

Highlight News / January 13/2021



- Free trade deals yet to come to fruition
- Development bank delivers \$245mn to agri-sector producers, exporters, SMEs
- Laos opens 5G-powered smart expressway
- State Counsellor meets with Chinese Foreign Minister
- Real estate accounts for 7.6% of Vietnam economy
- Vietnam aims for average annual growth of 7% in 2021-30



Free trade deals yet to come to fruition



Cambodia News | 12 January, 2021

The negotiations on the Kingdom's proposed free trade deal with South Korea are progressing slowly despite the fact all parties aimed to come up with finalised drafts by the end of 2020. However, the China-Cambodia Free Trade Agreement (CC-FTA) ratification is to be announced early this year. Pen Sovicheat, undersecretary of state at the Ministry of Commerce, said negotiations of the FTA with South Korea remain in the fourth round of discussions. He added there are no new details about this. "There is no updated information regarding the agreement between Cambodia-South Korea on an FTA deal yet. However, both parties are pushing this agreement to completion by early this year," Sovicheat said. Khmer Times reported early in December 2020 that negotiations towards the FTA saw agreement on 90 percent of the issues addressed as the fourth round of talks concluded in November 2020. Both countries have agreed on issues including economic cooperation, trade remedies, general regulations, conflict solutions mechanisms and lists of measures for products. The Cambodia-China FTA signed on Oct 12, 2020, on the other hand, is still waiting for ratification from both countries prior to its implementation. Sovicheat said both China and Cambodia are at the internal procedural stage to ensure both countries ratify this agreement soon so it can come into force and both countries aim to

implement it by early this year. "Before, we had set the agreement to come into force by early this year, but [once] the FTA was signed, we still [had] local procedures and we are pushing [those now]," he said. "We have almost completed our internal procedures but we [are waiting for our] Chinese counterpart to finish its internal part in order to announce [the] implementation," Sovicheat said. Both South Korea and China are potentially good markets for Cambodia. Data from the Korea International Trade Association (KITA) indicated that between January and October 2020, two-way trade between Cambodia and South Korea was valued at \$724 million, a decrease of 16 percent from the same period a year ago. Cambodia exported \$267 million of products to South Korea, down 5 percent compared with the same period last year, with Cambodia importing \$457 million worth of goods from South Korea, for a year-to-date decline of 21 percent. Cambodian exports to South Korea were primarily garments and textiles, footwear, travel bags, spare parts, electronic equipment, rubber, pharmaceuticals and agricultural products. Cambodia's imports from Korea included vehicles, electronics, kitchen appliances, beverages, pharmaceuticals and plastic products. Two-way trade between Cambodia and China was valued at \$8 billion in 2019, up from about \$7 billion in 2018, owing 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. Commerce Minister Pan Sorasak told

local television BTV News last week that the Cambodia-South Korea FTA will be completed in the very near future because the negotiation working groups are preparing the talks with the Economic and Financial Policy Committee. However, the minister said that regarding the Cambodia-China FTA, the ministry will seek approval from the National Assembly and Senate to ratify this deal so it can be officially implemented. The CC-FTA deal was signed on Oct 12 during a two-day state visit by China's Foreign Minister Wang Yi in Phnom Penh. The 340 products it covers include peppers, chillis, vegetables, fruit, fish, meat (including processed), grain, seafood and a variety of canned products, according to the Ministry of Commerce (MoC). The MoC said, 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. The MoC recently organised the sixth meeting on trading strategy to optimise the benefits from the FTA. The meeting was led by the under-secretary of state for the MoC with participation from relevant officials. After discussion it was decided to add SWOT analysis to its factsheet and agreed on the content of reports on trading strategy for optimising benefits from the FTA. SWOT analysis is a compilation of a company's strengths, weaknesses, opportunities and threats. Its primary objective is to help organisations develop a full awareness of all the factors involved in making a business decision. The meeting also touched on the

establishment of a table, recommended by Sorasak, for 50 items: 20 new products, 20 growing products and 10 mature products by conducting studies on technical and customs barriers and trade preferences granted by China to Cambodia in order to boost to the maximum the number of exports to China.

Source : [https://www.khmertimeskh.com/50802798/free-trade-deals-yet-to-come-to-fruition/](https://www.khmertimeskh.com/50802798/free-trade-deals-yet-to-come-to-fruit/)

Development bank delivers \$245mn to agri-sector producers, exporters, SMEs



Cambodia News | 12 January, 2021

A senior executive of the state-owned Agriculture Rural Development Bank (ARDB) said the financial institution has released \$245 million to rice millers and exporters, the livestock sector and small and medium enterprises (SMEs) in the agriculture sector. Chief Executive Officer of ARDB Kao Thach said around \$47 million out of \$50 million earmarked from the government special fund for the rice sector and its exporters has been disbursed and the remainder of the funds will be released at the end of this month, in time for the upcoming harvest of the Sen Kro Ob paddy variety. Thach added another \$50 million special fund for the SME sector has also been drawn down by up to 600 businesses. In March 2020, the government allocated a \$50 million special fund for SMEs. It is designed to specifically focus on agricultural processing, food processing, agri-business, crops including vegetables, livestock and

aquatic businesses plus any enterprise that uses raw materials from agriculture. The bank has reduced interest rates from 6 to 5 percent for working capital and 6.5 percent to 5.5 percent for investment capital. Also, the repayment period was moved upwards to a seven-year term. SMEs can borrow up to \$300,000. Thach said the loans will be directed primarily to aquatic, livestock, poultry and vegetable farms. Eligible SMEs are those working on processing agricultural products that are able to expand their operations, that can create five to 30 job placements and are registered as SMEs with the taxation department and relevant ministries. The bank will also provide training to SMEs regarding business plans, financial statements, good governance, marketing plans, financial management and training on technical support. “Through the ARDB fund, the development partners’ fund and the government’s special fund, we see good progress in the rice sector and with agricultural sector SMEs. The price of paddy is stable and we have seen that once parties receive funds, they are able to expand their business activities and generate more jobs for the Cambodian people,” Thach added. He said that the bank will do its evaluations in early 2021 for the loans and added the volume of non-performing loans in these sectors is manageable. In addition to this, the bank also encourages rice millers to purchase more paddies from farmers whether it is cheap or expensive during the harvest season. “So far around \$245 million of the loans and special funds from ARDB have been drawn down with 60-70 percent going to the rice

sector and its infrastructure. The rest went to SMEs, livestock, vegetable plantation and the aquaculture sector,” Thach said. He added some loans will be repaid in July this year. Chour Chheng, director of Ky Siv Chheng Protein Food enterprise – a local producer of dried meat, fruit and jam – said he is not concerned about capital. His issue is a lack of customers because his products target tourists. “Our sales have fallen 80 to 90 percent and we have had to terminate some workers,” he said. “Dried fruit and jam are mostly sold to foreigners, but because there are no more international arrivals, our sales have been affected,” he added. He noted: “Our business is struggling but, luckily, we have our own production factory. If we rented a processing space, we would have collapsed in February last year.” Chheng added that up until this point the only business support he has received was government-directed tax relief.

Source : <https://www.khmertimeskh.com/50802809/development-bank-delivers-245mn-to-agri-sector-producers-exporters-smes/>

Laos opens 5G-powered smart expressway



Laos News | 12 January, 2021

While certain Southeast Asian states have seen accelerated digitization during the pandemic, pre-existing economic limitations in Laos meant that the pandemic hit the tiny nation hard. Laos has only had 24 recorded COVID-19 cases as of October 2020, but it has not been immune from the global economic

downturn, with multiple channels impacted including tourism, trade and investment, commodity prices, exchange rates, and lower remittances. Although the impact of the pandemic on the economy is expected to persist for some time this year, the government was optimistic that the economy would recover to some extent due to the uninterrupted construction of some large-scale development projects, according to the Laos Prime Minister Thongloun Sisoulith. This includes the completion of the first phase of the China-Laos Expressway, the country's first smart expressway that connects Vientiane to Vangvieng, jointly developed by China's Yunnan Construction and Investment Holding Group in conjunction with the cooperation of the Lao government. Those are not the only partners, as technology partners Huawei and Yunnan Huayuan Electronics Co Ltd have delivered an IT and communications platform for the highway that leverages cutting-edge cloud computing, the Internet of Things (IoT), and a security management system. IoT equipment and data communication gear are deployed along the Vientiane-Vangvieng Expressway phase to collect and transmit data to an integrated solution capable of analyzing big data along with other real-time services such as intelligent monitoring, intelligent charging, emergency response services, and decision analysis capabilities. And with Laos' first 5G network planned for this year, Huawei and Yunnan already have intentions to integrate 5G along with artificial intelligence components that will enable the smoother upgrading of infrastructure technology

when the time comes. What this means for businesses The completed first phase is expected to yield many singular benefits new to Laos. Besides halving the travel time between capital city Vientiane and resort town Vangvieng from 2.5 hours to just one hour, the smart expressway will renew a link in the country between twolocal tourism hubs. While border restrictions are still being imposed, the shorter journey from the capital will facilitate better local sightseeing opportunities, enlivening trade for Vangvieng's depleted tourism trade. "There has been a significant increase in hotel bookings during this period... [The Vientiane-Vangvieng expressway] integrates high-tech and engineering construction, modern concept and cutting-edge technology to ensure driving safety," commented Phokham, a staff member at Tmark Resort Vangvieng. "I believe that after the opening of this expressway, it will help to boost the tourism and economic development, and my income will also increase accordingly," Phokham continued. Besides improving economic opportunities for certain sectors, the new land route will also encourage the development of dormant regional resources, allowing for better logistical support. Lastly, this collaboration will no doubt spur even more socio-economic trade and cooperation between Laos and China. This can be seen in the appointment of Huawei as a preferred technology partner, especially for the firm's lengthy experience in many communications and tech spaces, including of course robust 5G networking expertise. Huawei suffered from a prolonged anti-China technology campaign from the US and the many allied nations who feared the telecommunications company's ties with the Chinese government. Many countries

backed out of 5G deals with Huawei, but many nations throughout Asia Pacific and Africa will still look to Huawei to assist with high-speed network rollouts – providing a 5G lifeline for the company once hailed as the high-speed networking market leader. The establishment of this first smart expressway is the first technologically-proficient infrastructure development to hit Laos since the pandemic and is one of the first steps in building towards smart city developments in the coming years.

Source : <https://techwireasia.com/2021/01/laos-first-smart-expressway-to-integrate-5g-ai-and-it/>

State Counsellor meets with Chinese Foreign Minister



Myanmar News | 12 January, 2021

YANGON-----State Counsellor Daw Aung San Suu Kyi yesterday met with visiting Chinese Foreign Minister Wang Yi of the People's Republic of China in Nay Pyi Taw and signed MoUs including Mandalay-Kyaukphyu Railway project, according to the State Counsellor's Office. Both sides signed and exchanged bilateral agreements on Business and Technical cooperation, five-year plan for trade and economic cooperation, feasibility meeting minutes about rural roads and bridges development projects, cash providing for resettlement of Kachin Internal Displaced Persons and purchasing of carriages from China with zero interest. They discussed establishment of China- Myanmar Community, implementations of China- Myanmar Economic Corridor, providing of Chinese COVID-19 vaccines for Myanmar, holding of Myanmar- China Cultural

Tourism Year celebrations and bilateral cooperation for peace and tranquility along Myanmar- China border. The State Counsellor also pledged to carry out peace and national reconciliation processes during the new government taken office. President Win Myint received the Chinese Foreign Minister in Nay Pyi Taw yesterday and discussed bilateral relationships, providing 300,000 injections of COVID-19 vaccines and medical supplies worth Yuan 3 million and implementation of bilateral agreements.

Source : <https://elevenmyanmar.com/news/state-counsellor-meets-with-chinese-foreign-minister>

Real estate accounts for 7.6% of Vietnam economy



Vietnam News | 12 January, 2021

The Hanoitimes - Local experts list real estate the most important sector in many countries, including Vietnam. Real estate industry accounted for roughly 7.62% of Vietnam's gross domestic product (GDP) in 2019, information has been released by the Vietnam National Real Estate Association (VNREA). The percentage is likely 13.6% if land is included, VNREA said in a research released last week. In terms of assets, real estate likely accounted for 20.8% of the total assets of Vietnam's economy in 2020. The percentage is equivalent to US\$205.26 billion out of the country's total assets at US\$986.82 billion in 2020. The ratio is forecast to reach 21.2% or US\$462.7 billion in 2025 and 22% or US\$1.23 trillion by 2030. The research, which is an independent

scientific study, showed that real estate has impacted on 40 important economic sectors in Vietnam, mostly construction, manufacturing, tourism, lodging and restaurant, finance and banking. In terms of job attraction, real estate is just behind tourism and manufacturing and ahead of agriculture, forestry and aquaculture. Commenting the research, economist Vo Tri Thanh, member of the State Bank of Vietnam's Financial and Monetary Policy Consultation Council, said it has prioritized policies that should be put into practice, greatly contributing to the healthy and sustainable development of real estate sector. Nguyen Manh Ha, deputy head of VNREA, emphasized the role of real estate in the country's economy, listing it the most important industry in many countries. VNREA plans to submit the research and recommendations to the government, the Central Economic Commission, the National Assembly's Economic Committee, the Ministry of Construction, the Ministry of Finance, the Ministry of Natural Resources and Environment, and related agencies for the long-term policy making toward real estate sector.

Source : <http://hanoitimes.vn/real-estate-accounts-for-76-of-vietnam-economy-315846.html>

Vietnam aims for average annual growth of 7% in 2021-30



Vietnam News | 12 January, 2021

The Hanoitimes - Administrative reform and higher quality of legal framework will be key for Vietnam to enhance efficiency in economic development and

integration. Vietnam targets to attain an annual GDP growth rate of 7 in the next 10-year period, marking it a high- middle income country with modern industrialization in the world. Director of the Vietnam Institute for Development Strategies under the Ministry of Planning and Investment Tran Hong Quang referred to the country's draft socio-economic development strategy for the 2021-30 at the conference themed "Shaping Investment and Business Strategies in the new context" on January 11, 2021. By 2030, the GDP per capita would rise to US\$4,700-5,000 from the current US\$3,521, laying a foundation for the country to become a developed country of high-income status by 2045. "Vietnam will ensure its sustainable and rapid economic growth based on science, technology, innovation and digital transformation," stated Mr. Quang. During this process, administrative reform and higher quality of legal framework will be key for Vietnam to enhance efficiency in economic development and integration, he continued. Under the draft strategy, the Government identifies three breakthroughs for the next 10 years in terms of institutional framework, human resources and infrastructure. According to Mr. Quang, Vietnam will continue to finalize the socialist- oriented market economy, in which all resources for development are mobilized based on market mechanism. In a modern world of Industry 4.0, Vietnam continues to pursue innovation and

technologies to develop high quality manpower to realize the national digital transformation process. In terms of infrastructure development, Mr. Quang expected Vietnam to continue upgrading the current infrastructure system focusing on transportation, energy, IT, urban and climate- resilient infrastructures. “The country places a great focus on digital infrastructure to ensure the rapid development of digital economy and society,” he added. In 2020, Vietnam’s added manufacturing value per capita was estimated at US\$900, which is expected to rise to US\$2,000 by 2030 as it becomes a newly industrialized country. The United Nations Industrial Development Organization (UNIDO) sets criteria for a newly industrialized country with the added manufacturing value per capita at US\$1,000-2,500, or equivalent to 0.5% of the total manufacturing value globally.

Source : <http://hanoitimes.vn/vietnam-aims-for-average-annual-growth-of-7-in-2021-30-315839.html>
