

Highlight News / July 27, 2021



- UN Development Programme recommends bond issuance, sin tax to develop economy
- Internet users surge during pandemic
- Laos books \$932M trade value, \$62M deficit in June
- Pulses trade grinds to a halt amid COVID-19 surge
- Domestic trade to make up 15% of GDP by 2030
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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)



UN Development Programme recommends bond issuance, sin tax to develop economy



Cambodia News | 26 July, 2021

Cambodia will graduate from a least-developed country to an upper middle-income country by 2027 or 2028, according to a United Nations Development Programme (UNDP) Development Finance Assessment. The report estimated that financing to support development will double to approximately \$23.4 billion by 2025 and account for 68.9 percent of the Kingdom's gross domestic product (GDP). Official development assistance, including grants and loans are also expected to drop by 0.5 percent of GDP to 7.4 percent – indicating less reliance on concessional loans. The UN body said that pre-pandemic the Kingdom had achieved annual GDP growth of 7 percent for two decades, resulting in poverty falling below 10 percent – “But the pandemic is likely to have profound consequences in both the economy and progress in reducing poverty.” It recommended that issuing sovereign bonds would help to accelerate the development of the private capital market and provide funds to help generate income to help support urban development. The UNDP recommended that engaging in green and climate change mechanisms such as Sustainable Development bonds would help in the development of “exclusively green projects that generate climate and other environmental benefits” and help in de-dollarisation. The Climate Bonds Initiative reported

that ASEAN had issued 13.4 billion green bonds by the end of 2019 worth \$8.1 billion with six countries in the bloc having released them. Cambodia's bond market is still in its infancy with only seven corporate bonds listed. In 2019, the Association of Banks in Cambodia came to an agreement with a US development agency to open the door for green bonds so they can access sustainable financing. “The issuance of government bonds signals the dependence of the domestic capital market and the establishment of a risk-free benchmark for pricing locally issued corporate bonds,” the report said. It warned that the absence of financial safety nets, a thin foreign exchange market, a weak interbank market, the lack of a government bond market and fast-growing fintech development coupled with traditional financial infrastructure increase “risks to financial sector stability”. “Cambodia continues to demonstrate good economic performance with great strides towards sustained and rapid economic development. The level of economic development has been striking, accompanying progressive structural changes within the economy,” the report said. “Nevertheless, there are many issues and challenges. Financing is a key constraint on future progress, not only in maintaining the high level of growth but also in improving the quality of national economic development in terms of its depth, inclusiveness and environmental sustainability,” it continued. The report also explored the possibility of a “sin tax” for gambling ventures as casinos begin to play a bigger part in the economy. “Every year, tens

of thousands of foreigners, mostly from China, Thailand and Vietnam, visit 150 casinos in Cambodia, the largest number in any country in Southeast Asia," it said. Increasing tax on domestic tobacco from 25 percent to 74 percent would result in \$230 billion in additional revenue over the next five years.

Source: <https://www.khmertimeskh.com/50901375/un-development-programme-recommends-bond-issuance-sin-tax-to-develop-economy/>

Internet users surge during pandemic



Cambodia News | 26 July, 2021

demand for online services rose during the pandemic. The same applied to fixed internet subscriber numbers, which witnessed a 16 percent increase during the period to 236,962 users. Chea Vandeth, Minister of Posts and Telecommunication, said the growth was backed mainly by the development of telecommunication infrastructure and because of the pandemic as more people turned to digital platforms. Currently, there are five mobile service providers in Cambodia – Smart, Cellcard, Viettel, Cootel and SeaTel. Internet service provider (ISP) licences were given to 47 companies as of June this year. The number of social media users in Cambodia rose by 2.3 million, a 24 percent increase between 2020 and 2021. There were 12 million social media users in Cambodia in January 2021. This was equivalent to 71 percent of the total population during that period. Vandeth said his ministry has been developing a digital government

policy for 2021-2035 that will serve as a roadmap for providing better public services through the use of digital technology. Some of the priority activities that will be set out include building more telecommunications infrastructure, improving telephone and internet services, strengthening the capacity of information communications technology through research and development, building up local human resources and promoting accountability and transparency in the provision of public services through the use of digital systems. In April, the government issued a sub decree in which e-commerce transactions provided by non-residents who do not have permanent offices in Cambodia will be obliged to pay value-added tax.

Source: <https://www.khmertimeskh.com/50901342/internet-users-surge-during-pandemic/>

Laos books \$932M trade value, \$62M deficit in June



Laos News | 27 July, 2021

Laos saw a record \$932 million in the value of imports and exports last month, but recorded a trade deficit of \$62 million, as the value of imports at \$497 million was higher than the value of exports at \$435 million. The Ministry of Industry and Commerce updated its Lao Trade Portal website, giving a detailed monthly report of the value of trade between Laos and its main trading partners. Last month, Laos exported mainly copper ore, bananas, mixed gold (gold bars), cassava, clothes, raw coffee, sugar,

rubber, fruit (watermelons, passion fruit and tamarind) and sawn wood. Meanwhile, the main imported products were vehicles (other than motorcycles and tractors), electrical devices and equipment, diesel, mechanical equipment (other than motor vehicles), steel, steel products, premium and regular grade fuel, auto parts (including tyres, glass and chains), plastic products, fertiliser, and food factory waste. The total value of exports last month was recorded at \$435 million – a slight increase compared to the May figure of \$425 million. The figure comprised copper ore valued at \$27 million (\$26 million in May), \$15 million worth of bananas, \$75 million of mixed gold (gold bars), \$3 million of cassava (down from \$6 million last month), \$16 million worth of clothing (up from \$11 million in May), \$10 million of raw coffee, \$5 million of sugar (\$3 million last month), \$15 million of rubber, \$5 million of fruit (watermelons, passion fruit and tamarind) and \$3 million of sawn wood. The total value of imports was recorded at \$497 million. This included \$51 million (\$45 million last month) worth of vehicles (other than motorcycles and tractors), \$40 million of diesel, \$33 million of mechanical equipment (other than motor vehicles), \$17 million of steel, steel products, magnetic steel, \$30 million worth of beverages (water, soda and energy drinks), \$30 million of auto parts (including tyres, glass and chains), \$16 million of plastic products, \$11 million

of fertiliser, and \$11 million worth of food factory waste. Most of Laos' exports go to China with \$158 million worth of goods sold last month, down from \$168 million in May. Goods sold to Vietnam were valued at \$90 million (down from \$106 million in May), goods sold to Thailand were valued at \$72 million (up from \$60 million in May), while exports to Japan hit a record \$8 million and goods sold to the US totalled \$7 million. China is still in the lead as Laos' largest export market, while Thailand remains one of Laos' main importing countries, with imports totalling \$225 million last month (down from \$227 million in May). In addition, imported goods from China were worth \$126 million in June (up from \$117 million in May), while imports from Vietnam totalled \$34 million (down from \$39 million), imports from Japan \$14 million (down from \$16 million in May) and imports from the United States totalled \$24 million (down from \$31 million in May). Laos is heavily dependent on imported products but it is hoped that increased domestic production will become a strength of the country, such as organically farmed agricultural produce.

Source:<https://www.phnompenhpost.com/business/laos-books-932m-trade-value-62m-deficit-june>

Pulses trade grinds to a halt amid

COVID-19 surge



Myanmar News | 27 July, 2021

to over 30 per cent of Gross Domestic Products. FOLLOWING the closure of warehouses and commodity depots in each township triggered by the COVID-19 threat, the pulses trade is on the verge of suspension. The domestic bean market is positively related to the law of supply and demand. The price depends on the buyers and sellers. There is no official set price, the traders stressed. Some traders do price negotiation over the call as the warehouses and the wholesale centres are temporarily closed. Sometimes, they experience difficulties, said a trader. As the COVID-19 infections are spiking in Myanmar, agricultural exports to China through border posts also came to an abrupt stop, resulting in the price slip in green gram, sesame and peanut. Nonetheless, the prices of black beans and pigeon beans remain high on the back of strong demand by India. However, the pulses trading in the domestic market is nearly halted in the meantime. More than 1.66 million tonnes of various pulses and beans were exported to foreign markets between 1 October and 9 July of the current financial year 2020-2021, with the estimated value of US\$1.29 billion, the Commerce Ministry's data indicated. Myanmar's agriculture sector is the backbone of the country's economy and it contributes to over 30 per cent of Gross Domestic Products. The country primarily cultivates paddy, corn, cotton, sugarcane, various

pulses and beans. Its second-largest production is the pulses and beans, counting for 33 per cent of agricultural products and covering 20 per cent of growing acres. Among them, black gram, pigeon peas and green grams constitute 72 per cent of bean acreage. Other beans including peanut, chickpea, soybean, black-eyed beans, butter bean and rice bean are also grown in the country. – Mon Mon/GNLM

Source: https://cdn.myanmarseo.com/file/client-cdn/2021/07/27_July_21_gnlm.pdf

Domestic trade to make up 15% of GDP by 2030



Vietnam News | 26 July, 2021

A strategy for developing domestic trade between 2021 and 2030 has been signed off by Deputy Prime Minister Le Van Thanh, aiming to raise domestic trade's proportion in the country's GDP to 15% - 15.5% in the next 10 years. Under the strategy, domestic trade will grow by an average 9% - 9.5% a year, and retail sales of goods and consumer service revenue by 13% - 13.5% during the period. By 2030, domestic trade via e-commerce is expected to increase by about 20% - 21% annually to account for 10.5% - 11% of total retail sales of goods and consumer service revenue. The percentage of small- and medium-sized enterprises involved in trading activities is hoped to surpass 40% - 45%. The strategy looks to achieve fast and sustainable growth of domestic trade, build brands for Vietnamese goods, and protect the interests of consumers,

businesses, and the national economy. Among the main orientations to develop domestic trade, authorities are set to press on with improving the investment and business climate, form a market order adaptable to the new context, develop domestic trade stably and sustainably, keep domestic trade's growth faster than the GDP growth, and develop e-commerce into the main form of trading. This strategy also points out the need for all-level authorities to develop uniform, modern, and sustainable infrastructure for domestic trade that matches the development level in each area, especially rural and ethnic minority ones. They are also tasked with forming a system of logistics centres, building major logistics centres in key economic regions, continuing to support the establishment of large distribution enterprises, and making and implementing support policies for businesses, especially those trading in agricultural products.

Source: <https://english.vov.vn/en/economy/domestic-trade-to-make-up-15-of-gdp-by-2030-876968.vov>

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approval, Minister of Finance Ho Duc Phoc said Sunday. Businesses, especially small- and medium-sized, have been reporting major challenges as the fourth wave of Covid forces cities and provinces to impose strict social distancing. The government recently approved a VND26-trillion support plan for businesses and individuals affected by the pandemic, and the money is currently being disbursed. Phoc said his ministry has requested the government to cut regular spending by 10 percent to free up more resources to fight the pandemic. The ministry has provided nearly VND8.2 trillion to the Ministry of Health to cover vaccine costs, and another VND12.3 trillion is on the way. He added

Source: <https://e.vnexpress.net/news/business/economy/finance-ministry-working-on-1-bltn-covid-support-for-businesses-4330556.html>



Vietnam News | 26 July, 2021

The Ministry of Finance is contemplating a VND24-trillion (\$1.04 billion) stimulus for businesses hit by the Covid-19 pandemic in the form of tax and fee waivers. Once completed, the proposal would be sent to the National Assembly and government for