

Highlight News / January 12, 2021



- 2020 was a bumper year for agriculture
- Cambodian exports to US rising
- Lao Consumers Still Favor Imported Agricultural Produce
- Govt attempts to reduce road tolls in Champassak
- Mandalay property prices expected to drop in 2021
- Myanmar sees trade deficit of over \$230m in three months
- Vietnam Central Bank targets credit growth at 12% in 2021
- Vietnam moves towards cashless society



ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



2020 was a bumper year for agriculture



Cambodia News | 11 January, 2021

The Ministry of Agriculture is aiming to further increase the productivity of the sector by focusing on a shift to mechanisation to replace human labour. Agriculture Minister Veng Sakhon said: "One of the priority policies of the [ministry] is the development of agricultural mechanisation." Agricultural machinery is replacing human and animal labour almost entirely, especially in the production of rice and agro-industrial crops, said Sakhon. According to a report of the General Department of Agriculture, Cambodia currently has 32,094 tractors, 498,119 Kubotas and 6,796 rice harvesting machines that have been actively working on the preparation of fields, plantations and rice harvests, and machinery for horticulture. The ploughed area by tractors and Kubotas is 3,396,060 hectares, equivalent to 99.14 percent of the total ploughed areas and about 85.40 percent of the farmland was harvested using a harvesting machine, it added. The Kingdom exported \$4.037 billion in agricultural products in 2020, according to data from the Minister of Agriculture. Sakhon said that Cambodia exported more than 690,000 tonnes of milled rice in 2020, to international markets over the world and more than 2,800,000 tonnes of paddy rice were exported to neighbouring nations like Vietnam. Other exports include milled rice, rice paddy production, cassava, cashew nuts, mango, rubber, banana, Pailin longan,

pepper, birds' nests, fisheries products, animal products and forestry products.

Source: <https://www.khmertimeskh.com/50802183/2020-was-a-bumper-year-for-agriculture//>

Cambodian exports to US rising



Cambodia News | 11 January, 2021

Cambodia exported \$6,059 million of goods to the United States over the first 11 months of 2020, an increase of 17 percent compared with the same period a year before. This reflects a bright spot in the Kingdom's export performance despite the challenges of the COVID-19 pandemic. Figures from the US government show that the bilateral trade between Cambodia and the US was valued at \$6,369 million during this period, a slide downwards of 22 percent year-on-year. That indicated a drop in US exports to the Kingdom. Cambodia imported \$312 million of products from the world's largest economy, a decrease of 36 percent. November 2020 figures showed Cambodian exports of \$526 million to the US, an increase of 32 percent. year on year. Imports of \$42 million from the US were up 9 percent for this period. Cambodian exports to the US are primarily garments, footwear and travel products. US imports to the Kingdom are mostly vehicles, animal feed and machinery. The increase in Cambodian exports to the US is down to the trade preference scheme known as the Generalized System of Preferences (GSP) that the US provided to Cambodia in 2020, said Lim Heng, a vice-president of the Cambodia Chamber of Commerce. He noted

that Cambodia's exports to the US are particularly strong among product categories covered by the GSP in 2020, including travel goods, bicycle, and electronic components to the US which keep increasing," In a discussion with Khmer Times yesterday, he also said that Cambodia's growth in exports to the US has been on the rise since July 2016, when the US granted Cambodia preferential tariff status to travel products, under an amendment to the GSP programme. Travel products include items such as handbags, backpacks and suitcases. The GSP programme expired on Dec 31 when the US Congress ran out of time to reauthorise it before adjourning. As a result, importers of travel goods from Cambodia will be required to pay import duties until the programme is reauthorised. According to a statement from the Garment Manufacture Association in Cambodia (GMAC) released on Jan 6, goods entering the US after Dec 31, 2020, will be subject to Most-Favoured-Nation duty rates, but that GSP treatment should return because past congressional practice has been to extend the programme retroactively from the original expiration date. Importers will be refunded (without interest) for duties incurred during the lapse, should past practices prevail. "We hope that the reauthorisation by the Congress will happen soon. We will keep all members informed as soon as [any] developing news breaks," GMAC said in its statement.

Source:<https://www.khmertimeskh.com/50802292/cambodian-exports-to-us-rising/>

Lao Consumers Still Favor Imported Agricultural Produce



Laos News | 11 January, 2021

Authorities have acknowledged that Lao people continue to favor agricultural products imported from neighboring countries over home-grown produce. According to a report by Lao Post, Lao consumers remain in favor of some fruit and vegetables imported from Thailand, Vietnam, and China. A belief persists among Lao consumers that the quality of imported products is higher than that of produce grown domestically, according to a notice issued by the Ministry of Industry and Commerce. Because of this belief, agricultural products are often imported illegally or smuggled into the country. Deputy Chief of the Vientiane Capital People's Council, Mr. Oudone Xaymounty, says due to insufficient demand for agricultural products grown in Laos, the country imports large volumes from neighboring countries each year. The high costs related to investment in agriculture also cause difficulty for Lao farmers, says Mr. Oudone. "The government is working hard to support the agricultural sector, however, the Covid-19 pandemic has severely affected the sector," Mr. Oudone added.

Source: <https://laotiantimes.com/2021/01/11/lao-consumers-still-favor-imported-agricultural-produce/>

Govt attempts to reduce road tolls in Champassak



Laos News | 12 January, 2021

Various sectors of government and contractors are discussing the possibility of lowering the tolls charged for the use of arterial roads in Champassak province. The Governor of Champassak province, Dr Vilayvong Bouddakham, told reporters last week the government is attempting to find a solution to the contentious issue by the end of this year, aiming to minimise the impacts of tolls on local drivers. People living in the area have complained about the tolls imposed to use these roads, saying the charges are unfair and they have no alternative routes so they are forced to pay up. “Champassak province, the Ministry of Planning and Investment, the Ministry of Public Works and Transport and the contractors who built the roads are discussing ways to resolve this problem,” he said. Dr Vilayvong outlined three possible solutions, saying that the first would be to lower the toll rates. Secondly, the government could seek funding from various sources to buy the project from the contractors and then lower the toll rates. Thirdly, the government may introduce lower charges for people living in the area who suffer hardship by having to pay the tolls on a regular basis. Cards could be issued to these groups of people, authorising them to pay less and so easing the burden on their finances. Even though the

government is stepping in to address this issue, the tolls will remain in place, although they are likely to be reduced. The first toll to be levied was introduced in August 2016 on Road No. 16, which runs from the Laos-Japan Mekong Bridge to the Vangtao-Chongmek border crossing between Laos and Thailand. The Duangdy Bridge-Road Construction Company spent US\$30 million to widen the 9-metre wide road into a four-lane road and sought to recoup the cost through fees collected from road users over a period of 45 years. Under this scheme, car drivers are required to pay 20,000 kip and minibus operators 25,000 kip per one way journey. The toll for a 35-seat bus is 40,000 kip and the operators of heavy trucks or trailers must pay 80,000 kip. But local residents are dissatisfied with this arrangement, saying that the toll has been levied in a way that gives road users no choice but to pay up. There is no alternative route for those who are unwilling to pay the toll. Meanwhile, a toll charged to use a road linking Pakxe city to Pakxong district was introduced recently. Road users must also pay a toll to use the road leading to the Vat Phou World Heritage Site. However, Dr Vilayvong said these roads benefitted local residents and businesses. People who do not pass toll booths can use the roads for free. Secondly, many business operators are pleased to use these convenient roads as it saves them time and money. “Previously it took 3-4

hours to travel from Pakxe city to Pakxong district but now it takes only 30 minutes,” the governor said.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent_Govt_7.php

Mandalay property prices expected to drop in 2021

 Myanmar News | 11 January, 2021

Real estate in the Mandalay municipality will see a 5 percent to 25pc reduction in standard prices for the 2020-21 fiscal year, said U Wunna Soe, secretary of the Myanmar Real Property Development Association. "We, the real property organisations, have discussed with various authorities regarding property appraisal rates and we have reduced the standard prices in some areas this year," he said, noting that market prices in the Mandalay municipality are reduced by 5pc, 10pc and 20pc with respect to the areas they are in. Standard prices are updated every year. This year's prices were announced in October 2020. "Standard prices are reduced by about 25pc. Tax amounts are clarified fiscally as stated in Union Taxation Law. Tax rate is 6pc up to K 100 million of unassessed income this year and it was 3pc on the same amount last year." said an official from the Myanmar Internal Revenue Department. Mandalay's industrial zones and new areas are currently in high demand as property owners are looking to let go of their assets due to financial problems brought on by the COVID-19

pandemic. Buyers are looking to take the opportunity of this to invest in the post-COVID era. The real property market in inner-city, however, has been slack with transactions being almost non-existent. - Translated

Source: <https://www.mmtimes.com/news/mandalay-property-prices-expected-drop-2021.html>

Myanmar sees trade deficit of over \$230m in three months

 Myanmar News | 11 January, 2021

There has been a trade deficit of over US\$230 million over the past three months in the current fiscal year exceeding over US\$14 million compared to the same period of the previous year, according to the Ministry of Commerce. From October 1 to January 1 in the 2020-2021 financial year, Myanmar exported goods worth US\$3.685 billion falling over US\$1.2 billion compared to last year and imported goods worth over US\$3.920 billion falling over US\$1 billion. Therefore, the three month's period has seen a deficit of US\$234.525 million while the same period of the previous fiscal year saw a deficit of just over US\$89.233 million, the ministry reported. Myanmar is implementing the National Export Strategy for boosting export but unable to reduce the imports of essential goods. In practice, the efforts to reduce the trade deficit face some difficulties, said Union Minister for Commerce Dr. Than Myint. "Local consumption is high. Small and medium-sized enterprises especially have to import raw materials.

For example, livestock breeding is improving. So we have to import a lot to feed chicken. As tourism improves, sausages and excellent fish have to be imported. Either, we can't reduce imports of edible oil, diesel, drugs and cosmetics and so on," the minister said.

Source: <https://elevenmyanmar.com/news/myanmar-sees-trade-deficit-of-over-230m-in-three-months>

Vietnam Central Bank targets credit growth at 12% in 2021



Vietnam News | 11 January, 2021

The Hanoitimes - The State Bank of Vietnam aims to keep the inflation rate below 4% this year to ensure the stability of the monetary and foreign exchange markets. In 2021, the State Bank of Vietnam (SBV), the country's central bank, set a credit growth target of 12%, around the same level of the estimated rate of 11-12% of last year. This is among key targets for 2021 set in the SBV's directive No.01/CT-NHNN, aiming to stabilize macro-economic conditions and support economic growth. The SBV also expects to keep the inflation rate below 4%, unchanged from last year's target, to ensure the stability of the monetary and foreign exchange markets. The M2, which measures money supply that covers cash in circulation and all deposits, could grow by 12% in 2021. The banking sector is tasked with enhancing credit quality with a focus on priority fields, while further addressing difficulties for people and businesses affected by the pandemic and natural disasters. "Measures are expected to manage the

foreign exchange markets and channel the capital inflows into production and businesses," stated the directives, adding the central bank would continue to build up the foreign exchange reserves in case the market conditions turn favorable. The SBV stressed the importance of restructuring credit institutions, especially weak banks, and restrict new bad debts. As the banking sector is set to be a pioneer in government's efforts towards digitalization, the SBV urged banks to push for non-cash payment activities and expand the digital ecosystem for new digital services and products. The SBV is committed to pursuing its administrative reform process to facilitate a transparent and fair business environment to support economic development, which is in line with the national development strategy for Vietnam's banking sector until 2025, with vision to 2030. In 2020, the SBV cut its interest rate caps four times, the moves which have encouraged commercial banks to provide loans at lower interest rates. Accordingly, the refinancing interest rate is lowered from 4.5% per annum to 4%, rediscount rate from 3% to 2.5%, overnight interest rate from 5.5% to 5% and interest rate via OMO from 3% to 2.5%. The SBV also lowered the interest rate ceiling to 4% annually from 4.25% for deposits with maturities of one month to less than six months.

Source: <http://hanoitimes.vn/vietnam-cbank-targets-credit-growth-at-12-in-2021-315835.html>

Vietnam moves towards cashless society



Vietnam News | 11 January, 2021

The Hanoitimes - Nearly 50% of Vietnamese customers are using contactless payment, and 51% have e-wallet accounts. Vietnam is on the way to create a cashless society as more people are turning to e-payment instead of traditional payment methods. A recent survey from payment services provider VISA revealed in 2020, 47% of Vietnamese customers turned to contactless payment, 45% used online payment and 51% have e-wallet accounts. "Such trend is similar to other countries in the Asia-Pacific region, which is also the reason for Visa to announce the startups acceleration program for the region, including Vietnam," said Director of Visa in Vietnam and Laos Dang Tuyen Dung. "The program will offer opportunities for startups to join digital economy, in which they are provided with the required knowledge to help them further develop," noted Ms. Dung. Given Visa's large network of customers and partners, the program is expected to help propel Vietnamese companies with high potential to gain foothold in regional markets, stated Ms. Dung. Visa President in Asia-Pacific Chris Clark said from the company's experience, startups are facing certain difficulties when expanding their operation abroad. In the first year of the program, Visa will select six potential startups to support, added Mr. Clark. Meanwhile, the program also helps customers and enterprises overcome difficulties

from the Covid-19 through the application of technologies, in turn promoting cashless payment. In the 2016-18 period, startups in Vietnam received nearly US\$900 million in funding, nearly triple the amount recorded in previous periods. Vietnam is also the top destination in the Southeast Asia in terms of attracting investment into new payment methods, accounting for 36% of total funding into this field in 2019 in the region.

Source: <http://hanoitimes.vn/vietnam-moves-towards-cashless-society-315819.html>
