

Highlight News / February 24/2021



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Special tariffs cut to boost auto sales



Cambodia News | 23 February, 2021

From early next month, the special tariffs on imported family vehicles will be reduced by 10 to 25 percent according to engine size, according to an announcement from the General Department of Custom and Excise. The rate for imported electric family and passenger cars will be reduced from 30 percent to 10 percent and the rate for semi-trailer trucks will drop from 40 to 25 percent. Lorries with a gross vehicle weight over five tonnes will have the tariff on them reduced from 40 to 30 percent. Dump trucks, cranes, drilling trucks, concrete mixers and vehicles that carry explosive materials will see a rate cut from the current 40 percent to 30 percent. Ngorn Saing, chief executive officer (CEO) of RMA (Cambodia) Plc, welcomed the government's move. He added that the reduced tariff costs, will enable more vehicles to be sold, with price reductions of \$1,000 to \$10,000, depending on the type of vehicle, compared with the old tariffs. He added sales across the automotive industry fell 30 percent in 2020, with RMA's sales dropping around 5 percent last year. RMA (Cambodia) is an automotive, agriculture and heavy equipment-distributor incorporated in Cambodia. It is the distributor and provider of warranty and after-sales service for world-leading brands including Ford, Jaguar, Land Rover, John Deere, TCM, JCB, FUSO and Piaggio. According to a company report, the Ford business segment is a major part of the company's current revenue

structure. Saing added that the reduced import tariffs are a good measure given that the average amount of tariff paid on a new car is triple that for a used car. If new cars sell well, the government's income will not be reduced. "With this reduced tariff rate, some people will be able to afford the cost of a new car, so we hope that sales will increase. We are importing vehicles with the latest technology. We are improving after-sales service and we are increasing the number of workshops," Saing added. The RMA (Cambodia) CEO noted that in 2020 his company sold more than 6,000 vehicles. "I think that this year, the sales will increase to around 7,000 new cars," he said. According to Saing, the reason for his growth projection is the availability of COVID-19 vaccines, the Kingdom's economic growth recovery, growth in construction and real estate and signs that the world will soon manage the spread of the COVID-19 pandemic. Peter Brongers, chairman of the Cambodian Automotive Federation, said that Cambodia has some of the highest tariffs on imported vehicles in Southeast Asia and car prices here are too high as a result, so people are still importing used cars which pollute the environment more. "If you want to have safer and cleaner cars then you need to cut down on supplying used ones. I think it is a good step to reduce the special tariff rate, but it is not good enough because it should be reduced more to align with Thailand, Vietnam and Malaysia," Brongers added. "If you want to upgrade a car then it is a move in the right direction. Also, under the Kingdom's current economic climate, the

purchasing power of many consumers is a bit less than it was, so the reduced tariff will also help to boost more purchases of new cars. Imported new cars now account for 20 percent of the cars on the road, while used cars make up around 80 percent. But it is a better situation than five to 10 years ago when only 10 percent of cars on the road were new,” he added Brongers added that import tariffs should be reduced more to make it easier to import new, clean, safe and more energy-efficient cars. According to the RMA report, the COVID-19 pandemic in Cambodia significantly affected both demand and supply, especially in the second quarter of 2020. Demand was hit by delays and cancellations of major private and public sector projects, a reduction in consumer confidence, lack of tourism and a badly damaged hospitality business alongside more cautious bank lending. By the end of the fourth quarter, sectors such as tourism and hospitality were still severely affected by the pandemic. Supply was initially affected by lockdowns, notably at the Ford factory in Thailand, but has subsequently returned to normal, starting in the third quarter of 2020. The Ford business segment is made up of vehicle sales, after-sales service and spare parts. It accounted for 82.5 percent of the company’s Q42020 revenues (vs 83.4 percent of its Q42019 revenues) as well as 87.2 percent of the company’s 2020 revenues versus making up 86.1 percent of its 2019 revenues. Ford revenues for the whole of 2020 were up 54.9 billion riels (a rise of 5.6 percent against 2019) as a result of the company’s

strong Q1 and Q42020 unit sales, offset by the lower unit sales in both Q2 & Q3 2020, that were attributed to the COVID-19 pandemic.

Source : <https://www.khmertimeskh.com/50816772/special-tariffs-cut-to-boost-auto-sales/>

Fintech association outlines goals at its first annual meeting



Cambodia News | 23 February, 2021

The Cambodian Association of Finance and Technology (CAFT) presented its vision for the future of the industry at its first annual general meeting. The event, which featured speakers from the National Bank of Cambodia (NBC) and the Monetary Authority of Singapore, brought together leaders from various sectors including payment service institutions (PSI), agritech, insurance, banking, micro-finance and real estate. Remi Pell, chairman of CAFT, said the event was unique in that it brought together leaders from a variety of sectors, which would help fintech to be more broadly understood and used. “It is important to bring together a wide diaspora of the business community. because it allows us to meet with different industries and showcase what we can achieve together through collaboration and innovation,” said Pell. CAFT merged with the Cambodia Fintech Association in 2020. Chea Serey, assistant-governor and director-general of the NBC, said the union was significant because it provided a single voice for the industry, making it easier for government regulators to work with. Since the merger, CAFT has also become a member of the

Association of Banks in Cambodia, allowing it to receive government support more broadly. For its first full year of operations, the group has several different initiatives in the pipeline to encourage innovation and promote fintech in Cambodia. Those projects include the World Fintech Festival, a student programme funding challenge and a regulatory sandbox. Tomas Pokorny, secretary-general of CAFT and a founding member of PiPay (which hails itself as the fastest, most secure way to send and receive money), describes the sandbox as a “small fintech village” or “innovation lab”, a physical location similar to those in Singapore with regulatory framework oversight, that will allow financial institutions and startups to test new products and features without affecting the financial landscape. “When those solutions are proven to be useful or successful, they will be able to leave the small geo-locked fintech village and scale up to a larger level,” said Pokorny, who stressed that the project is about two years away and pending regulatory reviews and approvals. Currently CAFT is working on a concept paper that will be submitted to the NBC for approval. “We are aiming to be the first programme to have this unique combination of both virtual regulatory framework with regulatory participation and physical innovation through the NBC and other regulators,” said Pokorny. Currently, the primary-use case for fintech solutions is digital remittance. The UN’s Economic and Social Commission for Asia and the Pacific reported last year that international remittances to Cambodia were valued at \$1.52

billion – about 5.6 percent of the Kingdom’s gross domestic product. However, with many people leapfrogging traditional banking institutions and embracing the digital banking revolution, use cases have become increasingly diverse in recent years – particularly during the pandemic, according to TrueMoney Cambodia Chief Strategy Officer and CAFT Board Treasurer Frandara Khuon. The event, held Friday at the Hyatt Regency hotel, was sponsored by Cellcard, Prudential Life Assurance and Phnom Penh Commercial Bank.

Source : <https://www.khmertimeskh.com/50816982/fintech-association-outlines-goals-at-its-first-annual-meeting/>

Credit for small firms boosts economic recovery



Laos News | 24 February, 2021

The Ministry of Industry and Commerce has launched a US\$40 million emergency finance support project, backed by the World Bank, to help small and medium-sized businesses recover from the economic slowdown associated with the COVID-19 pandemic. The project was approved by the World Bank Board of Directors in October 2020 and signed by the government in November. Representatives of Ngoi district and the company join villagers at the commencement ceremony of the drinking water demonstration project. Minister for Industry and Commerce, Khemmani Pholsena, declared the Micro, Small, and Medium Enterprise (MSME) Access to Finance Emergency Support and

Recovery Project operational, enabling local banks and financial institutions to provide loans to small businesses that have been affected by closed borders and reduced trade over the past year. According to the Lao Statistics Bureau, over 94 percent of all Lao enterprises are microbusinesses. Three banks, Laos-China, Maruhan, and Sacom have been selected to participate in the project to lend funds to small companies that apply for loans through a line of credit. The project is providing technical support to the Bank of Lao PDR, which is managing a credit guarantee facility, and technical assistance to strengthen the capacity of participating businesses. More financial institutions are expected to join the project once negotiations on the terms of lending are complete. This initiative will reinforce the stability of small businesses, which are vital to the Lao economy, said World Bank Lao PDR Operations Manager, Mrs Viengsamay Srithirath. By making it easier for small firms to access credit, the government and banks are removing one of the top three obstacles for business' in Laos. Ms Viengsamay congratulated the Ministry of Industry and Commerce for the speedy preparation of the project during a time of economic difficulty, and said its execution would build on the success of the World Bank Small and Medium Enterprise Access to Finance Project, which closed at the end of 2020 after disbursing around 180 loans to small Lao companies.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten_Credit_38.php

Over 700 fruit trucks bound for China stranded, face damage at border gates in Muse



Myanmar News | 23 February, 2021

Over 700 cargo trucks carrying fruits are getting stranded at Kyinsankyawt and Pangsaiing (Kyugok) border gates in Muse Township, northern Shan State, facing loss and damage due to delays in entering and exiting China. "There are minor problems at the border gate every day. This is partly because of a lot of fruit trucks. Now, over 600 to 700 trucks are stranded. They have to enter the queue causing delays. So we are facing damage and loss to our products," said local fruiterer Nam Kham Khin. Despite good prices in melons these days, only about 80 cargo trucks can enter and exit China after a replaced driver tested positive for Covid-19. Merchants are facing challenges compounded by the political situation. "Melon market is good. But, not many trucks cannot enter China after a driver was infected with the virus. There are about 600 cargo trucks outside. Yet, only about 80 can enter. Their replaced drives prioritize their goods only. Trade is not easy. We also have difficulty with the banking system. This is not a good sign for merchants," said Sai Khin Maung, vice chair of Muse 105th Mile Fruit Wholesale. Such delays are being caused as Chinese drivers focus on operating their trucks. "We also experienced the same problem last year. It is unsolvable. Companies are trying to solve the problem. But it is not as effective as the action by

traffic police. Kyinsankyawt Road has to struggle as well," said merchants and drivers. Fruit transport charge is around K1.5 million per truckload from Bago or Yangon and K1.4 million from Mandalay or Sagaing.

Source : <https://elevenmyanmar.com/news/over-700-fruit-trucks-bound-for-china-stranded-face-damage-at-border-gates-in-muse>

Vietnam becomes attractive destination to technology giants



Vietnam News | 23 February, 2021

Foreign media and international institutions say that Vietnam is an attractive choice for manufacturers and investors who are seeking to diversify supply chains in Asia. According to Nikkei, Intel has invested \$475 million in its Intel Products Vietnam (IPV), the largest chip assembling and testing center in the world. The additional investment was made in the second half of 2020. It aims to produce 5G products and Intel Core processors with Intel Hybrid technology, and the 10th Intel Core processor. IPV's CEO Kim Huat Ooi said IPV had manufactured more than 2 billion products to provide to clients all over the world as of the end of 2020. The figure showed the important role played by IPV in helping Intel satisfy customer requirements. This also explains why Intel continues to develop facilities and staff in Vietnam. IPV is one of Intel's 10 production facilities in the globe. The plant in the HCMC High-Tech Park (SHTP), with 2,700 workers, is an ATM (assembly, test, and manufacturing) plant with the largest

cleanroom in Intel's system. Its export value has reached \$50.2 billion in the last 10 years, according to Vietnamnet. Export turnover reached a record high of \$13.1 billion in 2020, which accounted for 68 percent of the export turnover of SHTP. Intel is the biggest hi-tech investor in Vietnam. The American company has poured \$1 billion into Vietnam since 2006 and another \$475 million in the last 17 months. Vietnam is becoming an increasingly important link in the global technology supply chain with the presence of many manufacturers, from Samsung to Pegatron, in the country. Nikkei reported that Apple is speeding up the diversification of production activities with two major destinations, namely Vietnam and India. The US technology giant will make iPads in Vietnam, slated for mid-2021. It will also expand the production line of HomePod mini smart speakers. The product has been made in Vietnam since the day it hit the market last year. AirPods output is also expected to increase in 2021. In late 2020, Foxconn, an Apple vendor, spent \$270 million to build a plant in Vietnam. Luxshare Precision Industry, which assembles iPhone and AirPods, is also moving ahead with the plan to make HomePods in the north of Vietnam. According to Savills Vietnam, the Taiwanese electronics manufacturer Pegatron has invested \$19 million in Hai Phong for the first phase of its expansion plan in Vietnam. When the Covid-19 pandemic broke out, some multinationals announced plans to relocate to Vietnam or scale up production in Vietnam. These included Sharp, Nintendo, and Komatsu from Japan and Lenovo from

Hong Kong, Tien Phong News cited. Multi-billion dollar investment wave. In its report titled "Rising star: Vietnam's role in Asia's shifting supply chains", EIU commented that Vietnam remains an attractive option for manufacturers and those who seek to diversify supply chains in Asia. The 2020 Vietnam Real Estate Market Report also says foreign enterprises are stepping up investment relocation and Vietnam is one of the alternative destinations. The Vietnamese industrial real estate market has favorable conditions to develop, including the stable growth of the economy, Vietnam's membership in many FTAs, and investment incentives offered by the government. CEO of JLL Vietnam Stephen Wyatt commented that Covid-19 is a catalyst accelerating the relocation process. He said Southeast Asia in general and Vietnam, in particular, will become more attractive in the future. JETRO (Japan External Trade Organization) affirmed that the shift will improve supply chain efficiency, fill the gap created by pandemic effects, and strengthen economic relations with ASEAN countries. According to John Campbell from Savills, in order to attract investors, some factors need to be improved, including infrastructure, logistics, and land prices. Land prices have been escalating in recent years as many foreign investors have been heading for Vietnam.

Source : <https://vietnamtimes.org.vn/vietnam-becomes-attractive-destination-to-technology-giants-28437.html>

Bamboo Airways raises charter capital to 457.3 million USD



Vietnam News | 23 February, 2021

Hanoi (VNA) – Bamboo Airways has announced the addition of 3.5 trillion VND to its charter capital, bringing the total amount to 10.5 trillion VND (457.3 million USD). The adjustment marks the fifth and also the largest addition by the Vietnamese budget carrier to date. Its shareholder structure remains unchanged, with the FLC Group holding 51.29 percent as of the end of last year. It reported pre-tax profit of over 300 billion VND in 2020, transporting a total of over 4 million passengers, up 41 percent in the number of flights and 40 percent in the number of passengers against 2019. Bamboo Airways was established in mid-2017 with registered capital of 700 billion VND, which has been rising since late 2019. It is yet to reveal the timing of its initial public offering (IPO). The carrier is currently operating nearly 30 aircraft, including modern Boeing 787-9 Dreamliners, A321neo ACFs, and Embraer E195s. Its fleet is expected to reach 50 this year. It won "Asia's Leading Regional Airline 2020" at the World Travel Awards last November. /.

Source : <https://en.vietnamplus.vn/bamboo-airways-raises-charter-capital-to-4573-million-usd/196625.vnp>