

Highlight News / February 18/2022



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT by TCC (AiTi)



CMA and CBC ink MoU to prop up Cambodia's financial inclusion



Cambodia News | 17 February, 2022

CAMBODIA's financial eco-system is set for an upgrade in line with the National Bank of Cambodia's National Strategy on Financial Inclusion 2019-2025 with the signing of the Strategic Partnership Memorandum of Understanding (MoU) between the Cambodia Microfinance Association (CMA) and the Credit Bureau of Cambodia (CBC). Along the \$2 million five-year project, the Cambodian Microfinance Association will get a contribution of \$1.2 million, with the Credit Bureau of Cambodia contributing nearly \$1 million. Sok Voeun, the new Chairman of the Board of the Microfinance Association of Cambodia, said: "The second phase of the Responsible Financial Inclusion Project will focus on raising financial literacy among the Cambodians, promoting the microfinance sector's roles while strengthening the resilience of the microfinance sector in line with the national financial inclusion strategy." He explained that financial inclusion is the ability to access and use official financial services in a timely manner in accordance with the requirements, affordability and legal protection while the association has also prepared its five-year strategy in line with the national strategy. "CBC is committed to boosting financial inclusion of \$1 million in Cambodia for the next five years, a collective effort with the Cambodia Microfinance Association through the second phase of the

project," said Oeur Sothearoath, Chief Executive Officer of Credit Bureau Cambodia (CBC). CBC, Sothearoath said, has always been active in supporting the activities of the Cambodian Microfinance Association and inclusion in Cambodia, as well as the development of Cambodia's entire financial sector. The MoU was signed at the 16th Annual General Assembly and the second Annual Forum on Strengthening and Sustainability of the Microfinance Sector in Cambodia on February 11. The programme also included a presentation on economic recovery in the context of living with Covid-19 as the new norm by Huot Pum, Under Secretary of the Ministry of Economy and Finance.

Source : <https://www.khmertimeskh.com/501022173/kingdom-united-states-trade-tops-9-1-billion-last-year/>

Cambodia-Korea trade values \$108 million in January



Cambodia News | 17 February, 2022

Bilateral trade between Cambodia and South Korea was valued at \$108 million in the first month of 2022, a year-on-year increase of 27.7 percent, according to figures from the Korea International Trade Association. In January, Cambodia exported \$30 million worth of goods to South Korea, inching 1 percent compared to January last year. Meanwhile, the Kingdom's imports from the East Asia Nation rose by 49.8 percent year-on-year to \$78.3 million. Cambodia mainly exported footwear and other apparel, travel products, beverages, electrical and

electronic components, rubber, pharmaceuticals and agricultural products to South Korea. The Kingdom imported vehicles, electronics, kitchen appliances, beverages, pharmaceuticals and finished plastics and products. The two nations have placed high hopes of the bilateral free trade agreement once it is put into force. Cambodia promulgated the pact earlier this month while Korea is seeking to accelerate the legislation process to ratify the FTA. South Korea last week pledged to expand economic and trade cooperation with Cambodia after a free trade agreement signed by the two countries last year enters effect in the near future. South Korean President Moon Jae-in made this remark during a meeting with Prime Minister Hun Sen held in Seoul, South Korea last week. Cambodia is a key priority for South Korea, especially as the FTA nears implementation, Moon said, citing that the FTA has been sent to Parliament for ratification after completion of the procedures. Hun Sen said that the Cambodian NA had already ratified the CKFTA, hoping that the Korean national assembly will do so in order to enhance the bilateral cooperation between Cambodia and South Korea, as well as to mark the 25th anniversary of the establishment of diplomatic ties between the two countries. Ministry of Commerce spokesman Penn Sovicheat told Khmer Times recently that the CKFTA would take into force within 60 days after the two countries' ratification of the agreement. "After promulgated, Cambodia will send notification letters to South Korea through the Ministry of Foreign Affairs and International

Cooperation. After ratification is done, the agreement will take effect within 60 days," Sovicheat said. Last year, bilateral trade between the two countries topped \$965 million, a year-on-year increase of 9 percent of which, Cambodia exported \$341 million to South Korea, up 7.4 percent.

Source : <https://www.khmertimeskh.com/501026475/cambodia-korea-trade-values-108-million-in-january/>

Asean FMs discuss Covid response, recovery efforts



Laos News | 18 February, 2022

The Asean Foreign Ministers' Retreat kicked off in Phnom Penh on Thursday in a hybrid format to discuss issues ranging from the Covid-19 response to economic recovery and the 10-nation bloc's relations with dialogue partners. Minister of Foreign Affairs Mr Saleumxay Kommasith led the Lao delegation attending the meeting hosted by Cambodia. The gathering is the first foreign ministers' meeting under the Cambodian chairmanship of Asean and takes the theme "ASEAN A.C.T.: Addressing Challenges Together". The retreat was attended in person by the foreign ministers of Indonesia, Malaysia, the Philippines, Laos and Singapore, and online by the foreign ministers of Thailand, Vietnam and Brunei, according to a Xinhua report. Asean leaders discussed the need to maintain Asean centrality to ensure peace and security in the region as well as issues relating to the Asean Community's Post-2025 Vision,

sustainable development, and Asean's relations with external partners, according to the Ministry of Foreign Affairs. The leaders also discussed ways to expedite economic recovery from the Covid-19 pandemic, and promote competitiveness, regional integration and long-term prosperity in the region. In addition, the meeting discussed the promotion of values, knowledge and identity in relation to Asean, as well as human resource development, capacity building for women, health issues, and the safeguarding of Asean society. Foreign ministers followed up on the outcomes of last October's 38th and 39th Asean Summits and related summits, particularly the drafting of the Asean Community's Post-2025 Vision, inclusive Asean recovery, and Asean community building efforts. During the meeting, leaders discussed ways to broaden collaboration between Asean member countries and external partners, including preparations for a summit to mark the growing relationship between the Asean bloc and its dialogue partners. They also exchanged views on regional and international issues of common concern, including implementation of the Five-Point Consensus agreed to by Asean leaders last year regarding the situation in Myanmar. Mr Saleumxay expressed his appreciation of and congratulated Brunei on successfully being the Asean Chair in 2021. He also congratulated Cambodia as the Chair of Asean for

2022, reaffirming Laos' full support for Cambodia in its role of Asean chairmanship and the priority programmes for 2022. Mr Saleumxay reiterated that Laos will continue to support Cambodia in seeking ways and means to address the Myanmar issue through the Five-Point Consensus agreed to by Asean leaders.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten_Asean34.php

Thilawa SEZ attracts over US\$2.149 bln so far



Myanmar News | 18 February, 2022

A total of 112 enterprises from 18 countries have ploughed in over \$2.149 billion into Thilawa Special Economic Zone under the Special Economic Zone Law as of end-December, 2021 since its establishment, the Directorate of Investment and Company Administration's statistics indicated. At present, approximately 102 factories are running in the Thilawa SEZ. The SEZ has employed more than 12,000 permanent workers, including permanent and construction workers, according to the management committee. The businesses are primarily operating in Thilawa Zone A, and the development activities in Zone B is underway. Myanmar is currently implementing three Special Economic Zones — Thilawa, Kyaukpyu, and Dawei. Out of the three, Thilawa is leading with better

infrastructure and successful businesses. More than 60 per cent of businesses in Thilawa is domestic-oriented manufacturing enterprises, while 40 per cent are export-oriented manufacturers, according to Myanmar Thilawa SEZ Holdings Public Ltd. There are free zones, promotion zones and other zones in the SEZs. A company exporting at least 75 per cent of the production in value is registered as a Free Zone investor and is exempt from paying income tax for seven years from the time it starts commercial operations. Companies such as logistics, which support export-oriented manufacturing, can also be listed as free zone companies. Domestic-oriented manufacturing companies are regarded as promotion zone companies, and they are eligible for a five-year holiday on income tax. Promotion zones are mainly based on the domestic market and the markets in SEZs. In this zone, investments can be made in manufacturing, housing, departmental stores, banking, insurance, schools, hospitals and recreational places. The central body and central working committees have been reestablished to enhance the SEZs. The meeting of the Central body for Myanmar Special Economic Zone was convened on 14 February 2022, highlighting the development of the three SEZs, proceeding in line with international regulation regarding the contract, implementation of the Kyaukphyu SEZ which can create job opportunities and help contribute to the

State's economy. While the manufacturing sector absorbed the largest share of foreign investments, the investments were also pumped into the trading, other services, logistics, hotel and tourism, and real estate sectors. Japan has topped the list of foreign investors so far, accounting for over 33 per cent of the overall investment, followed by Singapore and Thailand. FDI also flowed into the SEZs from the Republic of Korea, Hong Kong (SAR), the UK, Australia, the UAE, Malaysia, Austria, China (Taipei), Denmark, Brunei Darussalam, Viet Nam, France, Switzerland, and the Netherlands as well. — KK/GNLM

Source : <https://www.gnlm.com.mm/thilawa-sez-attracts-over-us2-149-bln-so-far/>

Vietnam enjoys positive signals in foreign investment in 2021: experts



Vietnam News | 17 February, 2022

Despite challenges prompted by the complex developments of COVID-19, Vietnam saw positive signals in foreign investment in 2021, according to an article published on the foreign investment consulting firm Dezan Shira & Associates' Vietnam Briefing website. It cited statistics by the Ministry of Planning and Investment showing Vietnam granted permission to 1,738 new projects last year, posting a year-on-year plunge of 31.1%. However, registered capital hit US\$15.2 billion, rising 4.1% compared to the previous year. Economic zones and industrial parks (IPs) attracted 539 foreign direct investment

(FDI) projects and 615 domestic ones with combined registered capital valuing at US\$12.8 billion, up 15% compared to that in 2020. According to the article, Vietnam has introduced incentives facilitating investment in IPs. To assist enterprises recover their business activities, the Vietnamese Government released several support packages, such as a 30% corporate income tax reduction applied to all businesses that had revenue of less than US\$8.8 million in 2021. Other support measures were issued in the form of land rent reductions, social insurance and unemployment insurance benefits, and one-time payments. The country welcomed various large-scale projects last year, including one of LG Display electronic giant to raise its investment in Hai Phong port city by more than US\$2 billion. The US semiconductor provider Amkor Technology will invest US\$1.6 billion until 2035 to develop a plant in Bac Ninh province. Danish toy production company LEGO Group will build its US\$1 billion factory in Binh Duong province. Regarding Vietnam's perspectives in 2022, the article believed that thanks to competitive labour costs, preferential tax and investment policies, and its geographically strategic location, the country has become one of the go-to destinations for multinational companies' manufacturing and assembly needs. In the year ahead, Vietnam is expected to recover to pre-COVID growth. Vietnam's role as a low-cost manufacturing hub is expected to continue to grow, helped by the further expansion of existing major industry sectors. Furthermore, infrastructure projects will create more

convenient traffic connecting industrial parks with seaports. The demand for land rental and ready-built factories is expected to increase sharply in 2022, according to the article.

Source : <https://english.vov.vn/en/economy/vietnam-enjoys-positive-signals-in-foreign-investment-in-2021-experts-post924721.vov>

Vietnamese trade balance remains in surplus in early 2022



Vietnam News | 17 February, 2022

VOV.VN - Vietnam's merchandise trade balance remains in surplus, despite an export slowdown, while FDI commitment and disbursement enjoyed a solid start to the year, according to the "Vietnam Macro Monitoring" monthly report released by the World Bank. In a positive sign, all major mobility indicators rose sharply ahead of the Lunar New Year, known locally as Tet, as the country's vaccination coverage surpassed 73% of the population. Industrial production continued to record strong growth, though at a slower pace and with a mixed performance across various sub-sectors, while retail sales posted the first positive annual growth rate since the COVID-19 outbreak hit the nation back in late April, 2021. The country attracted US\$2.1 billion of FDI commitments in January, an increase of 4.2% on-year. Growth was driven by large investment in the expansion of existing businesses, particularly in electronics, and through active M&A activities. Indeed, the latter doubled in value in January compared to a year ago, reaching

over US\$400 million, equivalent to 20% of total FDI commitments. Manufacturing continued to make up roughly 60% of total commitments, followed by real estates with 22.5%. In addition, the disbursement of approved FDI projects continued to recover from their slump in the third quarter of 2021, thereby increasing by 6.8% on-year in January. Rising energy prices continued to be the main contributor to CPI inflation, while food prices remained consistently stable as they kept inflation in check. Credit growth accelerated in January to meet the increased demand from businesses and local households ahead of Tet, causing overnight the interbank interest rate to rise sharply. In January, a new Economic Recovery Support Program was adopted for the 2022 to 2023 period, with on-budget fiscal measures totaling some 4.5% of revised GDP. The main components of the Program include continued tax and land rent deferrals, a two-percentage-point reduction in VAT rate and additional public investment, while direct cash transfers are limited. Health measures, such as the vaccination scheme and the “5K message”, should continue as the country opens local schools and plans to lift border restrictions on international visitors to revive the tourism sector. However, the risk of another COVID-19 variant outbreak negatively impacting the economy continues to exist. According to economists, the new Economic Recovery Support Program could be enhanced through adding further social protection measures which serve to support workers and households affected by the

pandemic. Additionally, in a bid to ensure that the scheme has the intended impact on the economy, its implementation should be monitored closely.

Source : <https://english.vov.vn/en/economy/ietnamese-trade-balance-remains-in-surplus-in-early-2022-post924758.vov>