

Highlight News / June 24/2022



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NBC projects 5 percent economic growth this year



Cambodia News | 23 June, 2022

The economy is likely to grow at around 5 percent this year, primarily supported by agricultural exports, transport, telecommunications and improved investment flows and remittances from overseas workers. The National Bank of Cambodia made the economic projection in its Financial Stability Review 2021, released recently. In terms of trade and investment, the country is expected to benefit from the Regional Comprehensive Economic Partnership (RCEP) agreement, bilateral free trade agreements and the introduction of new investment law, read the report. The source also highlighted threats caused by the Russia-Ukraine war, interest rate hikes in developed countries, China's economic slowdown due to its strict COVID-19 strategy, the tightening of the global financial conditions, and Omicron variant. The NBC also mentioned about climate change posing a significant risk to the country's agricultural production, which is vulnerable to extreme weather events as threats to the country's economic growth. Last year, Cambodia's economic growth was estimated at 3 percent from a contraction growth of 3.1 percent in 2020. Chea Vannak – AKP

Source : <https://www.khmertimeskh.com/501099597>

[/nbc-projects-5-percent-economic-growth-this-year/](#)

Logistics firms seek China-Cambodia train connection



Cambodia News | 23 June, 2022

Thirty local logistics firms – members of the Cambodian Logistics Association – are seeking the possibility of a train service between China and Cambodia connecting Laos and Thailand. The Cambodian delegation of logistics attended a meeting held this week in Laos on a project to discuss high-speed rail links including China, Vietnam, Laos, Thailand and Cambodia to facilitate transportation in the Mekong region, said its president Sin Chanthy, who led the delegation. The meeting was attended by delegates from Vietnam, Thailand and Laos to discuss the high-speed rail project in Mekong countries between China, Vietnam, Laos, Thailand and Cambodia, he said. The meeting of the ASEAN Trans-Rail Link Project is very important, he said, adding that if implemented smoothly, it will benefit and facilitate the transportation, especially the transit of goods from Cambodia to China, while currently, water transport between Cambodia and China takes between 10 and 15 days. “If we consider the transportation time from Kunming, China, to Laos, and then to Thailand and Cambodia, which we need to discuss clearly for the connection, especially the cost of delivery,” he said. Cambodia and Thailand connected the rail tracks in 2019, 45 years after the two countries terminated cross-border train service. The Cambodian government is considering upgrading several train lines to promote trade and increase the mobility of its population, particularly to improve transport connections with neighbouring countries and promoting the movement of goods and people.

Minister of Public Works and Transport Sun Chantol said recently that the high-speed railway plan would undergo a feasibility study. “We are looking at transforming current routes into high-speed lines running from Poipet to Phnom Penh, and from Phnom Penh to Sihanoukville and its port,” he said. Cambodia has two train lines covering 612 kilometres. The first route is from Poipet town – opposite Aranyaprathet district in Sa Kaeo province – to Phnom Penh. The other runs between the capital and the port in Sihanoukville. The current trains run at a maximum speed of only 30 km per hour.

Source : <https://www.khmertimeskh.com/501099313/logistics-firms-seek-china-cambodia-train-connection/>

Govt to provide credit for purchase of fuel



Laos News | 24 June, 2022

The government will provide fuel importers with a Letter of Credit worth US\$200 million for the purchase of sufficient petrol to meet the nation’s needs, Deputy Prime Minister Dr Sonexay Siphandone told the National Assembly (NA) on Thursday. This amount could buy 200 million litres of fuel which would cover the demand for July and August at 100 million litres a month, Dr Sonexay said. Dr Sonexay Siphandone addresses the National Assembly. The government will continue to provide foreign currency to importers during the remainder of the year in a bid to procure sufficient fuel, the DPM said in response to questions raised by Assembly

members about the government’s plans for fuel supply amid the continuing shortage. The government has provided credit despite limited foreign currency reserves. The plunging value of the kip has placed an added burden on importers struggling to source sufficient foreign currency to buy much-needed fuel, which must all be imported. Dr Sonexay said the government would source foreign currency from companies that export minerals and agricultural produce, which would be given to fuel importers over the remaining months of this year. The government has allocated US\$60 million for use by fuel importers in June and the Ministry of Finance recently provided an additional US\$10 million. From June 1-21, as much as US\$102 million was sourced to pay for imported fuel, which was enough to cover normal needs and included money sourced from commercial banks. This has enabled more petrol stations to open, the DPM said. Laos imports all of its fuel requirements and on average imports 100-120 million litres of fuel a month. Prior to the steep price hike, it cost US\$600 to US\$700 million to import sufficient quantities of fuel for one year. But the amount spent has doubled in line with the spiralling price of fuel on the world market, Dr Sonexay said. “The demand for foreign currency has also risen sharply, so sourcing sufficient foreign currency to buy fuel is difficult,” he told Assembly members. Laos currently buys fuel

from Vietnam, Thailand, Malaysia and Singapore. The government is looking at ways to diversify the sources of the fuel it imports so that the load is spread and disruption to one source would not cause a crisis, the DPM said. In the longer term, the government will consider ways to promote investment in oil refinery plants in Laos where crude oil could be refined to ensure fuel security. There are currently no such plants operational in the country. Dr Sonexay pledged that authorities in charge would take action against individuals who manipulate exchange rates unlawfully for personal gain after learning that the disparity between exchange rates offered by commercial banks and some currency exchange units was inappropriately large. Some currency exchange units that were found to be in breach of the regulations have had their licence revoked, the DPM said.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent2022_Govtto120.php

Myanmar ships \$79.58 mln worth of 254,930-tonne corn to foreign markets in May

 Myanmar News | 23 June, 2022

Myanmar conveyed over 254,930 tonnes of corns to external markets through sea trade and border posts in May, with an estimated export value of US\$79.58 million, according to the Ministry of Commerce.

Myanmar shipped \$12.195 million worth 38,300 tonnes of corns to foreign trade partners via maritime trade. The majority of the corns were delivered to the Philippines, followed by Thailand and Bangladesh in May. Additionally, Myanmar sent over 216,630 tonnes of corns to neighbouring countries via cross-border posts, generating an income of \$67.385 million. A total of 215,974 tonnes of corns were exported to Thailand, while 695 tonnes were sent to China. The export volume via border trade reflected an increase of 191,180 tonnes (valued at \$59.632 million) compared to the data recorded in April 2022. In the 2021-2022 corn season (October-September), Myanmar targets to export about 2 million tonnes of corn to external markets, said U Min Khaing, chair of the Myanmar Corn Industrial Association. Thailand gives green light to corn imports under zero tariff (with Form-D), between 1 February and 31 August. However, Thailand imposed a maximum tax rate of 73 per cent on corn imports to protect the rights of their growers if the corn is imported during the corn season of Thailand. Therefore, only two months (July and August) are left for corn exports under Form D exemption. At present, corn is cultivated in Shan, Kachin, Kayah and Kayin states and Mandalay, Sagaing and Magway regions. The country produces 2.5-3 million tonnes of corn every year. — GNLM

Source : <https://www.gnlm.com.mm/myanmar-ships-79-58-mln-worth-of-254930-tonne-corn-to-foreign-markets-in-may/#article-title>

FED raises interest rates, VN central bank gives message about exchange rate



Vietnam News | 23 June, 2022

The State Bank of Vietnam (SBV) has affirmed that it will apply a flexible monetary policy amid global uncertainties. Since early 2022, the international financial market has experienced complicated movements. Russia-Ukraine tensions have had a negative impact on the global economic and financial system, affecting fuel prices and basic commodities, and exacerbating the consequences of the disruption in global supply chains. The greenback price is now at the highest level in history following the US FED's decision to raise the interest rate by 75 basis points last week. This is the third time the FED has raised interest rates this year, and the 75 basis point increase is the sharpest in the last 28 years. Meanwhile, a FED (Federal Reserve) official has argued for another 75 basis point increase in July. The currencies of large economies have been losing value following the FED's move. A number of central banks have also raised interest rates. The UK's central bank, for example, has raised the interest rate for the fifth consecutive time, while the Swiss central bank has raised the interest rate for the first time in the last 15 years. Meanwhile, European Central Bank (ECB) has confirmed that it will stop

buying bonds from July 1 after applying the policy for nearly a decade. It has also signaled that it will raise interest rates, beginning from early July. In such conditions, many securities companies in Vietnam believe that the SBV needs to raise the interest rate by 0.5 percent. Meanwhile, some analysts think that there will be no big changes in the central bank's monetary policy. The analysts say though the international market is fluctuating, the domestic forex market has stable liquidity. The dong/dollar exchange rate has not seen a downward trend like in 2021, but has increased by 2 percent compared with late 2021. Pham Chi Quang, Deputy Director of the SBV's Monetary Policy Department, said that the central bank would follow a flexible policy, to go in accordance with the world market, and will make an intervention when necessary to mitigate consequences of exchange rate fluctuations and to stabilize the forex market. Quang said since the beginning of 2022, the central bank has sold foreign currencies to intervene in the market at a reasonable level and supplement supply, thus satisfying demand for foreign currencies and at the same time maintain high Vietnamese dong liquidity which can help stabilize dong interest rates. The dollar price in the black market is closer to the VND24,000 per dollar threshold. On June 19, the prices were VND23,920 (buy) and VND23,950 (sell).

Source : <https://vietnamnet.vn/en/us-fed-raises-interest-rates-sbv-gives-message-about-exchange-rate-2032548.html>

UOB maintains Vietnam's GDP growth forecast at 6.5 percent



Vietnam News | 23 June, 2022

NDO/VNA – The Singapore-based United Overseas Bank (UOB) has maintained its forecast for Vietnam's GDP growth at 6.5 percent and core inflation rate at 3.7 percent of core inflation rate in 2022, but predicted that inflation may reach 5 percent in 2023 due to multiple risks and challenges. In a recent report, the UOB noted that Vietnam continued its development trend in the second quarter of 2022. In the first six months of this year, the production sector recorded a 9.24 percent rise year-on-year. Based on its latest data and analysis of upcoming challenges, the report maintained its prediction for Vietnam's GDP growth this year at 6.5 percent, and 7.6 percent in the third quarter of 2022. However, UOB experts held that a number of outside risks are challenging the country's economic growth, including the Russia-Ukraine conflict. The report said that inflation in Vietnam rose to 2.86 percent in May, which was still lower than the target of 4 percent given by the State Bank of Vietnam. In particular, transport costs increased at a double-digit rate over the past 14 months. Given Vietnam's domestic food supply capacity, upward price pressure has largely been driven by the transport-related components of the consumer price basket, which has accounted for about three quarters of inflation, compared to the average rate of 50 percent in 2021. With the Russia-Ukraine conflict lasting more than 100 days and

tensions and sanctions showing no signs of abating, UOB predicted that Vietnam's core inflation will stand at 3.7 percent in 2022 and increase to 5 percent in 2023. With an uncertain outlook from geopolitics, and the fact that domestic inflation continues to be managed, UOB believed that the State Bank of Vietnam has enough capacity to keep its policy interest rate stable to support economic recovery efforts. In the report, UOB also forecast the current refinance rate at 4 percent and the rediscount rate of 2.5 percent to remain at these record lows until at least the end of 2022.

Source : <https://en.nhandan.vn/business/item/11615402-oub-maintains-vietnam%E2%80%99s-gdp-growth-forecast-at-6-5-percent.html>