

*Highlight News / February 25/2022*



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ADVISORY INSTITUTE FOR TRADE AND INVESTMENT by TCC (AiTi)

## Sihanoukville Autonomous Port Q4 net surges to \$5.9 million



*Cambodia News | 24 February, 2022*

Sihanoukville Autonomous Port (PAS) recorded a net profit of \$5.9 million for the fourth quarter in 2021 due to an increase in container throughput and foreign exchange gains. PAS has also posted a 4.21 percent increase in revenue at more than \$21 million in the fourth quarter, as against revenue of \$864,729 for the same quarter in 2020. The company reported a net profit of \$5.9 million, as compared to net profit after tax of \$3.3 million for the corresponding quarter in the previous year. The company's earnings per share were 285.72 Riels for the quarter. The quantity of PAS's container throughput rose 5.30 per cent to 9,350 TEUs equivalent in the fourth quarter, as against the container throughput for the same quarter in 2020. However, the gross cargoes throughput dropped 1.65 per cent to 29,229 tonnes, the company said. Among the gross cargoes throughput, the container in tonnes rose 1.35 per cent to 17,229 tonnes, while general cargoes fell 38.11 per cent to 32,442 tonnes. The fuels & gas reported a 3.44 per cent drop to 14,016 tonnes, while PAS's calling vessel decreased 4.02 per cent to 16 vessels. The gross tonnages also posted a decrease of 18.27 per cent to 688,078 tonnes in the fourth quarter this year, as against the figures for the corresponding period in 2020. PAS's Chairman and CEO, Lou Kim Chhun, attributed the result in fourth quarter to the increase in container throughputs and

the rise in unrealised foreign exchange gain (Japanese Yen). PAS said it will continue its efforts for developing its business and service operations to achieve good benefits for its shareholders. PAS has strengthened the work efficiency and built additional infrastructure to meet the increasing demand of customers and the growing economy. Besides, the multi-purpose terminal is designed to contribute and promote such important fields as agriculture, agro-industry, industry, trade, and especially in order to support the export of such Cambodian agricultural products as rice, dry tapioca, and bulk cargo in response to the Royal Government's market expansion strategy for rice export as well as the provision of logistic services for oil exploration within Cambodia's sea territory. In addition, the multi-purpose terminal is also designed to import coal to be used for the generation of electricity and cement production. PAS is also in the process of its New Container Terminal Project which is still under architectural detail designs. This new container terminal will be able to accommodate vessels with gross tonnage of 60,000 tonnes or container vessels with 5,000 TEUs which are the Post Panamax vessels.

According to Kim Chhun, the board of directors has also approved a request to purchase a 650,000sqm plot of land for development as a container depot (ICD) and other infrastructure at Keo Phos Commune, Stung Hav District, Preah Sihanouk Province. The cost of the land is \$15/sqm.

Source : <https://www.khmertimeskh.com/501030709/sihanoukville-autonomous-port-q4-net-surges-to-5-9-million/>

## Government wise in testing the market with \$300M debt



*Cambodia News | 24 February, 2022*

Cambodia is making the right move in taking a conservative approach to sovereign debt, according to the World Bank's Farah Imrana Hussain. The government plans to issue \$300 million of sovereign bonds this year to cut its dependence on foreign loans and help fund projects linked to power production, infrastructure and other key sectors. Finance Ministry officials said last Friday the government will also focus on social spending this year to help the country recover from the impact of the Covid-19 pandemic, as well as paying for elections and the cost of meetings related to its chairmanship of Asean this year. The Senior Financial Officer for the World Bank Treasury said in spite of the government's fiscal needs it is wise not to tap global debt markets too heavily. "If a country doesn't need a large amount of financing, they shouldn't be issuing a bond larger than their financing needs," Hussain said. At the same time

she warned that it may be hard to attract institutional investors. "If they are issuing a Euro bond then they need to look at the size of the bond because investors are interested in liquidity so they would want larger-sized bonds. So \$300 million would be the minimum. For US investors it would be even bigger." Hussain's comments came during an Asian Development Bank (ADB) webinar on the sustainability of Asian debt. Participants warned that, historically, government borrowing has risen during crises such as war or the collapse of Lehman Brothers and the ensuing global financial crisis. "In the very short term the pandemic is not over as we would like. There are new variants coming in. We have spikes of cases in certain countries," said Juan Pradelli, a US-based expert in fiscal policy and government debt management. "In the medium term we have to recognise that growth was decelerating, particularly because of large economies like China, even prior to the pandemic. That growth deceleration will continue in the medium term so growth cannot make the trick as it used to." Cambodia's government is forecasting 5.6 percent economic growth this year, rising to pre-pandemic levels of around 7 percent by 2024. Speakers in the ADB webinar also warned of rising inflation, fed by rising food prices due to supply chain bottlenecks and higher shipping costs, plus a spike in energy costs as manufacturers demand more fuel and geopolitical risk leads to rising oil and gas prices due to concern over a Russian invasion of Ukraine. They said Asian governments and central banks cannot be like Japan which has a negative

benchmark interest rate but a debt burden that is more than twice the size of its gross domestic product. “The central retrenchment is monetary. Here in the US everyone speaks about the balance sheet of the Fed but that’s also happening in emerging Asia where central banks were called to do something very early on.” said former World Bank Director Marcelo Giugale. “While fiscal stimulus was implemented central banks were called on very quickly, particularly in countries that were not committed to a fixed exchange rate. That entrenchment will not be painless. We will see it in the cost of mortgages, the cost of consumer credit, portfolios will deteriorate. So we need to prepare our banks in advance to go through that process.” The NBC forecasts 2.6 percent inflation this year and a stable exchange rate at around 4,075 riels per US dollar.

Source : <https://www.khmertimeskh.com/501030711/government-wise-in-testing-the-market-with-300m-debt/>

## German grant to bolster sustainable agriculture



*Laos News | 25 February, 2022*

Germany has granted more than 20 billion kip (US\$1.8 million) to fund a four-year sustainable and livelihood development project in Xieng Khuang and Vientiane provinces. The grant was provided by the Federal Ministry for Economic Cooperation and Development (BMZ) in cooperation with the Adventist Development and Relief Agency (ADRA)

Germany. A Memorandum of Understanding on the project was signed online by ADRA Country Director, Ms Gill Grolimund; Deputy Director of the Xieng Khuang provincial Agriculture and Forestry Department, Mr Somsamone Phalichanh; and Director of the Vientiane provincial Agriculture and Forestry Department, Mr Som-ok Norchaleun. Speaking at the signing ceremony, the Deputy Governor of Vientiane province, Mr Phouvong Bounsou, said “This project is very much in line with government strategies at both the local and national levels.” “It also contributes to the Sustainable Development Goals of ‘Ensure sustainable consumption and production patterns’ and ‘Take urgent action to combat climate change and its impacts’,” he added. The Sustainable Agriculture and Livelihood Initiatives project aims to promote Good Agriculture Practices (GAP) and climate friendly agriculture by strengthening local civic institutions through GAP inspector training, certification, application, and policy engagement. The project aims to improve the livelihoods of farmers through agribusiness activities and build capacity through implementing partners via various skills training opportunities and field practices. ADRA Country Director Ms Gill Grolimund said the Sustainable Agriculture and Livelihood Initiatives project is a collaboration of and belongs to all partners. The project will collaborate with district and

provincial Agriculture and Forestry offices, other government partners, and the Sustainable Agriculture and Environment Development Association, to implement the project and support 52 inclusive farmer organisations in six districts of Xieng Khuang province and four districts of Vientiane province. While the project is good news for Laos, its implementation coincides with the 30th anniversary of the Adventist Development and Relief Agency Laos. Registered in July 1992, the Adventist Development and Relief Agency has carried out more than 120 projects across 13 provinces of Laos in key sectors such as agriculture and livelihoods, health, nutrition, water and sanitation, tobacco control, education, and emergency management. Deputy Director of the provincial Agriculture and Forestry Department, Mr Somsamone Phalichanh, and the Deputy Governor of Xieng Khuang province, Mr Bua-ngern Houmxayaphom, also attended the signing of the Memorandum of Understanding on the project.

Source : [https://www.vientianetimes.org.la/freeContent/FreeContent\\_German39.php](https://www.vientianetimes.org.la/freeContent/FreeContent_German39.php)

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## Low-grade rice price rises over K30,000 per bag in domestic market

 Myanmar News | 10 February, 2022

The prices of highly consumed low-grade rice varieties stand at over K30,000 in the domestic, said

U Than Oo, the secretary of Bayintnaung Rice Wholesale Market. “The prices of low-grade rice varieties (long-grain rice) remain over K30,000 in the domestic market,” U Than Oo was quoted as saying. Furthermore, the prices of Pawsan high-grade rice varieties are worth over K40,000-50,000 per bag. Highly consumed Pawsan rice varieties produced in the Shwebo area are valued at over K50,000. Yet, the market is quite sluggish, U Than Oo added. “There is no brisk market for rice at present. We see a regular trade,” he pointed out. Next, the prices of low-grade rice varieties are relatively high in the export market as well, ranging from K25,000 to K27,500 per 108-pound bag. The rice prices for the export market is highly correlated with the currency market and the global cues. At present, Kyat is weakening against the dollar at K1,980, he continued. Summer paddy is gradually flowing into the market at the moment. Bayintnaung rice depot, the major point for rice export through maritime trade, witnessed the daily inflow of 30,000-40,000 bags. — NN/GNLM

Source : <https://www.gnlm.com.mm/low-grade-rice-price-rises-over-k30000-per-bag-in-domestic-market/>

## Positive domestic demand, exports to boost Vietnam's growth in 2022



*Vietnam News | 24 February, 2022*

A rebound in domestic consumption demand and surge in exports are expected to be drivers for Viet Nam's economic growth in 2022. Many international organisations have been upbeat about the recovery of the Vietnamese economy. Among them, Fitch Ratings gave the most optimistic view as it expected the country's economy to grow by 7.9 per cent in 2022 and 6.5 per cent in 2023 in its recent report. Fitch's forecast is higher than the growth target set by the Vietnamese Government (6-6.5 per cent) and other institutions such as the World Bank (5.5 per cent) and the Asian Development Bank (6.5 per cent). According to Fitch, Viet Nam's recovery is set to gather momentum this year, as domestic demand rebounds and export performance remains strong. "We expect goods demand growth to decelerate in the developed world in 2022 as activity normalises and services demand picks up. However, Viet Nam's export sector should remain a regional outperformer, benefitting from its cost competitiveness, diversion of trade from China and a variety of key trade agreements," Fitch stated. In fact, exports have been a major driver of Viet Nam's growth for many years. Despite adverse impacts of the COVID-19 pandemic, Viet Nam's export turnover last year reached more than \$336.3 billion, up 19 per cent over the previous year. As exports grew faster than imports, the country last year had a trade

surplus of \$4.08 billion. According to ADB Principal Country Economist for Vietnam Nguyen Minh Cuong, free trade agreements Viet Nam has signed over the past two years will open up lots of opportunities for the country to access different markets, which will facilitate the development of domestic production of the industry, agriculture and service sectors. The latest report of London-based information provider IHS Markit also showed the Vietnam Manufacturing Purchasing Managers' Index (PMI) rose to 53.7 in January 2022 from 52.5 in December 2021. It signals a solid improvement in business conditions that was the most marked since April last year. Both output and new orders increased at a high rate in the opening month of the year as customer demand continued to rise. Experts attributed the improvement in total new orders to foreign enterprises' activities, with the fastest growth rate since November 2018. Under IHS Markit's report, the companies are also confident in the production outlook for 2022. About 60 per cent of respondents expected an increase in output, reflecting the highest level of optimism in the past three years. Andrew Harker, Economics director at IHS Markit, said: "Vietnamese manufacturers made a positive start to 2022, with the absence of any widespread restrictions meaning that the sector was able to grow despite relatively high COVID-19 case numbers. Firms were also increasingly confident about the year-ahead outlook." Besides the positive signals in the country's export and domestic consumption demands, services and tourism are



also considered new drivers for the country's growth in 2022 after two years of interruptions. The Vietnamese Government has announced a roadmap to reopen the tourism industry under new normal conditions from March 15 this year while international flights have also started to resume. The factors are important for tourism and investment to recover, creating a foundation for economic recovery, experts said. However, Deputy Minister of Planning and Investment Tran Quoc Phuong noted Viet Nam would have to rely on all fields from industry, agriculture, services and tourism to public investment to revive its economy. The country therefore would have to drastically implement measures set out in Resolution No. 01/NQ-CP and Resolution No. 11/NQ-CP about programmes on socio-economic recovery and development to turn the drivers into reality.

Source : <https://vietnamnet.vn/en/business/positive-domestic-demand-exports-to-boost-vietnam-s-growth-in-2022-818218.html>

## Vietnam to get highest trade, income gains among RCEP members: WB



*Vietnam News | 24 February, 2022*

Vietnam is expected to register the highest trade and income gains among Regional Comprehensive Economic (RCEP) members, according to a World Bank (WB)'s working paper. To estimate the economic and distributional impacts of RCEP in Vietnam, WB constructed a baseline and four alternative scenarios. The baseline reflects the business-as-usual conditions, where the tariff

schedules of previous agreements, including the most recent CPTPP, have been implemented, in parallel with the US-China trade war. In the baseline, between 2020 and 2035, the average trade weighted tariff imposed by Vietnam declines from 0.8% to 0.2%, while the tariffs faced by Vietnam are reduced from 0.6% to 0.1%. To measure the effects of RCEP, the policy scenario will be compared against this baseline. The four policy scenarios will measure the RCEP implementation incrementally. The first scenario, the Tariffs scenario, is exclusively the implementation of tariffs according to the RCEP tariffs' reduction schedules. In the second scenario, the RCEP scenario, WB implemented reductions of tariffs and of non-tariff measures, including the tariff reduction of 35% on agricultural goods; 25% on manufacturing goods; and 25% on services. Only when tariff reductions are combined with lower non-trade barriers (NTBs), are exporters able to take full advantage of the preferential rates under liberal Rule of Origin (ROO). WB assumed that with the ROO regime, the third scenario, trade costs among its members are reduced by 1% over the implementation period of 2022-2035. However, in WB's simulations, implementation of ROO policy is costless, resulting in upper bound estimates of potential gains. For the final shock, the productivity kick scenario, an increase of productivity, as the result of a higher degree of openness and falling trade costs, is implemented. Vietnam's real income and trade expand faster than the baseline in the scenarios with tariffs, non-tariff measure reductions

and rules of origin, and in the productivity kick scenario. "In the productivity kick scenario, where a productivity shock is included, Vietnam has the highest gains of all RCEP member countries. Real income increases by 4.9% relative to the baseline, higher than the gains for the bloc as a whole, where real income increases by 2.5%," WB reported. "Trade also increases the most in this scenario, with exports expanding by 11.4% and imports by 9.2%, relative to the baseline." In the baseline, which incorporates long-term trends and accounts for all the current tariff liberalisation commitments within the region (except RCEP), real income in Vietnam is expected to grow 112.7% between 2020 and 2035, with exports and imports increasing by 155.5% and 134.8%, respectively. With implementation of RCEP, when rules of origin and productivity are included on top of tariffs and non-tariff measures reductions, real income grows faster, with an increase of 123.1% between 2020 and 2035. The benefits of the implementation of these measures are also reflected in trade, with exports and imports growing 182.5% and 155.5%, respectively, and between the same period. In the scenario where only the tariff reduction is implemented, the impact on Vietnam's economy is negligible, with real income close to zero. Trade too sees a small reduction relative to the baseline, with both exports and imports declining by 0.3%. "With the implementation of RCEP, the market for Vietnam will expand, particularly to China, where Vietnam does not currently possess any trade agreement. Gains in the productivity kick scenario are

concentrated mostly in the manufacturing sectors, in particular wearing apparel, electrical equipment, and textiles," WB reported. "Some sectors will suffer losses with the implementation of the agreement, due to a redistribution of resources to more productive sectors." The COVID-19 pandemic has taken a high toll in human and economic terms. RCEP could help cushion the negative effects of COVID-19 on economic growth by supporting regional trade and value chains, according to this report. In the medium/long run, RCEP would increase the resilience of its members, it would make them better prepared in the face of future shocks by enhancing regional collaboration, reducing trade costs, and further diversifying their economies. RCEP offers an opportunity to boost growth and support recovery from the COVID-19 pandemic.

Source : <https://english.vov.vn/en/economy/vietnam-to-get-highest-trade-income-gains-among-rcep-members-wb-post926211.vov>