hanoitimes.vn/vietnam-retail-market-expands-7-to-record-high-of-us172-billion-in-2020-315740.html)