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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)

Japanese NGO projects awarded grants



Cambodia News | 15 February, 2021

Japan has agreed to provide \$754,321 to two organisations under the framework of the Grant Assistance for Japanese non-governmental (NGO) projects. The contract was signed on Friday by Mikami Masahiro, ambassador of Japan to Cambodia and the two recipient's representatives. A grant of \$371,479 towards the development of the four-year University of Physical Education course at the National Institute of Physical Education was awarded to nonprofit organisation Hearts of Gold. A second grant of \$382,842 to support smallhold farmers in contract farming organic cashew nuts through an agriculture cooperative was awarded to International Volunteers of Yamagata (IVY). Hearts of Gold will utilise their grant by improving curriculum, teacher training and installing new physical education facilities. About 65 staff and 300 teacher trainees in the institute will benefit through the improvement of their learning environment. More than 930,000 students in Cambodia are expected to receive more effective physical education as a result of the programme initiatives. The IVY project will promote organic cashew nut cultivation and cooperation marketing among farmers in Preah Vihear province in order to increase their incomes and improve their quality of life. In the final year of this three-year project, three new agricultural cooperatives (AC), alongside 10 existing ones, will

have qualified for organic certification and have established a sustainable production process and cooperative marketing system. Matsuura Ayumi, country director of IVY, said this is the final year of the project. Last year, its second, saw 20 percent of the ACs' production cashew nut production being sold as organic nuts. She added that the cashews were processed in Cambodia for export. With organic certification she noted that farmers can earn up to 15 percent more than the market price. "IVY is proud of our guidance in this project and we want to share that knowledge to agriculture cooperatives and relevant stakeholders and implement an action plan this year so we can strengthen the roots of our activities," she added. Mikami, Japan's ambassador, said that Cambodia has been developing rapidly but there are issues remaining to be addressed in improving the livelihood of the

Source: <https://www.khmertimeskh.com/50814017/japanese-ngo-projects-awarded-grants/>

Rental sector businesses share positive outlook for market in 2021



Cambodia News | 15 February, 2021

Despite the mass exodus of expats and foreigners causing a blip in Cambodia's otherwise strong rental sector, realty businesses are forecasting a positive bounce back in 2021. Sales manager at Asian Condo Brokers, Leigh Ratcliffe, says Cambodia as a whole is still a popular place for foreign investment despite the pandemic. "Phnom Penh especially appeals to a diverse range of people who travel to

Cambodia to work in a range of sectors. This creates a diverse range of property needs and that spurs rental market demand,” he said. “Our target demographic is made up of about 80 percent expats, who are relocating. During the initial COVID-19 outbreak period we noticed about a 20 percent drop in rental prices and leased properties fell in numbers by around 40 percent. By the end of 2020, the market had already started to recover,” he added. Ratcliffe said the biggest challenge has been border closures and visa restrictions, which stemmed the flow of new arrivals. “The number of foreigners leaving and not being replaced led to apartment owners dropping their rental prices to match the shift in market value. In light of this, we changed our sales strategy to meet the climate created by the pandemic. We looked towards finding new rental property for people trying to save money and cut costs. However, now I believe we will see a positive increase in demand and competitive prices in 2021. With the vaccine rollout going successfully and a hoped for re-opening of borders taken into consideration, we expect to see the market back to normalcy over the year. Paul Ellender, co-founder and manager of Abode Real Estate agreed on COVID-19 affecting the market in a number of ways and the need for businesses to pivot their strategy in the “new normal”. “First, there was a mass exodus when warnings and restrictions around the world ramped up and many of our clients felt they needed to leave Cambodia. This started slowly, then sped up as options for leaving started to diminish. Those that

stayed started to move to cheaper places or renegotiate their rents. This led to an increased expectation for cheaper rents for better places,” he said. Ellender added that they were quite busy for a time, but slowed down until several waves of teachers and businesspeople arrived mid- to late-2020. That cohort were looking for higher end properties and in response, his team completely changed the way they do things internally. He added, “The market requires us to be more proactive and target information better and quicker. This isn’t simple because it requires attention to staff behaviour, using information management and social media more intelligently.” Despite the early exodus, he believes the 2021 rental market will begin to turn towards normality, which he sees as taking hold in 2022. He noted this all depends on border reopenings. Ellender doesn’t see the sector changing much in the next few months as countries including Japan, Indonesia, Malaysia, UK, USA and Australia remain in lockdown. Once the doors are opened though he is very positive, as many of his clients have indicated a strong desire to return and expressed an eagerness to buy. Founder of Lux Realty, Crispin Kirby, who set up his high-end property business during the pandemic, said the financial bubble in Phnom Penh has ensured continued luxury realty demand despite wider sector uncertainty. “I set up because I believe there’s a gap in the market for luxury property. The high end wasn’t really affected by the pandemic, hence the reason condo prices didn’t really drop. Instead, there were

just different deals to be made, such as longer guaranteed rental returns.” said Kirby. He added, “My target is the high-end buyer because Cambodia seems to be slingshotting ahead of the rest of Asia. It was behind in a lot of ways, which had worked as an advantage in the real estate sector because there was a fresh platform to build on. I think the condo and commercial market will be booming by the end of 2021, especially as American companies are pulling out of China and looking at manufacturing here in Cambodia.” In December, Phnom Penh’s rental market remained broadly unaffected by renewed fears caused by the country’s first local transmission, according to Realestate.com.kh “Apartments for rent in Phnom Penh are showing consistent median rental prices across the spectrum. One bedroom units’ median rental price remains unchanged at \$600, two-bedroom apartments’ median rental price saw a 5 percent decrease to \$900 and three-bedroom units stabilised at a median rental price of \$1,800,” the firm stated.

Source:<https://www.khmertimeskh.com/50814018/rental-sector-businesses-share-positive-outlook-for-market-in-2021/>

Inflation down, but financial hardship persists



Laos News | 16 February, 2021

Although inflation is trending downwards, many people feel their personal situation has not improved at all due to the mismatch between their income and spending. Many Vientiane residents say their income has not increased but prices are continuing to rise, ramping up pressure on their families and making it difficult for them to improve their quality of life. For instance, the price of pork, which is a staple for Lao households, has risen by more than 50,000 kip per kg despite the government’s efforts to put a ceiling on the market price. According to the Lao Statistics Bureau, the Consumer Price Index (CPI) stood at 113.95 points in January, indicating an inflation rate of 2.01 percent year-on-year, down from the 3.19 percent recorded in December. Rising food prices and the weakening value of the kip against the Thai baht and US dollar are among the main drivers of inflation. According to the Lao Statistics Bureau, prices in the food and non-alcohol beverage category surged by 2.38 percent year-on-year. The price of pork rose by 11.45 percent year-on-year, beef by 8.21 percent, fish and seafood by 1.33 percent, and seasonings by 6.16 percent. The inflation rate in the clothing and footwear category rose by 0.05 percent month-on-month and 3.8 percent year-on-year. But the cost of women’s

clothing surged by 6.19 percent year-on-year. The cost of household goods went up by 0.32 percent month-on-month and 3.37 percent year-on-year. The price of interior decor items rose by 3.87 percent year-on-year, mattresses and mattress pads by 4.57 percent, and kitchen items by 4.87 percent. Prices in the medical care category climbed by 0.09 percent month-on-month and 4.35 percent year-on-year, with the cost of medicines and medical equipment increasing by 3.89 percent year-on-year, and the cost of medical treatment in hospitals rising by 2.27 percent year-on-year. Costs in the communication and transport category rose by 0.31 percent month-on-month and 1.31 percent year-on-year, with the cost of transport increasing by 1.47 percent month-on-month. However, the price of fuel surged by 2.9 percent month-on-month. Prices in the restaurant and hotel category rose by 0.23 percent month-on-month but dropped by 2.44 percent year-on-year. As examples of the rise in price of popular food items, the cost of dishes such as noodle soup and laap increased by 0.28 percent month-on-month. The government forecasted that economic growth would sink to 3.3 percent in 2020 due to the Covid-19 pandemic. The global virus outbreak has disrupted exports, the inflow of foreign visitors and foreign investment in Laos, which are the main sources of foreign currency earnings. The fluctuating currency exchange rate remains a major concern as

most traders base the price of their products on foreign currencies to lower the risk of financial losses.

Source:https://www.vientianetimes.org.la/freeContent/FreeContent_Inflation_32.php

Germany provides EUR 20 million for forest law enforcement, trade



Laos News | 16 February, 2021

The German Federal Ministry for Economic Cooperation and Development is providing about EUR 20 million and the Lao government is contributing the equivalent of EUR 4 million as non-cash benefits for the Forest Law Enforcement, Governance and Trade (FLEGT) project from 2021 to 2026. An agreement on the joint project funding was signed yesterday by representatives of the German and Lao governments, at the Ministry of Planning and Investment. The agreement was signed by Deputy Minister of Planning and Investment, Dr Kikeo Chanthaboury, and the Ambassador of the Federal Republic of Germany, Mr Jens Luetkenherm. The German contribution is provided as financial cooperation through the KfW Development Bank. The project will be implemented by the Ministry of Agriculture and Forestry and the Ministry of Industry and Commerce with technical support from an international consulting company. The objective of FLEGT is to secure the livelihoods of populations

dependent on forest products by introducing a Timber Legality Assurance System and strengthening the Lao wood processing industry. The EU FLEGT Action Plan is an initiative of the European Union and is currently being implemented in nine countries based on Voluntary Partnership Agreements. The EU has also been negotiating with Laos on the scheme. The Ministry of Agriculture and Forestry is leading the negotiations with the EU with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development. The FLEGT financial cooperation will follow up with the implementation and is seen as a good example of the close integration of German commitments in Laos. The forest sector is of great importance both for the Lao economy, especially the wood-processing industry, and for preserving biodiversity and reducing poverty. Illegal logging can have devastating effects on the rural population, with many people's survival based on the forest products they gather. Biodiversity and the global climate also suffer from the loss of forests. However, wooden products made from illegal timber or timber from unknown sources are often unknowingly purchased by consumers and companies, including in Germany. The challenge is therefore to combat the root causes of illegality, which include non-transparent systems, lack of

clarity about land rights and lack of transparency in the supply chain, from which the Lao forestry sector and wood processing industry have been suffering. The German-financed project offers financial support to the Lao government in order to implement the reform efforts of the forestry sector in a consistent and sustainable manner. Timber and wooden products with a FLEGT licence will be considered legal in the future, provided they are verified in accordance with FLEGT requirements. The project also aims to support the creation of new jobs in the Lao wood processing industry, an objective contributing to the development of an important economic sector for Laos. In the future, only timber and wooden products of legal origin from Laos will become part of the timber value chain and trade.

Source: https://www.vientianetimes.org.la/freeContent/FreeContenten_Germany_32.php

Demand for personal protective equipment falls off in Myanmar



Myanmar News | 15 February, 2021

Myanmar's market for personal protective equipment (PPE) has fallen off in light of current developments in the country. Those involved in the trade of personal protective equipment said ongoing logistic and transportation issues, along with the current political unrest, has resulted in a significant drop in those buying and using the products. "The domestic mask market has fallen by half. Supply has also

decreased because it is difficult to transport them as trucks have stopped operating. The truck drivers are all participating in the Civil Disobedience Movement. The market has fallen off as only a few people are still buying them,” said U Aye Kyaw, a seller of personal protective equipment in Yangon. There is obviously no demand in the market right now for pandemic related stuff like PPE suits, gloves and masks, he said. Transportation issues have also resulted in a surplus of personal protective equipment at the Myawaddy 105 mile border trade centre. “The truckers are all participating in the Civil Disobedience Movement. Bank transactions and other services are also not functioning properly,” said a trader in Muse. “The mask market in Yangon has declined by 40 percent. Truck drivers are joining the Civil Disobedience Movement so the masks in Muse are not being delivered. The prices of the products are not increasing. The market is frozen and the prices remain unchanged,” he said. A 50-pack box of medical masks are being sold in Yangon for 760 kyats. Selling price outside of the market is between K1,000-1,200. The masks being sold are from the previous batches and are expected to run out in the following weeks, said traders. - Translated

Source: <https://www.mmtimes.com/news/demand-personal-protective-equipment-falls-myanmar.html>

Myanmar customs department extends tax exemption period



Myanmar News | 15 February, 2021

The Myanmar Customs Department under the Ministry of Planning, Finance and Industry has extended the exemption period for income tax on exports until the end of February. The tax holiday on the ‘two percent advance corporate income tax on exports’ was initially granted in April 2020 by the government to help reduce the financial burden of businesses in the country during the COVID-19 pandemic. Extension notifications were issued monthly by the relevant authorities. The former administration had earlier announced the extension of the tax exemption period until the end of January 2021. Large Taxpayers Offices (LTO) and Medium Taxpayers Offices (MTO) are to practice the Self-Assessment System (SAS) as per regulations, according to the department. Taxpayers should pay the taxes every three months in advance for their import/export trade via shipment trading or border trade centres. - Translated

Source: <https://www.mmtimes.com/news/myanmar-customs-department-extends-tax-exemption-period.html>

Vietnam records impressive export growth in 2020



Vietnam News | 15 February, 2021

Kuala Lumpur (VNA) – Of the six ASEAN nations, only Vietnam posted an increase in exports for 2020,

up 7 percent to 282.66 billion USD, according to The Straits Times. The Malaysian newspaper quoted data from the Japan External Trade Organisation (JETRO) as saying that exports from six ASEAN countries, including Indonesia, Malaysia, Singapore, Thailand, the Philippines and Vietnam, fell 2.2 percent last year compared with 2019, with total exports of 1.35 trillion USD. JETRO said Vietnam's exports to Japan dropped by 5.2 percent, but exports to the United States rose by 25.7 percent and to China by 18 percent. However, Vietnam's growing trade surplus with Washington and Hanoi's interventions in the foreign exchange market prompted the US Treasury Department last December to label the country as a currency manipulator for the first time. Among the other ASEAN nations mentioned in the report, the Philippines logged a 10.1 percent fall in exports, followed by a contraction of 6.0 percent in Thailand, 4.1 percent in Singapore and 2.6 percent each in Malaysia and Indonesia. It said the combined trade surplus of the six countries tripled to 133.66 billion USD, as easing energy prices and shrinking domestic demand led to steeper declines in imports than exports. Thailand's trade surplus surged 144.5 percent, compared with an 83.5 percent increase for Vietnam, Singapore 43.9 and Malaysia 25.6. The Philippines narrowed its trade deficit by 46.3 percent to 21.84 billion USD while Indonesia chalked up a trade surplus of 21.74 billion USD, a turnaround from a deficit of 3.6 billion USD in 2019. Singapore accounted for 27.4 percent of the six countries' total trade by value last year, followed by Vietnam at 21.3

percent, Thailand 17.1 percent, Malaysia 16.5 percent, Indonesia 11.9 percent and the Philippines 5.8 percent./.

Source: <https://en.vietnamplus.vn/vietnam-records-impressive-export-growth-in-2020/196297.vnp>

LG display to invest another US\$750mil for its Vietnamese plant, say reports



Vietnam News | 15 February, 2021

LG Display Co, a major display panel maker in South Korea, will make an additional US\$750 million investment in its plant in Vietnam, news reports in South Korea has shown, as the company eyes expanding OLED panel productions, Yonhap News Agency reported. The city of Hai Phong approved LG Display's latest investment plan for its plant in northern Vietnam, according to the Vietnam News Agency. The expenditure will bring LG Display's total investment for its project in the Vietnamese port city to US\$3.25 billion, it added. LG Display is reportedly seeking to begin adding more OLED production facilities next month at the earliest. The company is expected to hire 5,000 more people, it added. According to market researcher Omdia, the world display market is likely to grow 13.8 percent to US\$139.8 billion this year, bolstered by the expansion of IT products and premium OLED products amid a pandemic-induced stay-at-home economy. The global market for OLED panels was expected to soar 28.4 percent on-year on the back of rising demand for TVs and premium gadgets. LG

Display, the world's largest OLED TV panel maker, set up its Vietnamese OLED module plant in 2016. LG Display is one of the world's largest manufacturer and supplier of thin-film transistor liquid crystal display (TFT-LCD) panels, OLEDs, and flexible displays. LG Display is headquartered in Seoul, South Korea, and currently operates nine fabrication facilities and seven back-end assembly facilities in Korea, China, Poland, and Mexico. LG Display was originally formed as a joint venture by the Korean electronics company LG Electronics and the Dutch company Philips in 1999 to manufacture active-matrix liquid crystal displays (LCDs) and was formerly known as LG.Philips LCD, but Philips sold off all its shares in late 2008.[1] Both companies also had another joint venture, called LG.Philips Displays, dedicated to manufacturing cathode ray tubes, deflection yokes, and related materials such as glass and phosphors.

Source: <https://vietnamtimes.org.vn/lg-display-to-invest-another-us-750mil-for-its-vietnamese-plant-say-reports-28222.html>
