

Highlight News / June 02, 2022



- Myanmar, Cambodia expedite talks on two trade cooperation deals
- Rice price expected to go up
- Govt orders action to facilitate trade, spur transport and exports
- Mandalay market sees brisk sales of wheat crops
- Key southern economic region a magnet for FDI
- Vietnam accelerates post-pandemic economic recovery



Advisory Institute for Trade and Investment by TCC (AiTi)

Internet users go up 120 percent in six years



Cambodia News | 01 June, 2022

The number of Internet subscribers in Cambodia has gone up to 17.872 million last year from 8.099 million in 2016, a 120 percent increase compared to 2016, according to data from the Telecommunication Regulator of Cambodia (TRC). The Internet subscription surpassed the total population of the country which is 16 million. TRC stated that the mobile phone subscribers were 19,899 million in 2021, marginally down by 0.07 percent from 19,915 million subscribers in 2016. However, the subscription figures of mobile Internet users and fixed Internet users were not given separately. The rise in Internet penetration showed how fast the Cambodian people were embracing technology, as the trend of using smartphones for studies, shopping, and social networks is increasing, said Cambodia Digital Tech Association president Chhin Ken. The trend shows the increasing use of smartphones in Cambodia for Internet surfing, he said. “Almost all Cambodian people have smartphones which led to the rise in the use of Internet and it is mostly used for surfing social networks,” Ken said. “This trend reflects that Cambodian people are now interconnected with smartphones. It is particularly helping the digital-based businesses,” he added. The government has a strategy to strengthen and expand mobile

infrastructure and high-speed Internet through 4th generation mobile services (4G) and also to lay the foundation for the 5th generation mobile services (5G). The Kingdom had announced the implementation of its ‘Digital Economy and Social Policy Framework of Cambodia 2021-2035’ policy. It identifies the digital sector as a new model of economic growth, responsive and resilient to changes in economic structure, developments and international trade. Ken, however, said the quality of Internet streaming should be addressed as demand for Internet increases. “When there is a rise in Internet usage, it causes the Internet to slow,” he said. “The high demand for Internet is a new opportunity for businessmen and the high competition can bring down the cost of Internet,” he added. There are 45 telecommunication providers in Cambodia and five of them are mobile service providers – Smart, Cellcard, Viettel, Cootel and SeaTel.

Source: <https://www.khmertimeskh.com/501085471/internet-users-go-up-120-percent-in-six-years/>

Ring Road 3 Approaches 75% Completion Milestone



Cambodia News | 01 June, 2022

Ring Road 3 is approaching its 75% completion milestone as of the end of May 2022. The Ring Road 3 cost \$300 million and began in January 2019. The project is expected to be completed in September 2022, according to the Ministry of Public Works and

Transport. Ring Road 3 has an estimated 47 km of cement pavement and another 5 km of asphalt pavement. In terms of length, it totals 52 km with a width of 22 m. Ring Road 3 stretches from National Road 4 starting from Por Sen Chey, a highly populated district in the west of Phnom Penh, and goes through National Roads 2 and 3, connecting to National 1 in the eastern portion of the capital city's autonomous port. The construction of the Ring Road 3 has been a susceptible project to disruption given the COVID-19 pandemic, but government planners and its contractors have been on track for its target completion date. This road is being constructed by Shanghai Construction Group Co., Ltd., with a technical inspection conducted by Guangzhou Wanan Construction Supervision Co., Ltd. The project's \$300 million price tag is footed through a loan from China. Once operational, the Ring Road 3 will be part of Cambodia's National Road system and contribute to the growth of Cambodia's industrial, transportation and logistics infrastructure. AEON, a Japanese shopping mall giant, is set to build an estimated 30,000 sqm logistics center in a Special Economic Zone (SEZ) near the southern port of Sihanoukville. The Japanese conglomerate aims to launch operations in 2023, covering vital logistics services such as storage of imported goods, customs processing & clearance, and support for international online retail. The government's plans to expand and rehabilitate the National Road system will overall improve the movement of goods inside

the ASEAN and create a new economic corridor within the Indochina region.

Source: <https://www.khmertimeskh.com/501085667/ring-road-3-approaches-75-completion-milestone/>

Fuel crisis worsens as Vientiane petrol stations run dry



Laos News | 02 June, 2022

As people across the country grapple with the fallout of a severe fuel crisis, a member the Lao Fuel and Gas Association said on Wednesday that oil supplies purchased by importers are expected to arrive in Laos next week. The Lao Fuel and Gas Association has called on all concerned parties to help resolve the fuel crisis. The crisis continues to affect people around the country despite several steps taken by the authorities to address it. The President of the Lao Fuel and Gas Association, Mr Sysangkhom Khotnhotha, told Vientiane Times on Wednesday that several emergency meetings have been held to find solutions to the fuel shortage. He said the continuing fuel shortage has led to the closure of many petrol stations in Laos. Among the factors contributing to the crisis are the strong US dollar and Thai baht. Long queues stretching out into major roads were witnessed in several cities in recent days, as motorists drove from one pump to another to fill their tanks. The depreciation of the local currency has resulted in importers being unable to purchase adequate amounts of fuel, local people said. The Lao

Farmers Network recently pleaded for assistance and expressed concerns that agricultural producers won't be able to access enough fuel to plow their fields or water their crops. The steadily rising petrol prices are visibly affecting the poor, the Network said. "Yesterday, I spent more than an hour outside a petrol station, waiting to fill up my vehicle's tank," one resident said. Some people said that after being restricted within the country for more than two years because of the pandemic, they will now consider a trip to neighbouring countries to fill up the fuel tanks of their vehicles. A resident of the capital said that with no solution to the fuel crisis in sight, the reality of the situation should be promptly and clearly communicated to the people. "While the fuel crisis has been framed as only a shortage, the people aren't so sure," he said. Provinces across Laos have witnessed fuel shortages for weeks, and early warning signs came from Luang Namtha, which ran out of fuel in late March. The situation worsened in Pakxe city and Savannakhet province before the problem finally hit Vientiane, according to the ministry of industry and commerce. People posted on Facebook that the government needs to seek short-term and long-term solutions to the fuel crisis, including ways to access foreign currency desperately needed to bail out fuel importers. They said authorities must come up with new strategies for

the future that are in line with the socio-economic situation.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent_Fuel104.php

Domestic, foreign demand drive broken rice price up



Myanmar News | 01 June, 2022

The prices of broken rice are moving upwards on account of the strong demand by domestic and foreign traders, said U Than Oo, secretary of Bayintnaung Rice Wholesale Centre. "The competitive buying of exporters and domestic alcoholic beverage manufacturers and feed industries hiked the price up. The price gap between rice and broken rice is only K200-300 per bag," U Than Oo elaborated. At present, the prices of broken rice moved in the range of K27,000-K30,000 per 108-pound basket. The price of broken rice is not that much different from the price of low-quality rice which is exported to foreign markets. Additionally, approximately 600,000 bags of rice and broken rice are daily flowing into Bayintnaung Rice Wholesale Centre. Half of them are broken rice, U Than Oo continued. Last April, Myanmar exported over 170,000 tonnes of rice and broken rice to foreign trade partners, with an estimated value of US\$58.933 million. Of them, \$15.627 million worth over 50,530 tonnes of broken rice were shipped through sea trade Myanmar delivered \$0.598 million worth of 1,940 tonnes of broken rice to neighbouring

countries via cross border trade, with 1,620 tonnes to China and 320 tonnes to Thailand. Myanmar conveyed about 18,200 tonnes of broken rice to China, 30,600 to Belgium, 1,000 to Lithuania, 500 to Poland, 180 to Singapore and 50 to Germany respectively last month. Moreover, Myanmar sent \$41.298 million worth over 119,260 tonnes of rice to the external market via sea trade, while \$1.410 million worth of 4,180 tonnes of rice were exported to China via the cross-border channel. Rice export volume accounts for 26,940 tonnes to countries in Asia, 49,720 to European Union member countries and 42,600 to countries in Africa. Myanmar exported rice primarily to Ivory Coast (10,000 tonnes), Cameroon (9,000 tonnes), Angola (15,000 tonnes), Madagascar (8,500 tonnes), China (14,300 tonnes), the Philippines (12,200 tonnes), Sri Lanka (250 tonnes) and Hong Kong SAR (180 tonnes) in Asia. The country shipped rice to EU member countries; Poland (8,800 tonnes), Lithuania (8,200 tonnes), Italy (8,690 tonnes), Spain (15,180 tonnes), Bulgaria (7,750 tonnes) and Belgium (700 tonnes) respectively. — NN/GNLM

Source: <https://www.gnlnm.com.mm/domestic-foreign-demand-drive-broken-rice-price-up/>

Vietnam sees IIP growing in 61 provinces in Jan-May



Vietnam News | 01 June, 2022

HCMC – The index of industrial production (IIP) in Vietnam in the year to May had improved 8.3% year-on-year, with 61 out of the nation's 63 provinces and

cities recording a rise in IIP, according to the General Statistics Office (GSO). In May alone, the index inched up 4% month-on-month and 10.4% compared to the same period last year. The manufacturing and processing industry expanded 9.2%, electricity generation and distribution edged up 5.5%, the mining industry went up 4.1%, and the water supply and waste treatment industry rose 2.5%. Industrial production continued its recovery trend as the Covid pandemic was brought under control. GSO also said the number of employees working at industrial businesses as of May 1 this year increased 1.4% against the previous month and 4.4% versus the 2021 figure. Of them, the number of employees working at State-run enterprises improved a slight 0.1% month-on-month and declined 4.5% year-on-year; that of non-State businesses increased 1.1% versus April and fell 1.3% against the year-ago figure. Meanwhile, the number of employees at foreign-invested companies both inched up 1.8% month-on-month and 6% year-on-year.

Source: <https://english.thesaigontimes.vn/vietnam-sees-iip-growing-in-61-provinces-in-jan-may/>

Apple to shift iPad capacity to Vietnam amid China supply chain woes



Vietnam News | 01 June, 2022

TAIPEI -- For the first time ever Apple is moving some iPad production out of China and shifting it to Vietnam after strict COVID lockdowns in and around

Shanghai led to months of supply chain disruptions, Nikkei Asia has learned. The U.S. company has also asked multiple component suppliers to build up their inventories to guard against future shortages and supply snags, sources said. China's BYD, one of the leading iPad assemblers, has helped Apple build production lines in Vietnam and could soon start to produce a small number of the iconic tablets there, people with knowledge of the matter said. Apple has long considered building some iPads outside of China, as reported by Nikkei Asia in January last year, but the sudden surge in COVID-19 cases in Vietnam a few months later delayed plans to follow through. The iPad will become the second major line of Apple products made in the Southeast Asian country, following the AirPods earbud series. The move highlights not only Apple's continuous efforts to diversify its supply chain but also the growing importance of Vietnam to the company. Apple shipped 58 million iPads last year, with the vast majority of the device's suppliers concentrated in China. To further guard against supply chain disruptions, Apple has also asked suppliers to build up additional supplies of components such as printed circuit boards and mechanical and electronics parts, especially those made in and around Shanghai, where COVID-related restrictions led to shortages and logistic delays. In addition, the company has asked suppliers to move quickly to secure supplies of some chips, especially power-related ones, for the upcoming iPhones. In particular,

Apple is asking suppliers outside of the lockdown-affected areas to help build up a couple of months' worth of component supplies to ensure supply continuity over the next few months. The requests apply to all of Apple's product lines -- iPhones, iPads, AirPods and MacBooks -- sources said. Ideally, the company hopes these suppliers can prepare enough additional components to fully offset the amount made by those in Shanghai and nearby provinces such as Jiangsu, where the risk of supply chain disruption is higher, according to sources. "For example, component supplier X has a 40% share of Apple's business in Jiangsu Province, which is a risky region of supply chain disruption, and supplier Y in another city accounts for the remaining 60% share," one of the people with direct knowledge of the matter said. "Apple would want supplier Y to build enough additional components to match supplier X's 40% share in the coming months in case production in Jiangsu is shut down again. "It would be risky for any tech supplier to fully comply with Apple's request, considering there are signs of slowing demand for consumer electronics amid looming inflation and rising energy costs, sources said. If Apple does not end up using the extra components, the suppliers could be left holding the bag. "Those additional stocks prepared for Apple could become a heavy burden for suppliers if the production of other suppliers isn't disrupted by lockdowns again," another supply chain executive told Nikkei Asia. The executive added that most suppliers would agree to

build some additional stocks as a buffer, but they will "definitely not" increase supplies enough to fully offset their rivals' shares. All of these moves show how hard Apple is working to reduce its supply chain risks, people told Nikkei Asia. The U.S. tech titan has even helped some suppliers shoulder the additional logistics costs of airfreight and land transportation to ensure materials vital for production arrive on time. Suppliers in Jiangsu Province and Shanghai have gradually resumed some production since early to mid-May, but most have said it could take at least a couple of months for manufacturing capacity to return to normal. The local government in Shanghai said it will further open up the city -- which is home to 28 million people -- by June 1, with a focus on helping businesses get back to normal operations. "We will cancel all unreasonable restrictions for companies to resume working and production," a statement by the government statement said. The government also said it will subsidize companies' expenses for COVID prevention measures. Ivan Lam, an analyst with Counterpoint said, he expects it will still take until the second half of June for life to return to normal as the government avoids rushing things in its attempt to get life and work routines back on track. "We still expect the impacts on big multinational companies like Apple to be controllable," Lam told Nikkei Asia. "But the impacts on automotive, PC and some smaller Android phone makers could be more severe as they have a more rooted supply chain there that they are not likely to

find alternatives to very soon."

Source: <https://asia.nikkei.com/Spotlight/Supply-Chain/Apple-to-shift-iPad-capacity-to-Vietnam-amid-China-supply-chain-woes>
