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Advisory Institute for Trade and Investment by TCC (AiTi)



Covid impact 1,200 tourism firms closed, 22,000 jobs lost



Cambodia News | 27 June, 2022

Nearly 1,200 establishments in the tourism industry were closed and almost 22,000 direct jobs have been lost as of May this year due to the Covid-19 in Cambodia, according to a statement from the Ministry of Tourism. Among the 1,196 tourism businesses, 498 have been closed and 698 have been suspended, resulting in the loss of 21,998 direct jobs in the industry, the officials said. Chhun Makara, director of travel agency, transport and tourism guide department at the tourism ministry, told Khmer Times that 14 tourism and hospitality services were permanently closed and the suspended establishments include hotels, guesthouses, restaurants and travel agencies. Thirty hotels, 155 restaurants, 148 guesthouses and 96 travel agencies have been permanently closed, while 226 hotels, 146 guesthouses, 181 restaurants and nine travel agencies have been suspended as of the end of May this year, Makara said. He said that the owners of suspended tourism establishments were concerned about the collateral requirement for loans. “Currently, we face challenges including labour shortage and lower tourism skills. Seeking strategies to attract former labour to return is among the top priorities for recovery in the tourism sector,” Makara said. Tourism establishments, especially hotels and guesthouses have been contacting and calling their former employees to return. “We will soon release a set of strategies to attract former employees. But the priority now is to attract more tourists because more guests can create good jobs in the establishments and then hopefully, former employees

will come back to work,” he said. Song Tong Hap, secretary of state at the tourism ministry, said tourism establishments can apply for loans with financial institutions that participate in the credit guaranteed scheme launched by the government in September last year through the state-owned Credit Guarantee Corporation of Cambodia (CGCC) as guarantor — to get loans up to \$400,000 at a concessional interest rate of 6.5 percent. “This scheme will help tourism establishments that look for loans from participating financial institutions for recovery without collateral. Both the co-financing package of the government and the uncollateralised scheme will be very important financial tools to support tourism recovery,” Tong Hab said. Tong Hab, who is also the head of the enterprise and employment protection working group at the tourism ministry, said the uncollateralised financing is expected to support Cambodia to attract seven million international tourists in 2025 and 11 million local tourists next year. The credit guaranteed scheme was launched as the participating banks and microfinance institutions in Cambodia can provide loans with CGCC as a guarantee to local businesses aiming at sharing risks and promoting inclusive finance with an initial equivalent capital of \$200 million from the government. No Lida, deputy CEO of CGCC, said owners of tourism establishments in Cambodia need to fulfill three main requirements to get approval for loans. The business has to be owned by Cambodian national who holds at least more than 50 percent of shares, had or has businesses registered legally and has the ability to make repayment. “Tourism business owners can discuss with participating financial institutions to apply for loans in the co-financing scheme to confirm whether they require a

letter of guarantee and then they can ask CGCC for the document,” Lida said. However, Makara said tourism businesses have not well been aware of the mechanism of lending by financial institutions without the requirement of collateral under the government’s intervention package of \$150 million for tourism. “It does not mean that when you apply for a loan, all will get the loan. Some applications would be rejected and some would be approved. For example, even though you have the ability to repay, you do not have collateral. So, those who do not have collateral but have the ability to repay are the target of financing without collateral mechanism,” Makara told this newspaper. Last month, the government released a financial intervention package of \$150 million — comprising \$75 million from the government through SME Bank and \$75 million from other financial institutions — to revive the tourism sector by financing businesses affected by the Covid-19 pandemic in the last two years. The tourism recovery co-financing scheme is aimed at financing businesses in the sector. The scheme will help businesses resume operations, renovate and modernise services. It will also help expand and diversify tourism services. Tourism minister Thong Khon said Cambodia’s tourism had been severely affected by Covid-19 over the last two years. For 2020 and 2021, Cambodia received only 1.5 million international tourists. “Even though Cambodia’s tourism has continued to recover gradually, the ministry has noticed that the number of establishments in the industry grew slowly,” he said.

Source: <https://www.khmertimeskh.com/501101471/covid-impact-1200-tourism-firms-closed-22000-jobs-lost/>

Measures to keep food price rises under control: Ministry



Cambodia News | 27 June, 2022

Prices of common food are being monitored closely to prevent price rise and avoid pressure on the consumer in the country, the Ministry of Commerce has said. The move comes in the wake of inflation rising globally due to the impact of oil prices. Pen Sovicheat, the ministry’s spokesman said, that prices of more than 50 items in the market, especially related to daily consumption such as pork, fish, chicken, eggs, duck eggs, vegetables and rice are monitored to ensure that prices do not rise too high. He said that if the cost of food, especially rice, surges, the Ministry of Commerce, through Green Trade, will intervene to release rice from its stockpile to the market immediately to keep prices stable. He acknowledged that the current level of inflation in food prices in Cambodia has risen sharply, but it is below 10 percent of the risk level. The price of instant noodles and cooking oil, which are the main food of the people, did not increase because they are manufactured locally. However, the price of imported goods, including fuel, cannot be controlled by the Ministry, as the price fluctuates according to the international market. The country’s limited price products include packaged noodles, fresh cooking ingredients such as meat and eggs, canned food, rice, cassava, sugar, sauces, cooking oil, milk, electronics, soap powder, pesticides, animal feed, iron, cement, paper, tablets and so on. According to

the National Bank of Cambodia, the country's inflation rate hit the highest in many years recently due to the impact of rising global energy and food prices, the conflict between Russia and Ukraine and China's anti-Covid 19 policy. Chea Serey, director-general of the bank, said that in order to cope with the sharp rise in inflation, a number of measures have been introduced to stabilise the exchange rate in the market, which will give the public confidence in the riel. She was optimistic that inflation in Cambodia will gradually decline in the coming months as the domestic manufacturing sector grows, especially in the agriculture sector. The Royal Government of Cambodia has projected that the economy will grow by more than 5 percent in 2022, while many countries around the world are now facing rising inflation.

Source: <https://www.khmertimeskh.com/501101472/measures-to-keep-price-rise-under-control-ministry/>

Germany pledges 13 million euros for two projects in Laos



Laos News | 28 June, 2022

Germany will provide 13 million euros for the third phase of the Rural Development Programme (RDP) and Land Management Project for Laos (LMPL) to support the government's goal of road connectivity and accelerating nationwide land titling through a unified system by 2025. KfW, on behalf of the German government, is supporting Laos to promote rural development, with the focus on improving rural

infrastructure and environmental protection through two new projects – phase III of RDP and LMPL. The ceremony for handing over the two grant agreements for these projects was held recently in Vientiane, in the presence of the Director General of the International Cooperation Department under the Ministry of Planning and Investment (MPI), Mrs Sisomboun Ounavong, and Mr Burkhard Hinz, KfW's Head of Division for Urban Development and Mobility in East Asia and Southeast Asia. Representatives of the MPI and KfW also attended the event. The two grants include 6 million euros for the Rural Development Programme and 7 million euros for the land sector. Phase III of RDP will be implemented in Huaphan province in the second quarter of 2022, and is expected to be completed by 2025 as planned. The project will be implemented by the Department of Roads under the Ministry of Public Works and Transport (MPWT). It targets the repair and improvement of rural roads, associated bridges and other rural infrastructure in Huaphan, and capacity building for local representatives of the Ministry of Public Works and Transport, including the Public Works and Transport Institute (PTI). Individual villages in the target area will receive support in forming village maintenance committees, which is an important contribution to routine maintenance. The project's goal is the sustainable use of climate-resilient rural roads and other infrastructure

throughout the year, and improved maintenance of these roads. The new LMPL will be implemented in the four provinces of Xieng Khuang, Huaphan, Oudomxay and Xayaboury in 2022, and it is expected to be completed by the end of 2025. Project activities include capacity building, improvement of infrastructure and provision of equipment for public offices at the provincial and district levels. The purpose of the project is to support the government in implementing land sector reforms, with the focus on accelerating systematic land registration of eligible residential areas and agricultural lands, and speeding up the land titling process in the four provinces. This is expected to contribute to effective and efficient land use for the benefit of all citizens and the environment. Mr Hinz said: "In line with Germany's commitment to support rural development in Laos, the two projects essentially aim at benefiting people in local communities, particularly farmer families." He added, "Land title registration ensures land tenure security and facilitates farmers to undertake investment in their own areas, thereby increasing agricultural productivity as well as boosting local socioeconomic development. Laos is currently expanding infrastructure, particularly road networks, in order to improve the connection from rural and remote villages to cities and to create better access to

public services and trade opportunities for income generation."

Source: https://www.vientianetimes.org.la/freeContent/FreeContent122_Germany_y22.php

Dried chilli pepper price rallies to K7,500 per viss



Myanmar News | 27 June, 2022

The prices of dried chilli pepper (Shankyun and Moe Htaung varieties) registered sharp upward moves to K7,500 per viss (a viss equals 1.6 kg). The prices surged from K4,500 per viss recorded on 1 June to K7,500 per viss in the third week of June, reflecting an increase of over K2,000 per viss within over 20 days. The price rise is attributed to the strong demand by Thailand when local production of fresh chilli pepper declines, said an official of U Thein Win commodity depot in Mawlamyine city. "India cannot export chilli pepper to Thailand due to heavy rainfall and low production. So, Thailand purchases chili peppers from Myanmar again," he added. Additionally, high input costs such as fertilizer and fuel oil for farming machinery are also contributing factors to the sharp rise in prices. Cultivation of chilli pepper varieties that are primarily demanded by China costs K2.5 million per acre on their own farmland and K2.5 million for rental management. The chilli pepper can be harvested every 15 days up to six months. Yield is estimated at 100 viss per acre in the early season. It can produce 400-500 viss in maximum. The prices of chilli pepper are expected to remain high on the back of robust demand

tracking high input cost and fuel oil, traders shared their opinions. Myanmar's chilli pepper is primarily sent to Thailand and China via cross-border trade channels, while it is shipped to Viet Nam through maritime trade. It is commonly grown in Ayeyawady, Mandalay and Magway regions and Shan State. The export varieties of fresh chilli peppers are 692, 777, 999, Demon, Sunshine and Lucky one.—NN/GNLM

Source: <https://www.gnlm.com.mm/dried-chilli-pepper-price-rallies-to-k7500-per-viss/>

Vietnam considered promising destination for world's big names



Vietnam News | 27 June, 2022

NDO/VNA - Vietnam is said to be a destination for many major companies in the world, as the disruption of production activities due to the COVID-19 pandemic in China has forced them to find ways to move part of their production lines out of this country. Consultant Henrik Bork of Asia Waypoint said that more and more Chinese consumer electronics manufacturers such as Luxshare Precision Industry, Goertek and Pegatron have recently set up new factories in Vietnam. In its article in early June, Nikkei Asia wrote that for the first time ever Apple is moving some iPad production out of China and shifting it to Vietnam. German English-language news site DW reported that companies, especially those operating in the electronics industry, are investing much in Vietnam. In February, the Republic of Korea's leading electronics group Samsung announced that it would invest an

additional 920 million USD in the Southeast Asian country. According to assessments, global companies like Apple are moving production to Vietnam mainly due to high wages in China and intense US-China trade competition. The administration of US President Joe Biden is looking to diversify the global supply chain, and Vietnam is considered to have an important role in this policy. In addition, Vietnam currently has a young labour force and a competitive manufacturing industry, and also boasts a sea route easy for exports, which has made many European Union (EU) and Asian countries sign free trade agreements with it. DW quoted Daniel Müller, manager at the German Asia-Pacific Business Association, as saying: "It currently looks as if, in particular, medium-sized companies are increasingly striving to enter the Vietnam market." Vietnam has become a more attractive destination for investors, Raphael Mok, head of Asia Country Risk at Fitch Solutions, told the news site.

Source: <https://en.nhandan.vn/business/item/116266-02-vietnam-considered-promising-destination-for-world%E2%80%99s-big-names.html>

Vietnam: Cashless payments still booming post-pandemic



Vietnam News | 27 June, 2022

HANOI: Cashless payments continue to be a popular payment methods among consumers in Vietnam, post Covid-19 pandemic, Vietnam news agency reported. According to a survey conducted by digital payment giant VISA recently, 65 per cent of

Vietnamese are carrying less cash in their wallets and one-third say they will stop using cash after the pandemic. Almost 76 per cent of the consumers now use mobile wallets and even more (82 per cent) use cards. VISA also pointed out that online shopping and cash alternatives are all likely to stay on after the pandemic. Two-thirds of Vietnamese tried shopping online during the pandemic and half of them made their first purchase through social networks. Nine out of 10 consumers are now using home delivery services, and almost all of them now use it more often than before the pandemic, it reported. An overwhelming majority (more than 80 per cent) now use their cards, QR payments, and mobile wallets at least once a week. VNA added that meanwhile, a solid half of all Vietnamese have begun using cards more often, while 64 per cent and 63 per cent have increased their use of mobile contactless and mobile wallet payments, respectively. "The impacts of the pandemic cannot be ignored – neither in the short term nor the long term. It has resulted in lasting changes in the ways consumers are choosing to make purchases and in how they pay. Success for merchants and businesses rests on their ability to evolve and transform with these changes," said Dang Tuyet Dung, VISA country manager for Vietnam and Laos. As of the end of 2021, 95 per cent of all the financial institutions in Vietnam had been developing their own digitalisation strategy. Currently, over 80 banks offer customers e-banking services, 44 banks offer mobile banking services, and 45 fintech firms offer payment intermediary

services. Across the country, there are currently over 90,000 stores that accept QR code payments and nearly 300,000 point-of-sale terminals, it reported. -

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Source: <https://www.thesundaily.my/home/vietnam-cashless-payments-still-booming-post-pandemic->

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