

Highlight News / March 09/2022



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Cambodia FDI inflows zoom 22 percent at \$4.35 billion in 2021



Cambodia News | 8 March, 2022

The fourth quarter in 2020 saw the start of a sharpest global FDI uptrend since the 2008 recession, which resulted in a global FDI flow of \$1.65 trillion in 2021, up 77 percent from \$929 billion in 2020. South East Asia netted \$184 billion, surpassing its pre-pandemic level by \$3 billion, according to UNCTAD's investment trends monitor 2022. "Asean resumed its role as an engine of growth for FDI in Asia and globally, with inflows up 35.2 percent and accelerated growth across most of its members." According to the Council for the Development of Cambodia (CDC) last Thursday, the Kingdom managed to capture \$4.35 billion of this investment in 2021, up 22 percent from the previous year, with China, the US and Singapore being the largest contributors in that order. This share of regional investment, which was restricted in large part by the pandemic despite the country's re-opening last November, reflects the potential headroom of Cambodia's economic future. Sok Chenda Sophea, Secretary-General of the CDC, explained how the government is working to rejuvenate Cambodia's economy and continue its upward trajectory post covid. "On 22 December 2021, the government launched an important document called the strategic framework and programme for post-covid recovery 2021-2023, in which the three pillars are based on the three R's – Recovery, Reform, Resilience." The

framework concerns a broad range of socio-economic matters, not least economic expansion. "The second R stands for Reform – Economic diversification, trade facilitation, upcoming law on Special Economic Zones and implementation of the new investment laws." The government's adoption of a more liberal foreign investment regime, which is already garnering a lot of attention both regionally and globally, aims to raise the bar further and create an even more conducive environment for investors. The legislature around investment includes 100 percent foreign ownership of companies, corporate tax holidays of up to nine years (followed by a staggered return to the maximum payable corporate tax of 20 percent), 150 percent cost deduction on human resources and employee welfare purchases, duty-free import of capital goods, and no restrictions on capital repatriation. Whilst the dollarisation of the Cambodian economy has provided a familiar and accessible base for foreign investors until now, the government, and more specifically its central bank, is on a mission to promote the use of its national currency (the riel) over the dollar. If Cambodia's economy is dominated by the dollar and the US currency experiences future instability and price fluctuations, it could expose the Kingdom to adverse ripple effects which could potentially mitigate financial gains made by Cambodian-based institutions. In a publication called 'The importance of the Riel to Cambodia', the NBC explained why better fiscal control is conducive to a stable environment for investors: "High inflation negatively

affects the livelihood of the population when goods become more expensive, whilst deflation could have a negative impact when investors don't see the value of their investment increasing over time. If money is not managed well, macroeconomic instability could occur." Tighter fiscal controls will support long-term investor sentiment, as several empirical studies have shown, exchange rate volatility severely affects long-run production costs.

Source : <https://www.khmertimeskh.com/501037592/cambodia-fdi-inflows-zoom-22-percent-at-4-35-billion-in-2021/>

Kingdom exports over 100,000 tonnes of rice to China under sixth MoU



Cambodia News | 8 March, 2022

The Cambodian Rice Federation (CRF) said the Kingdom exported more than 100,000 tonnes of rice to China as part of the Sixth Memorandum of Understanding, which provides a quota of 400,000 tonnes rice exports from Cambodia to China. The MoU was signed on November 11, 2021, by Pan Sorasak, Minister of Commerce of Cambodia, and Lyu Jun, Director General of China Oil and Foodstuffs Corporation (COFCO). According to the CRF report, 113,000 tonnes of rice had been signed by the end of February 2022, and 86,000 tonnes had been delivered to customers. In the first two months of 2022, the total rice exports to China surged 56 percent to 52,057 tonnes of rice, compared to the same months in the previous year. According to

reports, there is high demand for Cambodian fragrant rice in China. Cambodian rice is popular in nine Chinese provinces. Guangdong accounted for 77.6 percent of Cambodian rice while Hubei (6.8 percent), Fujian Province (3.7 percent), Hunan Province (3.4 percent) have also been importing rice from the Kingdom. Besides, Cambodian rice are available on popular online platforms, including JD and Alibaba, and supermarkets such as LOTUS, Carrefour, Metro, etc in China. Chan Sok Ty, the Royal Government delegate in charge of the General Director of Green Trade of the Ministry of Commerce and Representatives of CRF, said, "Due to the good quality of Cambodian rice, the Chinese government showed more willingness to buy Cambodian rice, although its price and shipping costs are higher than the rice from other countries. Both countries expect that rice exports would increase in the near future. This progress is due to the genuine goodwill of the two countries in all areas of cooperation, especially the efforts of the leaders from both countries. The two nations also shared information on progress, especially on high demand for fragrant rice, and jointly discussed the challenges with finding a resolution to implement the sixth MOU to achieve the set plan. However, Cambodia's milled rice export to China surpassed 300,000 tonnes for the first time in 2021, according to a report from the China Certification & Inspection Group (CCIC)'s Cambodia branch on Saturday. The Kingdom exported 306,222 tonnes of milled rice to China last year, an increase of 22.8 percent from 249,322 tonnes a year earlier,

Chen Qisheng, general manager of CCIC's Cambodia branch said.

Source : <https://www.khmertimeskh.com/501037594/kingdom-exports-over-100000-tonnes-of-rice-to-china-under-sixth-mou/>

Govt aims for annual GDP growth of at least 4 percent



Laos News | 9 March, 2022

The government has set an annual economic growth target of at least 4 percent from now until 2025, even though there is no indication as to when the Covid-19 outbreak will be contained. The agriculture sector is expected to grow at an average annual rate of 2.5 percent and will represent 15.3 percent of Gross Domestic Product (GDP) by 2025, according to a decree signed by Prime Minister Phankham Viphavanh. The 20-page decree also states that industry is projected to grow at an annual rate of 4.1 percent and will comprise 32.3 percent of GDP by 2025, while the service sector is set to grow at 6 percent, accounting for 40.7 percent of GDP in the next 3-4 years. In addition, the tariff and tax sector is forecast to grow by 5.8 percent and should represent 11.7 percent of GDP by 2025. The government believes that annual GDP per capita income will reach US\$2,880 by 2025. Vice President of the Lao National Chamber of Commerce and Industry (LNCCI), Mr Daovone Phachanthavong, said Laos can achieve its economic goals if mega development projects progress as planned. These projects include smart cities, expressways, special

economic zones, hydropower, mining and other forms of infrastructure development, which should give a major boost to GDP growth. However, one of the biggest challenges will be the government's ability to quickly rein in the Covid-19 outbreak and then expedite economic recovery. The government has pledged to carry out a number of priority programmes to boost economic growth until 2025. These include two national agendas to address economic and financial difficulties and drug trafficking. Secondly, the government will modernise the revenue collection system and address financial leaks in a further move to boost national income. Thirdly, the government is keen to reduce its chronic debt burden by turning debt into capital, state assets, shares and mining, while limiting the number of loans it takes out. In addition, the prime ministerial decree highlighted the importance of managing currency exchange rates and inflation to minimise the hardship caused to the general public. The government has vowed to remove red tape and replace it with red carpet, in order to attract more foreign investment and generate more jobs for local people. According to the decree, it is essential to capitalise on the potential offered by the Laos-China Railway to boost productivity and develop the processing industry, so that goods produced along the railway can be easily exported. The sectors concerned have been instructed to promote the Lao Visit Laos tourism campaign and improve tourism-related facilities and products so as to strengthen the tourism industry. The government will further

promote public-private partnerships as a means of transferring technology and capital to Laos, to boost infrastructure development. Government bodies have also been advised to promote SMEs and ensure that value is added to Lao products destined for export.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten_Govtaims_47_22.php

The gold price reaches over 2 million kyats per kyat. Yangon petrol price rises to 2130 kyats per 92 liters



Myanmar News | 8 March, 2022

The gold price reaches over 2 million kyats per kyat. The price of Yangon petrol has risen to Ks 2,130 per 92 liters, according to market sources. According to an afternoon statement by the Yangon Region Gold Entrepreneurs Association, the price of gold has reached 2012,000 kyats per kyat. World gold prices hit \$ 2014 an ounce, according to the afternoon report. The price of Burmese gold closed at 199,000 kyats on March 7, up 22,000 kyats today. Gasoline prices rose to 2,130 kyats from 92 kyats per liter on March 8, according to the opening of most petrol stations in the Rangoon petrol market on March 8. As a result, the price of kerosene has risen to 200 kyats. On March 8, the price of petrol sold in the Yangon petrol market was 2195 kyats per 95 liters. Ordinary diesel costs 2325 kyats per liter. Premium diesel costs 2335 kyats per liter.

Source : <https://news-eleven.com/article/227070>

ADB specialist proposes ways to empower women-owned firms in Vietnam



Vietnam News | 8 March, 2021

Principal Private Sector Development Specialist of the Asian Development Bank (ADB) Donald Lambert has pointed out three ways that banking boards need to do to further empower women's businesses in Vietnam. Women-owned businesses have been a driving force for the economy and their establishment and development are strengthened in many countries. In Vietnam, women own 24% of businesses. Lambert said in his article on the occasion of International Women's Day (March 8) that small- and medium-sized enterprises (SMEs) owned by women in Vietnam face significant barriers to finance. Despite similar business performance, women-owned SMEs are 10 percentage points less likely than those run by men to have a bank loan. When they do get loans, they are smaller amounts and have shorter tenors. On average, SMEs owned by men can expect loans with maturities that are 19% longer. These constraints are not just a problem for women entrepreneurs, the specialist said, adding that they are a problem for the Southeast Asian country. Being systematically undercapitalised, women-owned SMEs cannot maximise their contributions to Vietnam's socio-economic growth, he said. He continued that the solution is not as simple as reallocating capital across corporate business lines. It requires legislation, and Vietnam took an important step in 2017 with the passage of

the Law on SMEs, which defined women-owned SMEs and prioritised them for government support measures. “The solution also requires developing the capacities of women entrepreneurs. This will take different forms depending on the size and growth trajectory of the business, but ultimately, it should give women the skills to successfully transact with banks and other capital providers,” Lambert said. Business chambers and development organisations including the ADB have been supporting such training. To be truly effective, however, these measures also require transforming the banks themselves, the specialist underlined. Through a grant provided by the Women Entrepreneurs Finance Initiative, ADB has been working with Vietnamese banks on gender-gap assessments that help them understand how their operations serve women and how they could be strengthened. On such a foundation, the ADB has stated three priorities to empower women-led businesses in Vietnam. The first priority is strategy. Once a bank’s board determines that women are a strategic priority, it launches a virtuous cycle. “Training programs need to ensure that bank staff understand explicit and implicit biases and the differentiated needs of women entrepreneurs,” Lambert said. Because women can feel more comfortable transacting with other women, bank recruitment may need to attract more female candidates. Marketing materials may need to be revised and new strategic partnerships pursued. The second priority is data. Corporate strategies rely on

performance indicators to inform the board and management whether their strategies are succeeding. Lambert pointed out that Vietnamese banks often distinguish between men and women in their retail portfolios but not in their SME portfolios. The third priority is products. A constraint to banking more women-owned SMEs is that they are often a small percentage of a bank’s overall portfolio. Data allows banks to mine their portfolios to identify similar pools of clients. Banks can then structure products that meet the specific needs of these client pools. Without the underlying data, however, it would be a challenge to do such product tailoring profitably. These products will depend on the institution and its clientele, but there are some general trends. For example, women-owned businesses are better savers and more reliant on those savings to fund growth. Another priority is women-run SMEs have less access to real estate that can be pledged as collateral. Women are half of all potential clients and underserved, takes fewer commercial risks, saves more, and defaults less. For bank boards this is an opportunity to drive growth and profits, while spurring positive social change, the specialist stated.

Source : <https://english.vov.vn/en/economy/adb-specialist-proposes-ways-to-empower-women-owned-firms-in-vietnam-post928967.vov>

Vietnam railway set for breakthroughs in 2022



Vietnam News | 8 March, 2022

Changes in development strategy and business models have given hope for Vietnam's railway industry to make breakthroughs in 2022 and return to its past glory. The railway started the year with positive notes as the number of passengers surged during the first days of the Lunar New year. For those working in the industry, it was uplifting to see passengers crammed into train carriages at a time when the pandemic remains a concern for everyone. In the past months, the railway offered steep discounts when the number of passengers continues to decline, including a 40% discount on train tickets for individual passengers with far travel dates, tickets for whole carriage reservations, or free meals on board. In addition to promotion activities, the railway has also been focusing on streamlining operations to cut costs, including the suspension of railway routes with a low number of passengers. Vietnam Railways Corporation (VNR) has launched new services to attract passengers, especially to destinations with high tourism potential, and cargo transport long-distance. The first railway freight transport from Danang to Europe is scheduled to launch in early March. Under the plan, the train carrying 23 containers of 40 feet in length, would start from Danang to Dong Anh District, Hanoi via the railroad of 1,000-mm track gauge, and later be transferred to train running on the railroad of a track gauge of 1,435 mm to Dong Dang International

Station, Lang Son Province. This is where the train will head to China's Zhengzhou city, and there, another locomotive of the Asia-Europe train will pull the rolling stock to the final destination in Europe. Rail freight transport to Europe is not a new idea, as the VNR introduced its railway freight service to Belgium last July. The first container train left Vietnam to Belgium on July 20, carrying goods such as textiles, electronics, and footwear, from Yen Vien Station, Hanoi, and arrived in Liege City, Belgium, the following month. A representative of VNR said as maritime transport was disrupted due to the pandemic, railway freight services from Vietnam to Europe are seen as a viable alternative. "Along with economic benefits, rail freight transportation would have less environmental impacts compared to other transport modes such as aviation or maritime shipping," he said. Statistics from the VNR showed four months since the launch last July, there had been a total of 644 containers of 40 feet being transported via 28 trains to Europe, or an average of three trains per week. The VNR expected the frequency would be raised to four to five trains per week, along with transporting European goods and products back to Vietnam in two trains per month. "We are putting our rolling stock to the maximum operating capacity to gain further market share. An operating train per day would mean more opportunity for the railway industry," a VNR

representative suggested. Experts suggested the launch of direct railway freight services from Vietnam to Europe would further encourage businesses to turn to this transportation model. More importantly, the launch of another international rail freight transport would lay the foundation for growing Vietnamese exports to Europe via railway services.

Source : <https://hanoitimes.vn/vietnam-railway-set-for-breakthroughs-in-2022-320164.html>
