

Highlight News / May 5, 2022



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Advisory Institute for Trade and Investment by TCC (AiTi)



Cambodia's 2022 economic growth estimates revised to 5.4 percent



Cambodia News | 04 May, 2022

Cambodia's economic growth is expected to end with a healthy growth rate by 2022, but below the growth projected early this year. The lowering of growth estimates is due to the Russia-Ukraine conflict and the uncertainty in China's economic growth. The new Cambodia's economic growth figure was unveiled in a meeting on Cambodia's Economic Development and Outlook held last Friday. The meeting was chaired by Vongsey Visoth, Minister Attached to the Prime Minister, and Permanent Secretary of State of Ministry of Economy and Finance with representatives from development partners, including the Asian Development Bank, World Bank, and International Monetary Fund. In the meeting, Visoth said that based on the last evaluation, Cambodia's economic growth this year is projected to be at 5.2-5.4 percent, below the 5.6 percent projected early this year. Based on the latest preliminary evaluation by the Ministry of Economy and Finance, Cambodia's economic growth in 2022 is projected to continue to pick up, driven by growth in domestic economic activity, including production, services and general consumption, interest rates, the highly vaccinated population across the country, allowing for the full socio-economic activity to reopen, he said. "However, the recovery of

Cambodia's economic growth in 2022 is expected to increase by about 5.2 percent to 5.4 percent, lower than the forecast for early 2022 is 5.6 percent due to the impact of rising inflation caused by the war between Russia and Ukraine, the slowdown in China's economic growth and the continued tightening of China's borders. These factors have added to the uncertainty of the flow of foreign investment and capital to Cambodia," Visoth said. Regarding this situation, Visoth emphasised the importance of focusing on short-term and medium-term policies related to attracting investment, especially to sectors that can contribute to job creation, maximising the benefits of price increases, agricultural products, stabilising market prices, reducing logistics costs and developing skills, in line with the 3Rs (reduce, reuse and recycle) approach of the Strategic framework and programs for economic recovery and to promote Cambodia's economic growth in living with COVID-19 in the new normal for 2021-2023. The Asia Development Bank (ADB) predicted in April that Cambodia's economic growth to reach 5.3 percent in 2022 thanks to strong merchandise exports, and foreign direct investment inflows. The World Bank projected that Cambodia's economy is projected to grow 4.5 percent in 2022, up from 3 percent last year, and over the medium term, the economy is expected to trend back to potential, growing at around 6 percent.

Source: <https://www.khmertimeskh.com/501067848/cambodias-2022-economic-growth-estimates-revised-to-5-4-percent/>

Cambodia's top export destinations in Q1, 2022 – Vietnam, China and Thailand



Cambodia News | 04 May, 2022

The Regional Comprehensive Economic Partnership (RCEP) trade agreement has boosted Cambodia's economy in a big way, with export to member countries of the pact hitting \$1.95 billion in the first quarter (Q1) this year—up by 11 per cent from \$1.75 billion over the same period last year. The top three export destinations were Vietnam, China and Thailand. Cambodian ministry of commerce data showed between January and March this year, the country shipped products worth \$759 million to Vietnam, \$322 million to China and \$318 million to Thailand. The ministry's undersecretary of state and spokesman Penn Sovicheat attributed the growth to RCEP. "It's just the start. The RCEP trade deal will give a big boost to our economy in the long term," he told a global news wire. "Under this mega-pact, Cambodia is projected to see a year's export growth at 9.4 per cent to 18 per cent, which will contribute to the national economic growth from 2 per cent to 3.8 per cent," he was quoted as saying. "For Cambodia, China is a huge market for us, especially for our potential agricultural produce such as rice, bananas, mangoes, and cassava as well as industrial products, and processing goods," Sovicheat added. Fibre2Fashion News Desk (DS)

Source: <https://www.khmertimeskh.com/501068941/cambodias-top-export-destinations-in-q1-2022-vietnam-china-and-thailand/>

World Bank to provide US\$395 million funding support



Laos News | 05 May, 2022

The World Bank expects to support 11 projects in Laos at a cost of about US\$395 million over the years 2022-2026. Collaboration between Laos and the World Bank will focus on three areas: promoting green growth, investment in human resource development, and environmental protection. To date, the World Bank has provided a total of US\$785 million for 27 projects including a US\$681 million low interest loan and US\$104 million in grants. A report on funding was presented on Tuesday when the World Bank Group's Country Director for Myanmar, Cambodia and Laos, Ms Mariam Sherman, began her first visit to Laos, meeting Minister of Planning and Investment Mr Khamjane Vongphosy to discuss future areas of cooperation. Mr Khamjane suggested that the World Bank continue to encourage and restructure Laos to achieve targets and anticipated plans, and asked the World Bank to continue to provide funding for skill development for state officials, as well as training in related sectors. He also asked the World Bank to provide funding support to mitigate the effects of natural disasters and the Covid-19 pandemic, saying Laos has been

severely affected by these issues. “Thank you to the World Bank for its continuing support and assistance, especially for the implementation of the government’s socio-economic development plans which are closely linked to the strategic cooperation plan formulated between the government and the World Bank for 2017-2021, with the plan to continue for the period 2022-2026,” he added. The strategic cooperation plan for 2017-2021 deepened health, infrastructure, education work, environmentally-friendly agricultural work, environmental work and social work, as well as benefitting small and medium enterprise development, and the management and administration of the state budget, Mr Khamjane said. Funding support has also continued the work of strengthening other institutions for the sustainability of work implementation, environmental and societal protection, women’s participation, gender-related activities, and other areas, he added. On Wednesday, Ms Sherman also met with the Minister of Finance, Mr Bounchom Ubongpaseuth. During her discussions with the finance minister, Ms Sherman gave updates on the next World Bank Group Country Partnership Framework for Laos. The framework defines how Laos and the World Bank Group will work together from 2022 through 2026. She emphasised the World Bank’s readiness to support the National Agenda to Address Economic and Financial Difficulties, for example by providing

technical advice on debt and dealing with the economic challenges caused by the Covid-19 pandemic and the war in Ukraine. Mr Bounchom and Ms Sherman exchanged views on World Bank technical assistance for debt management and the implementation of performance and policy actions to improve transparency and financial sustainability. They further discussed World Bank programmes supporting the Ministry of Finance, including public financial management and the modernisation of customs systems, along with the need for continued attention to human capital – health and education support – for Laos’ future economic growth. This week Ms Sherman will also meet the Minister of Planning and Investment before travelling to the north for a tour of three provinces. Next week she will visit Borikhamxay and Khammuan provinces before returning to Myanmar.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent_World84.php

Bago Region attracts over \$117.6 mln FDI, K9.5 bln domestic investment over one year



Myanmar News | 04 May, 2022

BETWEEN 1 February 2021 and April 2022, Bago Region pulled foreign investments of US\$117.612 million and K9.529 billion of domestic investments made by Myanmar citizens, which created over

6,000 job opportunities for residents, according to the Bago Region Investment Committee (BRIC). Investment Committee (BRIC). At the BRIC's meeting held on 2 May, Bago Region Chief Minister U Myo Swe Win said that Bago Region mainly depends on agriculture and livestock. As the region has abundant raw materials to produce natural fertilizer, the chief minister urged BRIC to invite investment in fertilizer plants. Next, energy infrastructure is essential in manufacturing industries and urban development. Then, the committee has to call for investors for hydropower and solar power projects as Bago Region relies on reservoirs, dams and river sources. Afterwards, he coordinated not to have vacant plots of land in the industrial zone. He instructed officials concerned to ensure the facilitation of the work process for the lease of the industrial estate. The Bago Region Directorate of Investment and Company Administration's director explained matters concerning rice milling, processing and exports, importing raw materials and making finished products, and unboxing the investment facilitation toolkit 2022. The committee members also discussed investment-related matters, and finally, the Bago Region Chief Minister guided the committee to process under the existing law, rules and regulations. — MNA

Source: <https://www.gnlm.com.mm/bago-region-attracts-over-117-6-mln-fdi-k9-5-blm-domestic-investment-over-one-year/>

EVFTA boosts Việt Nam's rice exports to the EU



Vietnam News | 04 May, 2022

HÀ NỘI — Việt Nam's rice exports to Europe continued to grow in the first quarter of 2022, thanks to the Europe-Việt Nam free trade agreement (EVFTA), according to the Ministry of Industry and Trade (MoIT). In the first quarter, Việt Nam's rice exports reached 1.48 million tonnes, earning US\$715 million, up 24 per cent in volume and 10.5 per cent in value on year. The rice exports to the EU in the first two months of this year recorded an impressive volume of 15,500 tonnes, earning nearly \$12 million. The exports rose almost four times in volume and 4.3 times in value compared to 2021. In the bloc, Italy suddenly took the lead in the import volume of Vietnamese rice with an increase of 26 times over the same period. In addition, there were several other key markets such as Germany, France and the Netherlands. The export price of Việt Nam's rice to the EU recorded an increase of 9 per cent to \$755 per tonne, while Việt Nam's average rice export price fell 12.1 per cent in the first two months of the year to \$469 per tonne. Việt Nam's rice export price to the EU was higher than the average price because the rice exported to this market was mainly aromatic rice with high value. However, Vietnamese export rice has still been unable to compete in price in the EU market against other competitors such as Cambodia, Thailand and India. According to MoIT, in 2021, despite being affected by the COVID-19

pandemic, Việt Nam's rice exports to the EU reached 60,000 tonnes, worth \$41 million. The exports surged by about 1 per cent in volume and more than 20 per cent in value year on year. For the first time, some speciality rice varieties of Việt Nam, such as ST24 and ST25 fragrant rice, were exported to the market. According to the commitments from EVFTA, the EU gives Việt Nam an export quota of 80,000 tonnes of rice per year to the EU, including 30,000 tonnes of milled rice, 20,000 tonnes of unmilled rice and 30,000 tonnes of aromatic rice. Especially, the EU will not apply a quota for broken rice exported from Việt Nam. The ministry said Việt Nam could export 100,000 tonnes of all kinds of rice to the EU every year. Besides, the EU will cut the tariff for rice to zero within 3-5 years from the date of entry into force of the EVFTA. This opens up opportunities for Vietnamese rice to compete with other countries' rice products exported to the EU. The MoIT representative said that now, businesses have efficiently taken advantage of several incentives from the EVFTA to increase the rice exports to the EU. According to the Việt Nam Food Association (VFA), in 2022, Việt Nam's rice exports to the EU are expected to increase further, especially as the quality of Vietnamese rice has been improved. However, enterprises exporting Vietnamese rice need to better take advantage of EVFTA. At present, Việt Nam's rice accounts for only 3.1 per cent of the total amount of rice imported to the EU. This market imports 3-4 million per annum, according to data

from the European Statistics Agency (Eurostat). In 2021, the EU imported 3.6 million tonnes of rice, 1.6 million tonnes were traded within the bloc, and two million tonnes were imported from other countries. Meanwhile, Việt Nam has not yet met the full rice export quota provided by the EU for 2021, thus still has plenty of room to increase rice exports to this market. One of the reasons why Việt Nam did not use all rice quotas is that less than 20 per cent of domestic businesses know clearly about the EVFTA, according to Nguyễn Thị Thu Trang, director of the WTO and Integration Centre under the VCCI. According to Trang, besides the advantages of EVFTA, enterprises must also improve the quality of Vietnamese rice and change their measures in approaching the market to expand market share. With high and stable demand for speciality rice from Asia, the EU will be a potential export market for Vietnamese rice in the future. — VNS

Source: <https://vietnamnews.vn/economy/1178059/evfta-boosts-viet-nams-rice-exports-to-the-eu.html>

Vietnam remains attractive destination for Japanese investors: JETRO chief



Vietnam News | 04 May, 2022

VOV.VN - Vietnam in the eye of Japanese investors is a potential market that boasts factors for steady growth, says Nobuhiko Sasaki, chairman and CEO of the Japan External Trade Organisation – an agency that promotes Japanese trade and investment.

Sasaki made the statement in an interview recently granted to baoquocte.vn following Japanese Prime Minister Fumio Kishida's official visit to Vietnam from April 30 to May 1. The two countries' ministries, agencies, localities and businesses had signed and exchanged documents of cooperation, especially in new fields such as energy, digital transformation and the environment that shows the investment trend in both countries, he said. The recent development of the Japanese supermarket chain Aeon Mall also shows that Vietnam's retail market is developing rapidly, even in rural areas, he noted. According to the JETRO executive, trade and investment cooperation between Japan and Vietnam has made progress in recent years. Japan has poured US\$64.5 billion into 4,935 investment projects in Vietnam. Both Vietnam and Japan are important trading partners of each other when Vietnam is Japan's third largest export market and the latter is the former's fourth largest export market. The number of Japanese companies entering Vietnam is increasing, and the Japan Business Association in Vietnam (JBAV) is now represented by approximately 2,000 Japanese enterprises. Sasaki cited the results of a JETRO-run survey saying 55% of Japanese companies operating in Vietnam have business expansion plans in the next one or two years, the highest rate among Southeast Asian countries. In his opinions, Japanese investors all appreciate Vietnam's production and market potential, and the two countries can build a relationship to complement each other's strengths

and weaknesses. Since JETRO opened its first office in Hanoi in 1993 and another in Ho Chi Minh City in 2000, he said Vietnam has increasingly become a favourite destination for Japanese manufacturing companies. JETRO is currently interested in digital transformation, innovation, green economy, decarbonization, agricultural and seafood export. It is considering boosting bilateral cooperation in innovation - a field of cooperation where demand between the two sides is rapidly increasing, he said. Sasaki expressed his belief that FDI inflows from Japan to Vietnam would continue to increase considerably in the coming time, especially after Prime Minister Fumio Kishida's visit to Hanoi.

Source: <https://english.vov.vn/en/economy/vietnam-remains-attractive-destination-for-japanese-investors-jetro-chief-post941372.vov>
