

Highlight News / June 23, 2022



- Cambodia's public debt at \$9.81 billion, says Report
- Tax collection surges 28 percent to \$1,726 million
- President pushes for stronger agribusiness in Vientiane province
- Peanut prices moving onwards on foreign and domestic demand
- HSBC lowers Vietnam's inflation forecast to 3.5 percent
- Vietnam's real estate market attractive to RoK investors: consultancy company



Advisory Institute for Trade and Investment by TCC (AiTi)



Dollarisation level still over 80% in Cambodia



Cambodia News | 22 June, 2022

Despite the continued efforts by the National Bank of Cambodia (NBC) to promote the use of riel (KHR), the level of dollarisation in the country still remained over 80%, according to the Financial Stability Report 2021, released by the central bank recently. This level of dollarisation limits the NBC's role in influencing money supply and interest rates in the country, the report said. "A more riel-based economy will allow the NBC to effectively implement monetary policy in response to economic shocks. Therefore, NBC has put efforts into gradually de-dollarising the economy through the facilitation of the KHR usage, regulation setting that aims to boost loans in KHR and public awareness-raising of the role of the national currency in strengthening economic resilience," the report said. "These efforts have contributed to gradually decreasing financial dollarisation measured by the ratios of foreign currency deposits to total deposits," the report added. While banks' local currency lending stayed above NBC's required threshold of 10%, most lendings continued to be in US dollars. A currency-wise breakdown of gross loans indicates that almost 88.6% of overall lending in 2021 was in USD, with share of riel loans standing at around 11.4%. This shift towards the realisation of credit has been duly supported by NBC in terms of riel liquidity provision

through its Liquidity Providing Collateral Operations (LPCO) since 2016. Similarly, bulk of the deposits with banks also remained in USD, accounting for 91.4% of total deposits in 2021. The share of riel deposits, however, rose from 6.1 percent in 2018 to around 9% in 2021. NBC's policy requiring banks to lend at least 10% of their credit in riel has encouraged banks to raise more local currency deposits, the size of local currency loans of KHR 18.3 trillion still remained higher than the local currency deposits of KHR 13.7 trillion the banks managed to collect in 2021, necessitating continued injection of riel liquidity by NBC through its LPCO arrangement, the report said.

Source: <https://www.khmertimeskh.com/501098527/dollarisation-level-rules-over-80/>

Gross insurance premiums grow by 10.2% in 2021



Cambodia News | 22 June, 2022

The gross premiums from insurance in the country, including life and general, grew by 10.2 percent in 2021 compared to the previous year, according to the Financial Stability Report, released by the National Bank of Cambodia, indicating a growing awareness among the members of the public about the importance of insurance as a hedge against everyday risks and unforeseen events in life. The report said the gross insurance premiums increased to 1.2 trillion riels last year. Total claims paid too increased by 12.1 percent to 164.7 billion, while the

claim ratio (the percentage of insurance premiums paid relative to insurance premiums earned) increased from 13.6 percent in 2020 to 13.8 percent in 2021. Premiums earned from the sale of life insurance increased by 11.8 percent to 693.7 billion riels, which was mainly driven by endowment policies contributing 4.2 percent of the total growth and group life insurance accounting for 3.9 percent of the total growth. Endowment policies covered the largest share of gross premiums for life insurance, accounting for 79.4 percent of total life premiums, followed by group products with 12.5 percent and term life with 5.3 percent. Furthermore, the number of new business policies increased by 3.8 percent from 133,648 in 2020 to 138,662 policies in 2021 and the renewal of policies increased 8.9% from 342,322 to 372,938 for the same period. The claim ratio increased from 4.5% to 6.3% as the claims paid in life insurance increased by 54.6% to 43.4 billion riels. General insurance premiums increased by 8.2% to 501.5 billion riels, mainly contributed by medical insurances with 5.4% of total growth, miscellaneous insurances with 0.9% and auto insurances with 0.8%. Property insurance with 33.1% accounted for the largest share of general insurance in the country, followed by medical insurance with 22.1% and auto insurance with 16.6%. While the claim ratio declined from 25.6% in 2020 to 24.2% in 2021, the claims paid for general insurance increased by 2% from 118 billion riels to 121.3 billion for the same period. Despite the growth in gross premiums, the

contribution of the insurance sector to the country's Gross Domestic Product (GDP) remained low. Huy Vatharo, president of Insurance Association of Cambodia (IAC), said recently that the sector represented 1.1% of GDP in 2021 — still far from the goal for 2030. It is an indicator that the gap in risk protection is still big, with a good chunk of the population remaining vulnerable to financial impacts when unexpected events occur such as property damages. "Insurance companies mostly depend on conventional distribution networks such as agents, banks, brokers and staff," Vatharo said, while addressing a workshop on digitisation last week, adding that digitisation of insurance will help assess risks more effectively, design more options for customers and create wider channels for them to receive insurance services.

Source: <https://www.khmertimeskh.com/501098523/gross-insurance-premiums-grow-by-10-2-in-2021/>

Govt seeks to preserve 4.5 million hectares of farmland



Laos News | 23 June, 2022

The Ministry of Agriculture is drafting a decree aimed at banning the use of agricultural and irrigated land for commercial construction, in a bid to preserve 4.5 million hectares of land for agricultural production over the next 30 years. Minister of Agriculture and Forestry, Dr Phet Phomphiphak, told NA members this week that agriculture is under threat from development projects, and that more and more land

is being used for construction purposes. As a result, the ministry is drafting a decree to preserve land for crop cultivation, to safeguard the government's food security strategy and enable sustainable agricultural production. The ministry hopes to set aside 2 million hectares for rice cultivation, with the available area currently standing at 700,000 hectares, as well as a further one million hectares for the cultivation of other crops, of which 700,000 hectares are currently grown. In addition, the ministry wants 700,000 hectares of land to be made available for livestock farming, with just 100,000 hectares in use at present. Another goal is for fruit to be grown on 800,000 hectares of land, with fruit trees currently grown on 600,000 hectares. Extra land for crops would help to meet targets set in the national development agenda and resolutions adopted in the five-year agricultural, forestry and rural development plan for 2021-2025. In the next six months, Dr Phet said the ministry will focus on increased food production to reduce the importation of unnecessary products and help curb the rise in food prices. In particular, the ministry will attempt to boost the production of export products, such as sweetcorn, rice, coffee, tea, livestock and rubber. Meanwhile, agriculture authorities have been told to reevaluate contract farming practices, including the '2+3' model, in which farmers are responsible for providing land and labour, while investors provide seedlings, technical services, and

markets. Assessment will also be made of the '1+4' contract farming system, in which people provide land, while investors are responsible for labour, seedlings, technical services, and markets. Agriculture experts said Laos is a least developed country and as such has a great need for investment to drive economic growth and poverty reduction efforts. Better city planning, more appropriate land allocation, and short- and long-term strategies are essential for the country to address land disputes and ensure the best use of land.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent2022_Govt119.php

Pigeon pea price gets downward trends than black grams



Myanmar News | 22 June, 2022

The price of pigeon pea is lower than the price of black gram, according to the Bayintnaung Brokerage-based pulses traders. Both of them are mainly exported to India from Myanmar. As of 18 June 2022, a tonne of black gram was K1,610,000 while a tonne of pigeon pea was K1,410,000 in the Yangon pulses market. On 21 June 2022, the price of the former was K1,615,000 per tonne while the latter was K1,391,000 per tonne, therefore, the price of black gram was up and the price of pigeon pea was down. Of many types of pigeon peas, the red type is the most expensive, and hence, most cultivated. In the last week of August 2017, the Yangon pulses market was closed for four days due

to a temporary ban on pulses imports to India for about seven months. As there were no exports to India after August 2017, the prices of pigeon pea and black gram dropped, and the relevant authority set the price at K400,000 for a tonne of black gram and K500,000 for a tonne of pigeon pea. In the 2022 monsoon season in India, the two largest pulses-growing states are switching to higher-yielding cotton, soybeans, sugarcane and maize instead of pulses. As a result, monsoon pulses are estimated to fall by between five per cent and 15 per cent, and Myanmar pulses trader Ko Htay estimates that pigeon pea will fetch a good price. — TWA/GNLM

Source: <https://www.gnlm.com.mm/pigeon-pea-price-gets-downward-trends-than-black-grams/#article-title>

Vietnamese enterprises stay firm in face of economic turmoil in Russia



Vietnam News | 22 June, 2022

HÀ NỘI — While a series of sanctions caused the Russian market to wobble at times, Vietnamese textile and garment enterprises have stood firm and continued to earn profits. All sewing lines are operating steadily, and employees are working enthusiastically at the garment factory of Phan Mạnh Hùng's Ruviteks company in Moscow Province. Hùng told Vietnam News Agency: "Before the COVID-19 pandemic, my garment factory had more than 100 workers, but now there are about 40 workers. However, production activities are still

stable, and workers' income is guaranteed. "Ruviteks maintains a close relationship between factory owners and employees, a key factor in helping the business. The leader added the company continuously contributed to charity, from making masks to provide to the Russian people during the outbreak of the COVID-19 pandemic in early 2020 to building a house of gratitude in Bến Tre in Việt Nam to support children and helping people in the Donbas region to evacuate to Russia. He said: "We can do those things because workers are willing to spend a few working days to sew products for charity with materials donated by the company. "Nguyễn Mỹ Bình, who has worked at Ruviteks since 2017, said: "My husband and I work here together. We send home from US\$800 to more than \$1,000 each. My boss guarantees there are always orders to do and no shortage. So all we need is to work hard. "Nguyễn Văn Thiết, from Bắc Giang Province, has also worked with his wife at Ruviteks since 2017. Thiết said: "When I went here unskilled, everyone helped me to learn how to do the job. After only one month, I got the salary of the skilled workers. During COVID-19, work was difficult, but the boss helped the workers to stay stable." Hùng said the secret for enterprises to overcome recent difficulties was stabilising production, attaching workers' interests to the enterprise, and providing stable goods to the market. Due to the steady number of customers and product output, Ruviteks was proactive in purchasing raw materials. Though raw

materials for the garment industry in Russia were mostly imported and greatly affected by the current situation, by actively building a 1-year or 18-month production plan before the conflict broke out, the Hùng garment factory had stabilised the source of input materials for a long time. As the garment industry depended on workers, businesses always needed to ensure a minimum income for employees to keep the workers. His company's minimum income was about VNĐ15 million or \$700 excluding all expenses, said Hùng, adding he always supported employees, especially from 2014 to May 2020, so they could "work with peace of mind." Since 2014, the company has completely waived the fee for the extension of household registration from the 2nd year onwards for employees. Thanks to the close and trusting relationship between business owners and employees, Hùng said when conflict broke out, the Russian ruble depreciated sharply, directly affecting people, labour and businesses in 2022, his employees agreed to have their salaries cancelled until the crisis passed. Fortunately, the exchange between the US dollar and the ruble was okay, and Hùng could transfer the salary. Also in Moscow Province, at the Sarlanter garment factory of **Đỗ Văn Tiếu** there are about 50 workers with a stable income. Phùng **Đức** Long, who has worked at Sarlanter for nine years, said: "The income here is quite steady. "The salary is about US\$1,600 for two months. The company pays the salary every two months and will send it back to Việt Nam. Everyone

here lives in solidarity. We treat each other like brothers and sisters in a family." Owner of the Sarlanter garment company **Đỗ Văn Tiếu** revealed that his business had learned from other countries. For example, in Japan "people treat workers in such a way that the factory can be considered home. "Tiếu said: "That is why they stick with me. "He said that long-time workers who did not violate discipline would receive an additional \$30 monthly bonus. Tiếu's company regularly organises sports and arts activities for employees to enjoy a joyful atmosphere. Amid the ups and downs in the market in Russia, a close relationship between employers and employees helped Vietnamese garment factories in a hard time. — VNS

Source: <https://vietnamnews.vn/economy/1252225/vietnamese-enterprises-stay-firm-in-face-of-economic-turmoil-in-russia.html>

Keeping public debt below 60 per cent of GDP by 2030 targeted



Vietnam News | 22 June, 2022

HÀ NỘI — Việt Nam is targeting to control public debt below 60 per cent of gross domestic product (GDP) by 2030 to ensure debt safety and national financial security. The goal was highlighted in the public debt strategy by 2030. Deputy Minister of Finance **Tạ Anh Tuấn** said yesterday at a two-day workshop held in Thanh Hoá that the public debt strategy issued on April 14 played an important role in the socio-economic development in the 2021-30

period, which serves as an important basis for continuing sustainable and efficient public reform management and ensuring debt safety and national financial security. Under the strategy, public debt would not exceed 60 per cent, government debt 50 per cent and foreign debt 45 per cent of GDP, and the amount for debt repayment would not exceed 25 per cent of the total budget revenue. The strategy targeted that GDP would expand at an average of seven per cent per year with GDP per capita reaching US\$7,500 by 2030 and a budget deficit at around three per cent of GDP. The ministry's statistics showed that public debt expansion decreased from an average of 18.1 per cent per year in the 2011-2015 period to 6.7 per cent in 2016-20. Public debt was at 55.9 per cent of unrevised GDP by the end of 2020, compared to the peak of 63.7 per cent in 2016, and 43.1 per cent of revised GDP by the end of 2021. The structure of public debt had been adjusted in a more sustainable direction with the percentage of external debts falling from 61 per cent of the Government's total debt in 2011 to 33 per cent in 2021. Debt repayment was always guaranteed on time, which contributed to improving the country's credit rating as S&P recently announced to raise Việt Nam's national credit rating from BB to BB+ with a stable outlook and increasing the fiscal room to strengthen the economy's resilience to macro shocks, the ministry said. According to Carolyn Turk, World Bank director for Việt Nam, Việt Nam's public debt strategy for 2030

was very important because it related to both fiscal policies as well as public debt management. The strategy also guided the Government's borrowing activities after Việt Nam become a middle-income country with the goal of becoming a high-income country by the end of 2045, which would require a huge investment in infrastructure to maintain economic growth of an average of 5-6 per cent per year in the next 20 years. She said that attention should be paid to improving the efficiency of local government debt management, pointing out that Việt Nam had not yet developed a medium-term local government debt management strategy and had not assessed risks before borrowing. Truong Hùng Long, director of the ministry's Department for Debt Management and External Finance, said that Việt Nam had graduated from IDA, the World Bank's concessional finance window, meaning that the country no longer had access to high-preferential capitals as before and Việt Nam would have to rely more on market tools to raise capitals. Therefore, it is important to have prudent and flexible medium and long-term borrowing and debt payment strategies to limit negative long-term consequences, Long said, adding that shocks like the COVID-19 pandemic always required reserve finance in the short and medium terms. According to the strategy, the focus would be on enhancing and strengthening the management of finance, budget and public debt, improving the efficiency of loan use, ensuring debt repayment capacity and restructuring debt portfolio

as well as enhancing digital transformation in public debt management. — VNS

Source: <https://vietnamnews.vn/economy/1252224/keeping-public-debt-below-60-per-cent-of-gdp-by-2030-targeted.html>
