

Highlight News / May 19/2021



- Chinese firms 'to increase post-pandemic ASEAN activity'
- Another 500,000 doses of Sinovac vaccine has landed in Cambodia
- South Korea to support airport development project in Laos
- Myanmar rice export down by US\$ 30 mln in seven months of this FY
- WB: Most of Vietnam's economic indicators in April good
- Foodstuff prices rise, pose inflation threat



Chinese firms 'to increase post-pandemic ASEAN activity'



Cambodia News | 18 May, 2021

As tensions between the United States and China show no signs of abating, both nations' businesses are shifting their focus towards Southeast Asia, say observers. They say new stumbling blocks related to entering Western markets, rising costs in China and requests from clients have led to a Chinese pivot towards less-developed Southeast Asian nations, such as Cambodia. The 10-country Association of Southeast Asian Nations (ASEAN) saw foreign direct investment (FDI) fall 31 percent during 2020. China, however, increased its investment in the bloc during the same period to \$14.36 billion, a 51 percent increase on the previous year, signalling the importance China currently places in the region. ASEAN is seen as the third-biggest market in Asia after China and India and is home to 660 million people as well as a growing middle class. China is currently the leading source of FDI into Cambodia, with almost \$900 million put into the economy during 2020. This marked a 70 percent increase in Chinese FDI in Cambodia compared with 2019. Xu Ningning, executive president of the China-ASEAN business council, said Chinese investment into Southeast Asia could be categorised into five major fields: infrastructure under the Belt and Road Initiative (BRI), manufacturing and assembly, engineering projects, real estate and the e-commerce/digital economy. Xu specifically cited Cambodia as a

regional manufacturing and assembly base that is attractive to Chinese companies. Firms that decide to relocate to Cambodia can avoid punitive tariffs currently placed upon Chinese companies that export to the European Union and the United States. German clothing brand Puma is one example of a major global company shifting at least part of its manufacturing to Cambodia from China, specifically to Huey Chuen (Cambodia) Corp Ltd and its facility in Takeo. China-based companies have also in recent years adopted a "China-plus-one" strategy for industrial chains. This involved setting manufacturing facilities in countries such as Cambodia to take advantage of lower-wages, as well as the aforementioned avoidance of hefty tariffs imposed by the EU and the US on many Chinese exports. Real estate is another area in which Cambodia is directly benefiting from FDI from China, primarily in Phnom Penh as well as in property in Sihanoukville. The Cambodian property sector is expected to bounce back strongly post-COVID-19. Tommy Xie, head of Greater China research at OCBC Bank, added there were other key factors that placed Cambodia and other ASEAN countries at an advantage, specifically the future geopolitical landscape. He said: "After the pandemic, relations between China and Europe and the US will become even more complicated. There's no way of going back to the way things were. The relationship between China and ASEAN is simpler: There is less political obstruction and that will draw more Chinese businesses to the region." Alibaba, ByteDance and

Tencent set up their regional headquarters in Singapore last year, while Huawei announced its investment in a 5G innovation centre in Thailand last September. Tencent Cloud opened its first cloud computing data centre in Indonesia in April, while SF Express acquired a majority stake in Kerry Logistics in February with the intention of gaining a foothold in the Southeast Asian market. Cambodia, although regarded as a least-developed country, is regarded as having potential with its young and inexpensive labour force and improving infrastructure at the heart of the region.

Source : <https://www.khmertimeskh.com/50858253/chinese-firms-to-increase-post-pandemic-asean-activity/>

Cambodia maintains exports to South Korea



Cambodia News | 18 May, 2021

Cambodia's exports to South Korea maintained their growth in the first four months of this year, showing a recovery in demand for the Kingdom's products as the two countries prepare to sign a bilateral free trade agreement (FTA). From January to April this year, Cambodia exported \$124 million of goods to South Korea, an increase of 8.9 percent compared with the same period last year, according to the Korean International Trade Association. Cambodia spent \$194 million on imports from South Korea, a year-to-date increase of 6.2 percent. The two-way trade rose by 7.5 percent to \$318 million. Cambodia's major products exported to South Korea

are clothes, footwear, travel goods, beverages, electronic appliances, rubber, pharmaceuticals and agricultural products, while its main imports from the country were vehicles, electronics, kitchen appliances, beverages, pharmaceuticals and plastic products. The Kingdom's export growth is recovering after a contraction in 2020 caused by the Coronavirus pandemic. This is in line with the ambition of the two countries to boost their bilateral trade after protracted talks eventually led to preparations for the deal to be signed. Minister of Commerce Pan Sorasak said previously that the FTA will be finally put into effect this year. "Once it is in place, the FTA will contribute to boosting trade activities between the two countries," he said, adding that the Kingdom will also attract new investment from South Korea and other foreign countries to inject much-needed cash into the country. Last year, Cambodia exported \$317 million to South Korea, a decline of 18 percent compared with the previous year. It imported \$567 million from the country, down 5 percent. Cambodia already has an FTA with China.

Source : <https://www.khmertimeskh.com/50858257/cambodia-maintains-exports-to-south-korea/>

South Korea to support airport development project in Laos



Laos News | 18 May, 2021

Seoul, May 18 (Prensa Latina) Korea Airports Corporation (KAC) will participate in the Luang Prabang airport development project in Laos, official

sources said on Tuesday. According to the South Korea's Airports Corporation, the Ministry of Planning and Investment of Laos selected it as the provider of feasibility studies for the aforementioned project. In January, the Government of Laos launched the bid for the first stage of the feasibility study as a public-private cooperative investment program to upgrade the air terminal in its former capital. The South Korean company guaranteed that it has experience in overseas airport development projects, and that it has the support of the Ministry of Land, Infrastructure and Transport and the Overseas Urban Development and Infrastructure Support Corporation. As its first mission, KAC will conduct an airport development feasibility study, such as aircraft demand forecasting, airport operating system improvement plan and environmental impact assessment. Subsequently, the company's leaders noted that they plan to boost the improvement and expansion of airport facilities on a large scale through the formation of a Consortium. The plan is scheduled to last 15 years in accordance with the feasibility study and investment decisions in Laos, at a cost of approximately 100 billion won (about 89 million US dollars). However, KAC members stated that the organization and the size of the project may change according to the feasibility study. Luang Prabang was the capital of Laos' royalty until 1975, and is now a famous tourist destination in the northern region of the country, primarily due to its Buddhist temples.

Source : http://www.xinhuanet.com/english/asiapacific/2021-05/17/c_139950983.htm

Myanmar rice export down by US\$ 30 mln in seven months of this FY



Myanmar News | 18 May, 2021

Myanmar has exported over 1.28 million tonnes of rice and broken rice as of 7 May this financial year (2020-2021), generating US\$490.45 million, stated the Ministry of Commerce. However, Myanmar rice export has dropped by 512,589 tonnes in the seven months of this FY compared to last year. The export value of rice has also declined by \$33.92 million this FY. According to an announcement of the Ministry of Commerce, the volume of rice and broken rice between 1 October and 7 May in the last financial year 2019-2020 reached over 1.79 million tonnes, worth \$524.4 million. The country exported over 700,000 tonnes of rice, generating an income of \$198.870 million and over 500,000 tonnes of broken rice, earning \$191.584 million this FY. China is the primary buyer of Myanmar rice. The Philippines, Côte d'Ivoire and Cameroon and Guinea are the second, third, fourth and fifth largest buyers of Myanmar rice, respectively. Countries in the European Union account for over 20 per cent of Myanmar's rice exports. In comparison, 25 per cent of the rice produced by the nation goes to African countries. Myanmar mainly exports broken rice to Belgium, followed by Indonesia, China, UK, and the Netherlands. Last FY, Myanmar exported rice and broken rice to more than 60 countries worldwide.

China is the largest buyer of rice from Myanmar. However, demand from the Philippines, Malaysia, Madagascar, Poland, Guinea, Belgium, Senegal, Indonesia, the Netherlands, and the UK has risen through the years. Around 16 per cent of exports are conducted at the border while the remaining is exported by sea. — ZYA/GNLM

Source : <https://www.gnln.com.mm/myanmar-rice-export-down-by-us-30-mln-in-seven-months-of-this-fy/>

WB: Most of Vietnam's economic indicators in April good



Vietnam News | 18 May, 2021

Hanoi (VNA) - The World Bank in Vietnam has recently announced its updated report on Vietnam Macro Monitoring in May 2021, which states that most of Vietnam's economic indicators in April were good. However, it warns of several risks to the Vietnamese economy due to the most recent outbreak of the COVID-19 pandemic in late April. According to the report, industrial production continued its strong growth momentum last month, increasing by 1.1 percent compared to March, 24.1 percent higher than the same period in 2020. Revenue from retail sales in April also expanded by 2.3 percent month-on-month, after two consecutive months of decline. The consumer price index in April also recorded an increase of 0.5 percent compared to March, reflecting a recovery in household consumption. In terms of exports, a double-digit growth rate was recorded in all major export items, with the fastest increase in the export

revenue of machinery. This was attributed to the ongoing economic recovery in the US and China. According to the WB, although foreign direct investment (FDI) decreased in April, reaching only 2.2 billion USD (53 percent lower than the previous month), it was generally stable. The bank also valued the accelerated progress of vaccinations against COVID-19 in Vietnam with 506,000 doses administered in April compared with about 50,000 doses in late March. However, it warned that Vietnam is experiencing its fourth COVID-19 outbreak from the end of April 2021, forcing the government to quickly respond by closing schools and applying new restrictive measures on travel. This will affect domestic economic activities, especially tourism, transportation and retail. Therefore, the World Bank recommended that if it is necessary to maintain or tighten these new restrictive measures on health and travel, the Government of Vietnam should consider a new fiscal stimulus package, including a support package on a larger scale for people and businesses affected by the pandemic./.

Source : <https://en.vietnamplus.vn/wb-most-of-vietnams-economic-indicators-in-april-good/201631.vnp>

Foodstuff prices rise, pose inflation threat



Vietnam News | 18 May, 2021

Hanoi (VNS/VNA) - The volume of rice exported last month is estimated at 700,000 tonnes with a value of 362 million USD. This brought the total volume of rice

exported in the first four months of this year to 1.9 million tonnes, worth 1.01 billion USD, down 10.8 percent in volume but up 1.2 percent in value year-on-year. The Agro Processing and Market Development Authority under the Ministry of Agriculture and Rural Development reported that the Philippines was the largest rice consumption market of Vietnam in the first three months of this year with 36.3 percent market share. The volume and value to the market reached 411,580 tonnes and 219.96 million USD, respectively, down 30.7 percent in volume and 14.5 percent in value year-on-year. Markets with a sharp increase in rice export value in the three months were Ivory Coast with a 2.7 times rise and Australia with year-on-year growth of 66 percent. A market where the rice export value fell significantly was Mozambique (down 53.5 percent). The average rice export price in the first three months reached 547.8 USD per tonne, growing 18.6 percent over the same period last year. Regarding the types of rice, in the first three months of 2021, the export value of white rice accounted for 39.3 percent of the total turnover; jasmine rice and fragrant rice accounted for 36 percent and sticky rice accounted for 22 percent and other types of rice made up about three percent. On the world market, Vietnam's rice price reached 508 USD per tonne at the beginning of last month and fell to 488 USD per tonne at the end of the month. The main reason is because the

winter-spring crop has been harvested, therefore, the demand for raw materials dropped, waiting for the coming summer-autumn crop. Poor weather conditions are forecast in many parts of the world this year, resulting in a decrease in food production in many countries, and demand for rice imports expected to increase this year. The European market is forecasted to be livelier thanks to the EU - Vietnam Free Trade Agreement (EVFTA), in which Vietnam is an important rice trading partner./.

Source : <https://vietnamnews.vn/economy/950553/foodstuff-prices-rise-pose-inflation-threat.html>
