

Highlight News / September 6, 2021



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)

Free trade agreement with South Korea may be signed next month



Cambodia News | 03 September, 2021

A long-awaited trade deal with South Korea may be signed next month, according to the country's ambassador to Cambodia. Negotiations on the Cambodia-Korea free trade agreement (CKFTA) were wrapped up in February but the history is even longer. Prime Minister Hun Sen raised the prospects of a deal during a state visit from South Korean President Moon Jae-in in March 2019. In November of the same year a joint feasibility study was launched. Now it seems the pens are poised to ink the accord. "I expect we will sign the agreement later this year around October. After that I expect we will have more trade between our countries," said South Korean Ambassador Park Heung-kyeong at an event in Phnom Penh on Friday. From January to June, two-way trade was valued at \$451 million, a year-to-date increase of 6.7 percent, according to data from the Korea International Trade Association. Cambodia exported \$159 million of goods to South Korea, a contraction of 1.6 percent. South Korea's exports to the Kingdom rose by 11.9 percent to \$292 million. Cambodian exports to South Korea include garments and textiles, footwear, travel bags, spare parts, electronic equipment, rubber and agricultural products. South Korea exports automobiles, electronics, appliances, beverages, pharmaceuticals and plastic products. This is the second free trade deal that Cambodia has

completed with a more economically developed country. The FTA with China, officially designated a developing country despite being the world's second-biggest economy, was the first. Cambodia is classified as a lower middle-income country. Cambodia's Commerce Ministry says the FTA includes standards, technical regulations and conformity assessment procedures, sanitary and phyto-sanitary measures, along with trade remedies, rules of origin, customs procedures and trade facilitation. It also includes economic cooperation, transparency, dispute settlement, exceptions, institutional arrangements and final provisions.

Source <https://www.khmertimeskh.com/50928999/free-trade-agreement-with-south-korea-may-be-signed-next-month/>

Cashew exports grows by 340 percent



Cambodia News | 03 September, 2021

Figures from the Ministry of Agriculture, Forestry and Fisheries show that from January to August 2021, Cambodia exported about 876,521 tonnes of cashew products to foreign markets, a significant increase of 340 percent compared to the same period the previous year. Major markets for Cambodia's cashew nuts are Vietnam, China, Thailand, Japan, India, S. Korea, the Netherlands, Bangladesh, Laos, Togo, United Arab Emirates, and so on. Cambodia is a country with great potential for cashew trees which are easily grown and are draught resistant. Cashew nuts are high in iron to

improve our hemoglobin and good for diabetics because they can help balance sugar in the blood. Moreover, they are believed to be a good food that contains phosphorus and other substances that can boost strength, prevent inflammation, boost immunity to the flu, and so on. C. Nika – AKP

Source: <https://www.khmertimeskh.com/50928483/cashe-w-exports-grows-by-340-percent/>

Economic fallout from Covid deepens: World Bank survey



Laos News | 06 September, 2021

The continuing Covid-19 pandemic has deepened the economic fallout in Laos over the second quarter of this year as employment fell off sharply and households and businesses suffered declining income and revenue, according to a World Bank survey. The latest round of the World Bank's Rapid Monitoring Phone Survey, conducted in April-May this year among 2,000 randomly selected households, shows that 51 percent of survey respondents reported being without work or having had to stop working in April-May 2021, up from 17 percent in February-March 2021. In the services sector, more than half of workers in the wholesale and retail trade and other services had to stop working or switch jobs during the lockdown, according to the survey. By May 2021, 5.5 percent of businesses had permanently closed, while 33 percent were temporarily closed. Among businesses that remained in operation, 65 percent experienced

a fall in revenue from pre-lockdown levels. Also in May, around 43 percent of households experienced a decline in household income relative to before lockdown, leading respondents to express growing concern about food insecurity for people in their communities. This was the third round of the Covid-19 Rapid Monitoring Phone Surveys of Households in Laos. The surveys are aimed at monitoring the social and economic impacts of the pandemic. The results help provide insights into the effects of the pandemic on household well-being, and feed into policy advice and analytical studies such as the latest edition of the Lao Economic Monitor. The first round of the Lao phone surveys was conducted in June to July 2020, when the country had just exited the initial nationwide lockdown, and the second round ran from February to March 2021, one year into the pandemic. Laos is struggling to contain the spread of Covid-19. The number of infections has jumped from fewer than 50 in early April to more than 15,600 cases to date. Several provinces have ordered lockdowns in a bid to contain the outbreak. Conversely, prolonged lockdowns and continuing border closures are not only disrupting business activities and hindering economic recovery, but also make it more difficult for vulnerable households to stay out of poverty. Falling income and job losses put many more households at risk of falling into poverty amid rising inflation and the mounting cost of living

in Laos. According to the World Bank's Lao Economic Monitor, 43 percent of hospitality and transport workers who lost their jobs early in the pandemic remained without work in March 2021. The Bank's report stated that the share of employed women halved from 78 percent before the lockdown to 39 percent during the lockdown period, as more women are employed in the hardest-hit sectors. Men faced a smaller decline, from 87 percent to 55 percent. The World Bank is coordinating a US\$33 million Covid-19 response project in Laos, supported by various development partners under the guidance of the Ministry of Health.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent_Economic_173.php

Demand for tomatoes high despite prices slump



Myanmar News | 05 September, 2021

Currently, although the price of tomatoes drops from between K2,000 to K2,500 per box containing 18 visses of small size tomatoes, while a box containing 18 visses of large size tomatoes to K6,000, the demand is still on the rise. Although the prices of tomatoes drop, the demand is high at the Thiri Marlar Wholesale Centre of Mandalay, according to the tomato wholesalers. The country sees a high yield this year and the trucks between 15 to 20 arrive at the Thiri Marlar Wholesale Centre per day. Currently, although the price of tomatoes drops from between K2,000 to K2,500 per box containing 18 visses of

small size tomatoes, while a box containing 18 visses of large size tomatoes to K6,000, the demand is still on the rise, said U Aung Moe Naing, owner of the Aung Wholesale Centre. "The tomato prices decline but the demand is high as the production rate is also high across the nation this season. The price is convenient for the customers. We face some difficulties as we cannot trade peacefully due to the fixed opening and closing hours of the market. The infection rate of the disease also declines recently. Therefore, the officials should ease the restriction for the markets in each township. If so, it will be a win-win situation for both the buyers and vendors, including farmers. They should review the operating hours of the market. The current tomato transaction is normal despite the high demand," he said. Moreover, one housewife who came to Nyaungbin Market of Aungmyaythazan Township said, "the people began panic buying in the market as the price of tomato is K600 per viss. I also bought two visses of tomatoes." The Thiri Marlar market receives the tomatoes produced from Innlay, Ywangan and May Myo townships daily and also trades various types of raw vegetables. — Min Htet Aung (Mdy Sub-Printing House)/GNLM

Source: <https://www.gnln.com.mm/cmp-garment-exports-plummet-to-us2-5-bln-in-current-fy/>

Vietnam manufacturing output declines on Covid-19 outbreak



Vietnam News | 05 September, 2021

The Vietnam Manufacturing Purchasing Managers' Index (PMI) fell to 40.2 in August, down from 45.1 in July and signaling the worst deterioration in the health of the sector since April 2020, according to Nikkei and IHS Markit. Business conditions have now declined in three successive months. "Vietnamese manufacturers are facing a near-impossible task at present as the restrictions put in place to try and contain the spread of the Covid-19 outbreak in the country constrain their ability to produce goods," said Andrew Harker, associate director at IHS Markit, which compiles the survey. "Firms also revised down their expectations as the prospect of an extended period of restrictions becomes more likely," he added. Covid-19 restrictions meant that a number of manufacturers have to close their business temporarily, while others reported staff shortages and limits on their ability to produce. As a result, output declined at a substantial pace. The rate of contraction was the second-fastest on record, behind only the one seen in April 2020. A similar picture was recorded with regards to new orders which decreased for the third month running and at the fastest pace in 16 months. The decline in new export orders also accelerated as Covid-19 restrictions made exporting difficult. The sector's labor market also suffered amid social distancing restrictions. A number of firms indicated that they

were operating the '3 in one spot' policy to maintain some staff presence on-site, but that not all workers were able to participate in this. Overall, employment decreased for the third month running, and at a pace that was the steepest since April 2020. Severe supply-chain disruption continued, with supplier lead times extending for the longest period on record for the second month in a row. Transportation issues were widely reported, with congestion at ports a result of them being unable to operate at full capacity. Raw material shortages were a secondary factor contributing to longer lead times. Raw material shortages and transportation issues led to a further steep increase in input costs, with the inflation rate rising the fastest in a decade. In turn, output prices increased, albeit to a much lesser extent than input costs as some firms offered discounts so as to secure sales. August saw a near-record reduction in purchasing activity amid temporary company closures and low demand. Despite the drop in purchasing, stocks of inputs increased for the first time in three months. The accumulation largely reflected the difficulties firms were having in maintaining production volumes. Business sentiment hit a 15-month low in August as the severity of the current Covid-19 outbreak in Vietnam led to the anticipation by a number of firms of a sustained period of restrictions on their operations. That said, others were confident of a rebound in production.

Source: <https://hanoitimes.vn/vietnam-manufacturing-output-declines-on-covid-19-outbreak-318571.html>

Disbursement of public funds reaches over 50% in 8-month period



Vietnam News | 05 September, 2021

Disbursement of public investment funds in the first eight months of 2021 reached VND245 trillion (\$10.76 billion), or 51.1% of the year's target and representing a slight increase of 0.4% year-on-year. "The figure, however, remains lower than expected, as the Covid-19 pandemic and stay-at-home order adopted by several provinces/cities are making it hard for the execution of public projects," noted the General Statistics Office (GSO) in its monthly report. In addition to the current pandemic situation, Vice Minister of Planning and Investment (MPI) Tran Quoc Phuong noted rising construction materials and the lack of commitment from government agencies and localities are factors hindering progress in public investment. Data from the GSO noted the high disbursement rate mainly comes from large-scale projects or those of national priority. On the contrary, local projects of small scale register slow progress. "Leaders' attention to public investment is of significance, regardless of the size of the project," Phuong said. In a recent directive urging for localities to speed up public investment in the remaining months of the year, the Government called for greater responsibility and political determination from leaders to realize the disbursement target. The directive also pointed out other shortcomings that need to be addressed, including the slow procurement and site clearance,

as well as inefficient cooperation between different agencies in supervision or realizing administrative processes. This year, the Government targets to disburse 95-100% of the VND461.3 trillion (\$20.2 billion) of public investment funds allocated for this year, for which the rate should be at least 60% by the end of the third quarter, or VND276.7 trillion (\$12.12 billion). According to the directive, the slow disbursement of public funds reverses the positive effects of investment projects and leads to waste of resources. This is particularly a concerning issue as this could delay the implementation of monetary and fiscal policies at a time when the economy is still struggling with the Covid-19 impacts, it added. To speed up public investment, Prime Minister Chinh requested the MPI to shift state funds allocated to provinces/cities or ministries having disbursement rates below 60% to those disbursing at a higher pace.

Source: [http://hanoitimes.vn/disbursement-of-public-funds-reaches-over-50-in-8-month-period-](http://hanoitimes.vn/disbursement-of-public-funds-reaches-over-50-in-8-month-period-318577.html)

[318577.html](http://hanoitimes.vn/disbursement-of-public-funds-reaches-over-50-in-8-month-period-318577.html)