

Highlight News / January 19/2022



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## Chinese investment to drive presence of Cambodian agricultural products in international markets



*Cambodia News | 18 January, 2022*

As more investments from Chinese companies pour into Cambodia and cooperation in the field of agriculture increases, Cambodian agricultural products are expected to be promoted in more international markets, especially the Chinese market. Minister Agriculture, Forestry and Fisheries, Veng Sakhon, received a delegation from various companies to discuss cooperation in the field of agriculture between Cambodia and China on January 17. "Cambodia is a friend of China and in recent years the two sides have agreed to establish a full strategic partnership," Minister Sakhon said. The Cambodian-Sino agricultural cooperation was launched during the first Belt and Road Forum for International Cooperation. The cooperation led to a number of companies to invest in Cambodia's agricultural sector. These investment aims to develop Cambodia's agricultural sector to ensure supply, quality, safety and export market standards. The Minister hopes that the investments will boost the presence of the country's agricultural product in the international market. The comprehensive strategic partnership agreement between the two countries have attracted many Chinese investment in Cambodia, with the fruit production sector seeing more development. Minister Sakhon thanked China, its embassy and the General Administration of

Customs for their cooperation in inspecting and evaluating the quality and hygienic requirements of Cambodian mango and turmeric products. The investments and cooperation will further develop Cambodia's agricultural sector and its sustainability.

Source : <https://www.khmertimeskh.com/501009066/chinese-investment-to-drive-presence-of-cambodian-agricultural-products-in-international-markets/>

## Demand for Cambodian garments, footwear to further push exports



*Cambodia News | 18 January, 2022*

Export of textiles, garments, footwear and travel products have registered, in fact, bounced back to the annual growth of an average of approximately 10 percent over the past 10 years thus becoming the key sector for the Cambodian economy. After just one year of a minor decline in growth due to Covid-19 in 2020, the garment industry bounced back last year to its pre-pandemic trajectory. Members and guests at the 15th annual general meeting of the Garment Manufacturers Association Cambodia (GMAC) expressed optimism saying it is able to mark 2021 as yet another year of strong growth for the sector in Cambodia, continuing the trend of the previous 10 years which saw an average growth of 10 percent annually. Based on the successes of the past year, the meeting was an occasion to reflect on the industry's prospects for 2022. The out-going president Oknha Van Sou Ieng was made an honorary chairman by the Executive Committee and the former deputy chairman Oknha Kong Sang was

welcomed in as the newly elected President. Among the figures present at the AGM, held at the Association's premises in the Phnom Penh Special Economic Zone, was also the Minister of Labour and Vocational Training, Ith Sam Heng who said that the export of textiles, garments, footwear and travel products and bags sector is the key sector for the Cambodian economy and remains as the country's most important export sector. Collectively these products of the garment industry represent by far Cambodia's number one export which is estimated to have totalled almost \$10 billion in 2021, or about 63 percent of the country's total export value and employing close to 1 million people. The industry's products generally come under three categories with knitted and non-knitted clothes topping the exports at the moment, followed by footwear and travel products such as suitcases. In the first ten months of last year, garment exports totalled \$6.538 billion, an increase of 6 percent over the previous year, footwear exports were recorded at \$1.113 billion, an increase of 20 percent while exports of travel products were valued at \$1.179 billion, an increase of 49 percent. There are several factors behind last year's 2021 performance including a recovery in world trade, but also regional ones such as the impact of Covid-19 on countries with competing garment industries, notably Bangladesh and Myanmar. "You've seen the exports in the apparel and travel sector grow in 2021 and a big reason is certainly the Covid situation in Bangladesh and Myanmar, as well as the political situation in

Myanmar. Some investors have moved to Cambodia because of the problems that they face in these respective countries," Secretary-General of GMAC Ken Loo told Khmer Times. Looking to the future on how the industry in Cambodia can continue its success, Loo pointed to two aspects that he sees contributing to the strong growth. "Hopefully the new Law on Investment will attract more investors to Cambodia providing them more generous benefits, and hopefully the tax incentives are on a more broader scale than before," he said. The second aspect would be the evolution of the industry and its shift towards higher quality products in the future. "We will still very much be doing mass production retail, however, we hope to be moving on to more medium and higher-end retail in the future." GMAC has been a chief protagonist in the garment industry's rise to prominence in Cambodia. It has been in operation for the past 25 years, acting as a unified voice of investors, protecting and promoting the legitimate rights and interests of all investors in the sector, and establishing a forum for consultation and social dialogues with all stakeholders on issues that have a potential impact on the overall investment climate. Its goals are to create a favourable environment for export growth. Sam Heng praised the past work and cooperation of GMAC with the Ministry of Labour and Vocational Training to successfully implement strategic rectangular policies such as the National Employment Policy, national policy on technical and vocational education, national policy on industrial development

and national social protection policy framework. GMAC has also been a responsible participant in the implementation of the obligations set out in the Labour Law, the Law on Trade Unions and the Law on Social Security for those who fall under the provisions of the Labour Law, the Minimum Wage Law, and other legal standards related to the field of employment. Cambodia achieved full peace thanks to the win-win policy of the Prime Minister, and then after 1999, when the government signed a trade agreement with the United States, sealing trade with international labour standards. By the end of 2021, the number of officially registered factories in the sector had increased to more than 1,200, providing systematic employment to nearly one million with an estimated two million people, or more, indirectly benefiting from this sector.

Source : <https://www.khmertimeskh.com/501008715/demand-for-cambodian-garments-footwear-to-further-push-exports/>

## Thai company to spend US\$1 billion on Lao smart city



*Laos News | 19 January, 2022*

Amata Corporation, a major industrial estate developer in Thailand, plans to invest US\$1 billion in the construction of the Amata Smart and Eco City in northern Laos. The Lao government has granted a concession to the Amata Corporation Public Company to build an industrial estate on a 410-hectare site in Natuey in Luang Namtha province. The Chairman and CEO of Amata, Mr Vikrom

Kromadit, was quoted in the Bangkok Post as saying that construction of the Amata Smart and Eco City Natuey project will start early this year, with potential for expansion to 20,000 hectares in the following phases. The industrial complex is set to become a model for modern industrial parks, with energy-efficient infrastructure and sustainable environmental management, he added. A senior official from the Luang Namtha provincial administration office, Mr Somphavan Chanthachakvong, told Vientiane Times on Tuesday that the Amata Smart and Eco City is designed to positively change the image of Luang Namtha province and Laos as a whole. The smart city aims to serve international investors in various industries, including logistics and warehousing, rubber and plastic products, machinery, food and beverage processing, as well as chemicals and pharmacy. “The smart city is located close to the Natuey train station, which is about 20km from the Chinese border,” Mr Somphavan said. “There are two railway stations in Luang Namtha province which serve as gateways between Asean and China to further boost tourism and trade exchanges.” Mr Somphavan said the Laos-China railway will play a significant role in facilitating trade and investment cooperation between Asean and China and beyond. “Construction of the smart city will not only help to spur economic growth in Laos but will also encourage investors in the region to relocate their factories here,” he added. Mr Vikrom was quoted in the Bangkok Post as saying that Amata plans to

invite multinational companies and governments from China, Japan, Singapore and Thailand to promote the Amata Smart and Eco City project. “We will focus on working with these four countries and Laos to develop this project to its full potential,” he said. The company has pledged to seek cooperation to support trade and investment to help Laos become a more competitive, attractive and modern foreign direct investment destination. A Lao government meeting in 2019 agreed that sufficient economic analysis had been undertaken to give the green light to the smart city project, which supports the government’s policy on investment promotion, increased productivity, and development alongside the Laos-China railway. Amata has built industrial estates in Thailand and Vietnam, with a combined customer base of over 1,400 industrial tenants and residents. These industrial estates have led to urbanisation, with up to 300,000 people now living in nearby areas.

Source : [https://www.vientianetimes.org.la/freeContent/FreeConten\\_Thai\\_12\\_22.php](https://www.vientianetimes.org.la/freeContent/FreeConten_Thai_12_22.php)

## Total border trade down nearly \$1.3 bln



*Myanmar News | 18 January, 2022*

The total border trade value exceeded US\$1.6 billion, down over \$1.3 billion in the first three months of the current mini-budget year compared with the same period last year, according to the Ministry of Commerce. From 1 October to 7 January of 2021-22 mini-budget year, the total border trade amounted to

\$1.63 billion, a decrease of \$1.25 billion compared with the last year’s figure of \$2.88 billion. The total border trade value included \$1.13 million in exports and \$493 billion in imports. Myanmar is trading with neighbouring countries such as China, Thailand, Bangladesh, and India with 19 border trade camps. Myawady border sees the highest value of border trade with an estimated cost of more than \$656 million this FY followed by Hteekhee with \$444 million and Muse with \$324 million. Myanmar’s major export items are agro, animal, marine, forest, industrial finished products, and other products. The country mainly imports capital goods, raw materials, personal goods and CMP products. — ACM/GNLM

Source : <https://www.gnlm.com.mm/total-border-trade-down-nearly-1-3-bln/>

## Vietnam govt to slash VAT from 10% to 8% in 2022



*Vietnam News | 18 January, 2021*

HA NOI — Following the passing of a VND350 trillion (approximately US\$15 billion) economic recovery package, the Government is considering the implementation of a cut to VAT. As part of the stimulus programme, VAT for applicable goods and services will be cut down to 8 per cent in 2022 (down two per cent from the current rate), with the reduction set to begin from February. The move has been said to amount to a VND49.4 trillion (US\$2.17 billion) tax break for businesses, nearly three times the tax cut they received throughout 2021, according to finance minister Ho Duc Phoc. Phoc said the Government



favoured VAT reduction over income tax reduction because a VAT cut will help all businesses, not just those who reported profit. According to the minister, a majority of firms would be eligible for the VAT cut with the exceptions of firms in the fields of telecommunications, banking and finance, property development, mining and metallurgy, refinery and petrochemicals, among others. Products and services that were not required to pay VAT tax or at 5 per cent VAT tax or under special VAT tax are not affected by the cut. According to a proposal put forward by the Ministry of Finance, firms may even include expenses incurred in their efforts to prevent the spread of the novel coronavirus in income tax forms. Economists and firms have voiced their concern over how a 2 per cent reduction in VAT may not be able to produce the intended effect to boost consumption and business activities in 2022. Others lamented over the date on which the cut will take effect February 1, saying it's a missed opportunity to give consumption a massive boost right before the Lunar New Year. Addressing said concerns, minister Phoc said the Government still has to balance its budget and a tax cut greater than 2 per cent would put this year's fiscal policy under great pressure. While the cut this year covered more products and services, it is smaller than last year tax cut at 3 per cent VAT but only included transportation, travel and food and beverages. Commenting on a proposal to increase tax on stock market exchanges, the minister said the Government currently has no plan to levy additional taxes. "In 2021, the stock market's

capitalisation reached VND7.7 quadrillion, equivalent to 92.5 per cent of total GDP. It has been an effective platform to secure investment for the economy," he said. However, the Government has been considering stricter bond regulations for firms, especially those that cannot produce collateral. — VNS

Source : <https://www.nationthailand.com/international/40011214>

## Vietnamese digital banking startup gets 20 million USD



*Vietnam News | 18 January, 2022*

According to Techinasia, Vietnam-based bank Timo has raised \$20 million in an investment round led by Square Peg. This is a famous investment fund that has invested in technology unicorn projects such as Canva, FinAnee and Airwallex. In addition to Square Peg, Jungle Ventures, Granite Oak, Phoenix Holdings and several other angel investors also participated in this funding round. This is Timo's first fund-raising round. Proceeds from investors will be used to develop the base technology, with a focus on products specific to the Vietnamese market. Established in 2015, Timo is a provider of digital banking services that enables users to make payments and participate in other financial services without having to go directly to a bank branch. Timo users can even open a bank account without going to a bank for registration. Timo's successful funding round comes in the context of increasing digital

banking products in Southeast Asia, especially in Vietnam. According to McKinsey & Company Vietnam, the percentage of service users of Fintech (financial technology) companies in Vietnam increased from 16% in 2017 to 56% in 2021. The popularity of e-wallets and Fintech in Vietnam is higher than the average of emerging markets in the Asia-Pacific region and even higher than some developed countries. Cash is still the "king" in all payment segments in Vietnam. However, the openness of Vietnamese users to e-commerce is very high. Consumers are willing to spend digitally, even with complex financial products involving mortgages, investments, and insurance policies. McKinsey & Company also said that the scale of Vietnam's digital ecosystem is estimated at 50 billion USD and can increase to 100 billion USD by 2025. Before Timo, another Fintech startup in Vietnam – MoMo - announced the completion of the 5th round of funding (Series E) with a total investment of about 200 million USD. This deal also turns MoMo into a technology unicorn when it is valued at up to 2 billion USD. The Covid-19 pandemic has contributed to promoting the development of digital payments in Vietnam as both people and businesses have formed awareness and understood the value of cashless payments. The habit of non-cash payments will not only be maintained but also will continue to

be promoted in Vietnam in the post-pandemic period.

Source : <https://vietnamnet.vn/en/sci-tech-environment/vietnamese-digital-banking-startup-gets-20-million-usd-809687.html>

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