

Highlight News / October 12, 2021 2021



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT BY TCC (AITI)

## Total trade volume in the first eight months of this year remains positive



*Cambodia News | 11 October, 2021*

Cambodia's total trade volume in the first eight months this year remains positive despite the global economic fallout from the Covid-19 pandemic. The trade volume reached \$25,610 million in the January-August period, up 7.9 percent compared with the same period last year. Cambodia's total exports were worth \$11,010 million, a year-on-year increase of 20.4 percent compared with the same period last year, according to a report from the Ministry of Economy and Finance, which stated total exports excluded gold. Total imports were valued at \$14,600 million, an increase of 26.7 percent in the same period, the report stated. The eight-month export growth was driven by a increase in garments, bicycles and other export goods including furniture, rubber, fur skins, solar equipment, electronics and electric parts, wires and cables, bananas, sugar, as well other agricultural products including cassava and mangoes, the ministry stated in the report. The increase in total imports was backed mainly by the increase in fabric imports, construction equipment, petroleum, and other products. Cambodia's economy has been affected by the negative impact of the Covid-19 pandemic, especially the Feb 20 event that put a lot of pressure on main sectors of Cambodia's economic growth, read the report. "As of August 2021, international tourist arrivals, activities in the construction sector and foreign

investment have continued to decline. However, the non-garment exports, especially bicycles, electronics assembly, wooden products, gold and agricultural products have still continued to keep momentum and the garment export sector has continued to recover," the report read. Cambodia's main trading partners are the United States, the European Union, China, Japan, South Korea, Thailand and Vietnam. Lim Heng, vice-president of Cambodia Chamber of Commerce, said: "With trade pacts bilaterally and multilaterally, Cambodia is expected to receive more investment, which will boost both exports of finished products and imports of raw materials to feed the production chains."

Source:<https://www.khmertimeskh.com/50949168/total-trade-volume-in-the-first-eight-months-of-this-year-remains-positive/>

## AMRO cuts growth forecast but predicts more next year



*Cambodia News | 11 October, 2021*

Cambodia's economy will grow more slowly than previously forecast, according to the ASEAN+3 Macroeconomic Research Office (AMRO). It cut its 2021 gross domestic product (GDP) forecast to 2.8 percent from a March forecast of 4 percent. AMRO says growth will bounce back next year to 6.6 percent thanks to the speed of the Kingdom's vaccination campaign. "Cambodia had been one of the strong performers of the region until the pandemic hit. Unfortunately Cambodia is very dependent on tourism and the garment industry,

both of which were hit really hard because of the disruptions to the supply chain and production as well as the shutdown of the border. That's why the economy has been struggling," said AMRO Chief Economist Ho Ee Khor. "On the other hand the government has a lot of fiscal space and has been using it to support businesses. Because of that we are quite comfortable. They have done a lot to ramp up the vaccination rate so we feel comfortable that next year Cambodia will be able to open up much more than many other countries and, when that happens, it will be able to attract tourism back. At the same time the garment industry is recovering," he said. AMRO also cut its GDP forecast for the ASEAN+3 region, which includes China, Japan and South Korea. It forecasts an average 6.1 percent growth, down from its March forecast of 6.7 percent. AMRO said regional economies will probably grow by 5 percent next year as vaccination campaigns gather pace and governments and businesses start to get an idea of what the "new normal" will look like. AMRO sees this as stronger growth because it comes from a higher year on year base because there was zero growth in 2020. AMRO sees six risks to growth next year. The first is repeated waves of Coronavirus. While vaccines offer protection, AMRO warns that authorities will try to contain outbreaks, which will drag on growth. Secondly AMRO says the withdrawal of fiscal stimulus will put financial stress on businesses and households, warning that some companies won't survive. Thirdly, continued tensions between the US and China may hurt trade, although

AMRO does not believe the rest of Asia will be hit too hard. Fourthly, the US Federal Reserve may tighten monetary policy, triggering capital outflows from Asia. The final two risks AMRO sees are a financial or sovereign debt crisis in the region because of rising government debt. "The region is adapting and learning to function within the more uncertain environment," AMRO said. "The pandemic has altered the way businesses and consumers transact, accelerated digitalisation and led to the emergence of new business models and types of firms. Rising protection and immunity are also allowing some resumption of travel," it said. AMRO warned against withdrawing fiscal and monetary policy support too quickly, saying any tightening "needs to tread the fine line between preserving the remaining policy space and supporting the rebound." It recommended a gradual phasing out of existing policies and said governments and central banks will need to make sure businesses are informed of any tapering well in advance to avoid any shocks to the system. Even as stimulus is withdrawn, AMRO said governments should continue to support hard-hit sectors while ensuring an even recovery to avoid social inequality. It said governments need to capitalise on the growing adoption of e-commerce to bring about a smooth transition to a new digital economy. AMRO is an economic surveillance organisation that aims to contribute to economic and financial stability in the region.

Source: <https://www.khmertimeskh.com/50949126/a-mro-cuts-growth-forecast-but-predicts-more-next-year/>

## Triangle SEZ asks for more workers



*Laos News | 12 October, 2021*

Golden Triangle Special Economic Zone developers in Bokeo province have asked the province's Covid-19 taskforce to ease the procedures around the importing of workers, so that operations can take place with less disruption. Vice Chairman of the Board of Directors of the Golden Triangle Special Economic Zone, Mrs Chen Zhong, said recently that the Covid-19 outbreak has disrupted operations at the Zone for the past five months. In response to the stringent measures required to address the virus outbreak as set by the government and provincial authorities, the Board of Directors has formulated a plan to help curb the Covid-19 outbreak among workers in the area. Committees operating within the Zone have signed agreements with real estate companies and companies operating within special economic zones to take steps to prevent the spread of the virus and restrict access to unauthorised areas. Collaboration in the management of patrols to prevent the entry of unauthorised or illegal workers has already taken place after provincial health officials identified six major areas as high-risk and re-examined each building. As a result, the number of infections in the Zone has declined. However, a red

zone has been declared and is strictly closed to the public. Out of 286 workers hired from other countries, one person has contracted Covid-19 and has been admitted to hospital. With regard to outbreaks of the virus in nearby areas and airport construction areas, it is strictly forbidden for workers to have any contact with each other. Mrs Chen Zhong called on the provincial leadership to consider allowing 392 people to start work in the Zone, on the condition that they quarantine for 28 days. The Zone's Board of Directors recommended that Lao authorities coordinate with authorities in China and Myanmar to hire more workers, in particular increasing the number hired from Myanmar from 200 to 500. Closer collaboration is needed so that workers can be sent to Laos more quickly, Mrs Chen Zhong said. The Deputy Governor of Bokeo province, Dr Khamphaya Phompanya, thanked the Zone's management for taking steps to keep workers separate and rolling out other measures to prevent the spread of infection. He asked the Board of Directors and other authorities to ensure that all virus control measures were strictly implemented within the Zone. The hiring of both Lao and foreign workers must be carried out in strict accordance with the regulations so that operations within the Zone can proceed as normal, he said. Dr Khamphaya added that all authorities involved must curb the spread of rumours and false information so

as not to undermine the operations of the Golden Triangle Special Economic Zone and to address Covid-related issues as soon as possible.

Source: [https://www.vientianetimes.org.la/freeContent/FreeContent\\_Golden\\_triangle\\_199.php](https://www.vientianetimes.org.la/freeContent/FreeContent_Golden_triangle_199.php)

## Manufacturing sector attracts

### \$286 mln last FY



*Myanmar News | 11 October, 2021*

Majority of foreign enterprises eye the manufacturing sector for investments in the last financial year 2020-2021, pumping the estimated capital of US\$286 million into 27 projects, the Directorate of Investment and Company Administration stated. The manufacturing enterprises and businesses that need large labour force are prioritized, the Myanmar Investment Commission stated. At present, labour-intensive enterprises are facing financial hardship amid the COVID-19 negative impacts and the political changes. Myanmar's garment export drastically dropped on the back of slump in demand by European Union market in the previous months. Consequently, some CMP garment factories permanently and temporarily shut down and left thousands of workers unemployed. Nonetheless, the industry is returning to normal after the COVID-19 vaccination programme for the workers, as per the HIS Markit's September report. Myanmar's manufacturing sector is largely concentrated on garment and textiles produced on a Cutting, Making, and Packaging basis, and it contributes to the

country's GDP to a certain extent. Myanmar drew foreign direct investment of more than \$ 3.79 billion in the last FY, including expansion of capital by existing enterprises and investments in the Thilawa Special Economic Zone, the DICA's statistics indicated. Of 48 foreign enterprises permitted and endorsed by MIC and the respective investment committees between 1 October and 30 September of the FY 2020-2021, 27 enterprises pumped FDI into the manufacturing sector. Power sector received six large project and livestock and fisheries sector attracted six projects. Other service sector drew five projects while agriculture sector pulled two projects and one foreign enterprise each entered industrial estate and the hotel and tourism sectors.—  
KK/GNLM

Source: <https://www.gnml.com.mm/manufacturing-sector-attracts-286-mln-last-fy/#article-title>

## Vietnamese currency forecast to strengthen against US dollar in 2021



*Vietnam News | 11 October, 2021*

VOV.VN - The Mirae Asset Financial Group of the Republic of Korea has forecast the Vietnamese economy is likely to expand 4% in the fourth quarter of 2021 and 2.3% for the whole year after suffering a contraction of 6.17% in the third quarter due to the impact of the COVID-19 pandemic. Mirae Asset experts say Vietnam would achieve the growth driven by public investment disbursement and FDI attraction when the government gradually reopens its economy in the three remaining months of the



year. In a recently issued report, Mirae Asset states despite a sharp decline in the previous three quarters, public investment will serve as the driving force behind economic recovery in the last quarter of the year when Vietnam switches from a strategy of 'Zero COVID-19' to a model of 'living safely with the pandemic'. Indeed, the government is gradually easing social distancing measures and partially opening the economy in localities, along with speeding up COVID-19 vaccinations and implementing solutions to support growth. Meanwhile, despite the COVID-19 impact nine-month FDI inflows into Vietnam continued to maintain double-digit growth, which shows foreign investors have still placed their trust in the country's business climate. Data from the General Statistics Office show the opening nine months of 2021 saw Vietnam attract US\$22.15 billion worth of FDI, up 4.4% from a year earlier. Of the total, the newly registered capital was US\$12.5 billion, up 20.6% year on year, and the adjusted capital was US\$6.4 billion, up 25.6% year on year. In 2022, when the vaccination rate is expected to reach over 70%, and Vietnam gets used to the model of living safely with COVID-19, Mirae Asset experts believe that its economy will expand 5.7% in the base scenario and 6.2% in the positive scenario.

Source: <https://vietnamnews.vn/economy/1056845/vietnamese-currency-forecast-to-strengthen-against-us-dollar-in-2021.html>

## Foreign firms continue to see Vietnam as good investment location 68 pct of garment, footwear firms suffer cancellations, penalties



*Vietnam News | 11 October, 2021*

HCM City (VNS/VNA) - While a number of foreign companies have moved part of their production or orders to other countries, many still see Vietnam as a good location for investment in the long term. Speaking at a virtual conference called 'Invest in Vietnam. Wins and challenges' organised by Adamed and Davipharm last week, Nguyen Hai Minh, partner at Mazars and Vice Chairman of EuroCham, said: "In Vietnam, FDI plays an important role, contributing a lot to the growth of the country, especially exports." There was a slowdown in foreign investment in the country due to COVID-19 this year, and some people were even concerned that foreign investors would not come or even move out of the country, he said. "So Eurocham did a survey in August. It showed that 18 percent of surveyed companies have already shifted part of their production to other countries and another 16 percent are still considering. "But we need to be very specific here to have a correct understanding of the situation. Companies actually are not moving factories or investment out of Vietnam, but just part of their production and orders. "We talked to many companies. [Many said] 'COVID will not last long, we see Vietnam is still a good location for investment.'

Many companies are even looking at Vietnam as a hub for sales in the region."Michal Wieczorek, CEO of Davipharm, said he saw a great opportunity in Vietnam's pharmaceutical market. Domestically produced drugs only met 47 percent of demand, healthcare spending was expected to continue to grow, there was an ageing population with an increase in non-communicable diseases, and there was growth in the private hospital sector, he said. Vietnam's pharmaceutical market would remain one of the fastest growing in the world, he said. When in 2017 Adamed bought 70 percent of shares in Davipharm, becoming the biggest direct Polish investor in Vietnam, it had a crystal-clear strategy, he said. Despite pandemic challenges, the company succeeded in achieving the EU-GMP certification for the drug manufacturing line in its factory in Binh Duong. "With this EU-GMP certification, we are ready to achieve our other ambitious goals," he said. Speakers at the event also talked about challenges that businesses had faced. Minh said the business environment had improved a lot, especially in the last three or four years, though administrative procedures was still a big barrier, especially in terms of implementation of regulations at the provincial level where there were a lot of uncertainties in terms of implementing regulations. Jean-Jacques Boufflet, former head of Trade Affairs in the EU Delegation to Vietnam, said since last year foreign businesses had experienced many regulatory challenges. Today, faced with the pandemic reality, the country should also find a solution to live with COVID-19 since

having workers live on-site proved to be very difficult for companies to implement, he said. "The global COVID situation has proved that it is possible to combine both health protection and economic activities. This is what we need in Vietnam today: running an economy with welcoming institutional regulations for foreign investors, especially the pharmaceutical industry, which is so critical for protecting health." Wieczorek said: "If the Government creates an attractive and welcoming investment environment for the pharmaceutical industry, I'm convinced that many more companies will follow in our footsteps." "But we need incentives, not obstacles. Unquestionably, Vietnam is going to stay on the list of top priorities for Adamed this year and in future," he said./.

Source: <https://en.vietnamplus.vn/foreign-firms-continue-to-see-vietnam-as-good-investment-location/209497.vnp>

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