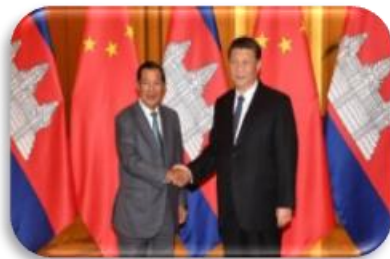


Highlight News / March 11/2021



- FTAs, FDIs and tourism essential for Cambodia's economic bounce back
- India seeking pepper and turmeric from Cambodia
- Chinese companies looking to grow 4,800 hectares of durians in Laos
- WB funded US 86.3 million to support energy efficiency projects in Vietnam
- Ho Chi Minh City's industrial production index increase in two months



FTAs, FDIs and tourism essential for Cambodia's economic bounce back



Cambodia News | 10 March, 2021

Although vaccines have begun to be administered in the Kingdom, a resurgence in cases and talk of new virus variants continues to fuel economic uncertainty. Tourist numbers dropped by over 70 percent between January and September of 2020 year-on-year. The disruption of the global supply chain resulted in a chokehold on the Kingdom's exports and the fall in foreign direct investment (FDI) slowed the important flow of job-creating capital into the Kingdom. However, progress across three key economic drivers, pointing to better times ahead, has already been recognized. According to a recent report by the World Bank (WB), despite research indicating that a slow recovery in tourism may continue to weigh down growth in the first half of 2021, the sector may strengthen in the second half as vaccines become more widely available and consumer confidence improves. The report added the government having extended monthly tax exemptions to hotels, guesthouses, travel agents and restaurants in selected provinces, amongst other measures, is improving the situation. Additionally, Cambodia's openness to trade remains another factor that will likely spur development, said the report. The WB report comes on the heels of a DHL Global Connectedness Index study that showed Cambodia ranking 46th on DHL's list of most globally connected countries. This is a high ranking

for a lower-middle income state. Country Manager of DHL Express Cambodia, Prayag Chitrakar said: "Maintaining trade accessibility is critical in encouraging foreign investment in the country. The free trade agreements (FTAs) on the horizon will likely unearth new growth opportunities for the country's key sectors." Online news site, The Business Times, added government intervention will be a major factor in Cambodia's return to economic health. "The government supported the economy by introducing a broad package of fiscal stimulus measures to aid recovery as the pandemic recedes. This unprecedented direct support, which has accounted for 5 percent of its gross domestic product (GDP) so far, included a \$1.16 billion equity injection as well as loan guarantees, development spending, tax relief for hard-hit businesses and more." "Phnom Penh doubled down on that approach in December 2020, with new measures to boost local production capacity for export to help return the economy to normal. These measures include extending financial aid to suspended workers in the textile, garment and apparel sectors. Those sectors together account for over 80 percent of Cambodia's total exports and 16 percent of its GDP." Cambodia has also been quick to move towards a number of regional FTA signings, with an agreement signed with China and the terms of one with South Korea agreed on. The former is especially important, with China already being the Kingdom's largest trading partner and accounting for 23.6 percent of the nation's total trade in 2019. On the

regional front, the newly established Regional Comprehensive Economic Partnership (RCEP) is expected to boost economic confidence across Asia substantially. The WB predicts the agreement could increase Cambodia's exports to China by 23 percent. FDI is also looking up for 2021. China remains the largest source of FDI inflow to Cambodia, with the bulk of its investments going to key sectors such as garments, large infrastructure projects, electric and electronic components, agriculture, mining and energy, coal and tourism. Other major sources of FDI include South Korea, the UK, Malaysia, Japan and Hong Kong (China). Similarly, the largest share of committed investment from these countries goes to the garments, construction and infrastructure sectors, followed by tourism and agriculture. According to Deborah Elms, Founder and Executive Director of the Asian Trade Centre, "Cambodia will need to ensure that domestic rules and regulations are simplified as much as possible. Companies that are looking for new sourcing locations to diversify risks and new ways to build Asian supply chains have a lot of options. They prefer to locate in markets that are easy to do business with [as goes] clarity on rules," she said.

Source: <https://www.khmertimeskh.com/50822760/ftas-fdis-and-tourism-essential-for-cambodias-economic-bounce-back/>

India seeking pepper and turmeric from Cambodia



Cambodia News | 10 March, 2021

The Indian Embassy to Cambodia has stated it seeks to see increased imports of pepper and turmeric from Cambodia. This potential hike in bilateral trade with India was discussed at a meeting held March 9 between Indian Ambassador to Cambodia Dr Devyani Uttam Khobragade and representatives of the Cambodia Pepper and Spice Federation (CPSF). A statement released by the embassy stated that the meeting was fruitful in its discussion of how to boost exports of Cambodian agricultural products to India. It also stated that the first step would be the arranging of a virtual meeting between the Spices Board of India and its Cambodian counterpart. At that meeting, opportunities for Cambodian spices in the Indian market would be discussed along with phytosanitary requirements. Subsequent to that discussion, Indian and Cambodian companies will need to have B2B meetings. "The embassy is fully aware of the quality of Cambodian pepper and turmeric and expects a win-win situation for companies from both countries," the announcement said. It also encouraged Cambodian companies to look at India's Duty-Free Tariff Preference Scheme extended to less developed countries (LDCs) for duty related benefits. CPSF's Van Vannal told Khmer Times on Tuesday, "We talked about an array of prioritized products, particularly pepper." Vannal noted that the discussions also placed a focus on

turmeric and that further meetings will address other Cambodian spices.

Source:

<https://www.khmertimeskh.com/50822835/india-seeking-pepper-and-turmeric-from-cambodia/>

Chinese companies looking to grow 4,800 hectares of durians in Laos



Laos News | 10 March, 2021

Chinese companies are looking to rent 3,200 to 4,800 hectares of state-owned land in Vientiane, Laos, in order to grow durians and export them to China, reported Lao media. This scale is unprecedented, and the news soon went viral on social media in Laos and surrounding countries. The Thai Agricultural Cooperative responded, "It is expected that there will be large durian exports from Laos and Vietnam in 3-5 years", and warned the local agricultural community that "it may affect Thailand's agricultural exports in the future, such as corn, bananas, durians, and vegetables for agricultural purposes". According to AgriLaos (www.agrilaos.com), Laos is sparsely populated and has a variety of climates including temperate, subtropical, and tropical climates. However, agriculture in Laos has been weak and heavily relies on weather conditions. Durian has only been commercially grown in Laos on a very small scale in the past ten years, mainly on the cool and fertile southern plateau. There are two varieties of durian grown in the country, the native variety, and Monthong. They are sold in stalls along the main

roads in May every year along with seasonal fruits such as pineapple and jackfruit, attracting nearby passengers. The price of local durians is about 30,000 kip each, but due to management and varietal issues, and the fact that the trees haven't been bearing fruit long, there is a 50% chance that the flesh of the fruit is very small. A popular way of consuming the fruit among the locals is to eat it with sticky rice. However, the ultra-low prices have attracted the attention of foreign travel companies, who packaged visits to durian orchards as well as strawberry and pineapple orchards with tours to coffee plantations in southern Laos, which is especially popular with tourists from neighboring countries Vietnam and Thailand. Laos, especially the capital, is also home to big durian consumers. The fruit is usually imported from Thailand. In early 2021, the price is roughly 90,000 kip for Monthong and 150,000 kip for Kan Yao. Data provided by professional organization TD to AgriLaos show that the local durian consumer market has been expanding in recent years. In 2019, Laos imported 20.13 million tons, an increase of 33% year-on-year; in 2019, it exported 0.376 million tons. In fact, a few Chinese companies have carried out planting trials of varieties such as Monthong, Musang King, and Black Thorn in a few provinces, but the trees have not yet born fruit. Musang King, which is very expensive in China, is very delicate and requires close attention in temperature, soil moisture, and field management, and there have been a few failed trials in Laos. The reasons for the growth of Laos

durian exports include low land rent and labor, as well as many free trade agreements, exempting tariffs from 16 countries including China, Italy, New Zealand, Japan, and India. Durians from Laos have been approved for export to China in 2020. Connected to China by land, it will become more convenient to export to China by rail freight in the future with the launch of the China-Laos railway. In addition, Lao Chinese have begun to set up a tropical fruit processing and exhibition center in Guangdong Province, China. According to data from the Thai Ministry of Agriculture, China imported 575,000 tons of durian from Thailand in 2020, with a value of 69 billion baht, or approximately RMB 14.7 billion, a 78% increase from 2019. China is Thailand's largest market of durians, and Thailand is the largest importer of Chinese fruits.

Source: <https://www.freshplaza.com/article/9301231/chinese-companies-looking-to-grow-4-800-hectares-of-durians-in-laos/>

WB funded US 86.3 million to support energy efficiency projects in Vietnam



Vietnam News | 10 March, 2021

On March 8, the World Bank and Vietnam signed a US\$11.3 million grant agreement to support Vietnam's energy efficient investments. According to WB, US\$8.3 million in the total of US\$11.3 million will be used for the private sector to increase its capability for identifying, appraising, and executing

energy efficiency projects. The World Bank, on behalf of The Green Climate Fund (GCF), has signed a US\$11.3 million grant agreement with the State Bank to promote the commercial finance market for saving energy in Vietnam. The total financial support funded by GCF also includes a US\$75 million guarantee, reported VTV. The project also provides the Ministry of Industry and Trade with technical backing to innovate policies and tighten regulations that work for the development of the energy efficiency market in Vietnam. Afterward, the remaining and the guarantee will be used to establish a risk sharing aid, providing partial credit guarantees for domestic commercial banks, which are vulnerable to lending for energy efficiency projects. The aid is expected to appeal for about \$250 million from commercial finance, allowing businesses to borrow on more competitive terms and low collateral requirements, reported The World Bank. "Building up the energy efficiency is the best but low-cost solution to spontaneously achieve multiple goals: Meeting the consuming demand of energy, reducing pollution and greenhouse gas emission, as well as enhancing the competitiveness of businesses", said Carolyn Turk, the Country Director for Vietnam at the World Bank.

Source : <https://vietnamtimes.org.vn/vietnam-willing-to-offer-optimal-conditions-for-foreign-investors-28795.html>

Ho Chi Minh City's industrial production index increase in two months



Vietnam News / 10 March, 2021

The Ho Chi Minh City Statistics Office said that the Index of Industrial Production (IIP) in Ho Chi Minh City climbed 6 percent year-on-year in the first two months of 2021 despite a fall of 24.6 percent in February. Some fields decreased sharply between January and February, including medicine production, water drainage and wastewater treatment, motorised vehicle production, and paper and paper product manufacturing. Several key industries, meanwhile, enjoyed a year-on-year increase in their production index, such as electronics manufacturing (32.4 percent), electrical device production (28 percent), the manufacture of products from metallic minerals (22.4 percent), chemical and chemical product manufacturing (10.8 percent), and food production and processing (9.8 percent). The Statistics Office added that last month the inventory index of the processing - manufacturing industry increased 12.3 percent year-on-year. Industries with an index higher than the sector's average included leather and related products (up 155.4 percent), chemicals and chemical products (60.8 percent), and electrical devices (45.2 percent). The sales index of processing - manufacturing was down 25.4 percent

month-on-month in February and 9 percent year-on-year. Industrial enterprises in Ho Chi Minh City said Vietnam is still coping with the latest outbreak of COVID-19 while countries that are important partners are also struggling with the pandemic. This has led to shortages of material supplies for production as well as poor sales in both domestic and foreign markets. Mr. Nguyen Phuong Dong, Deputy Director of the city's Department of Industry and Trade, said authorities are working to devise new and breakthrough policies, especially those helping firms capitalise on the opportunities generated by the recently-adopted EU-Vietnam Free Trade Agreement (EVFTA) and EU-Vietnam Investment Protection Agreement (EVIPA). He also recommended enterprises keep a close watch on the pandemic's developments and proactively seek new export and import markets./.

Source: <https://vnexplorer.net/ho-chi-minh-city-industrial-production-index-increase-in-two-months-a2021131032.html>