

Highlight News / July 25, 2022



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Advisory Institute for Trade and Investment by TCC (AiTi)



Cambodia's export to other RCEP countries up 10 pct in H1



Cambodia News | 24 July, 2022

10 percent year-on-year, a report of the Ministry of Commerce said on Thursday. During the January-June period this year, Cambodia's top three export destinations were Vietnam, China and Japan, the report said, adding that the kingdom shipped products worth 1.17 billion dollars to Vietnam, 612 million dollars to China and 542 million dollars to Japan. The RCEP free trade agreement comprises 15 Asia-Pacific countries including 10 Association of Southeast Asian Nations (ASEAN) member states — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam — and their five trading partners, namely China, Japan, South Korea, Australia and New Zealand. Cambodian Ministry of Commerce's undersecretary of state and spokesman Penn Sovicheat said RCEP and the Cambodia-China Free Trade Agreement (CCFTA), which both took effect on Jan. 1 this year, are a contributing factor to boost Cambodia's exports. "Our export growth is a testament to the larger market access of our products to other RCEP member countries with tariff concessions," he told a press conference in Phnom Penh on Thursday. "The two FTAs have been giving a boost to our economic growth in the long term." Meanwhile, Sovicheat said China has played a leading role in assisting the least developed countries (LDCs) including Cambodia through preferential tariffs, noting that the support was crucial to helping the LDCs boost their economic development. Senior economist Ky Sereyvath, director-general of the Institute of China Studies at the Royal

Academy of Cambodia, said that through RCEP, Cambodia could be a hub-and-spoke model of distributing goods from China in the ASEAN region. "RCEP has served as a catalyst for regional and global economic growth and undoubtedly, all participating countries will benefit from it at different levels," he told Xinhua. "It will help Cambodia and other member countries to quicken their economic recovery from the COVID-19 pandemic." Joseph Matthews, a senior professor at the BELTEI International University in Phnom Penh, said RCEP is becoming a driving force for regional economic growth in the post-pandemic era. "This mega trade deal has created huge opportunities for countries such as Cambodia, Laos, Myanmar, Vietnam and Malaysia to market their products and commodities in such a big market and multiply their profits and gains," he told Xinhua. According to a World Bank's research paper, Cambodia ranked third after Vietnam and Malaysia in terms of real income gains and export growth under RCEP. "We look at RCEP as the longer benefit ... Cambodia is the third country that will gain the most from RCEP after Vietnam and Malaysia," World Bank senior country economist Ly Sodeth said at a press conference in Phnom Penh on June 30. "So, Cambodia potentially benefits a lot from RCEP." Xinhua

Source: [https://www.khmertimeskh.com/501118292/cambodias-export-to-other-rcep-countries-up-10-pct-in-](https://www.khmertimeskh.com/501118292/cambodias-export-to-other-rcep-countries-up-10-pct-in-h1/)

h1/

Cambodia attracts \$1.29 billion investment from China in H1 of 2022



Cambodia News | 24 July, 2022

Cambodia attracted fixed-asset investment of \$1.29 billion from China in the first half of 2022, according

to a report from the Council for the Development of Cambodia on Saturday. China remained the top foreign investor in the Southeast Asian country, accounting for 43 percent of the total investment of 2.99 billion dollars the kingdom approved during the January-June period this year, the report said. Other foreign investments in the kingdom for the first half of this year were from Thailand, Samoa, British Virgin Islands, South Korea, Singapore, Cayman Islands, Malaysia, Japan and Australia, it added. Investment projects had been focused on agriculture and agro-industry sectors, manufacturing, tourism, and infrastructure. Heng Sokkung, secretary of state and spokesman for the Ministry of Industry, Science, Technology and Innovation, said excellent ties, the Cambodia-China Free Trade Agreement (CCFTA) and the Regional Comprehensive Economic Partnership (RCEP) trade deal are the main factors encouraging more Chinese investors to Cambodia. Both the CCFTA and the 15-member RCEP trade deal entered into force on Jan. 1, 2022. "I believe that these free trade agreements, together with Cambodia's favorable investment law, peace and political stability, have provided a great opportunity for foreign investors, particularly Chinese ones, to invest in Cambodia," he told Xinhua. "Chinese investment has not only brought in new capital, but also advanced technologies for Cambodia's socio-economic development," he added. Lim Heng, vice president of the Cambodia Chamber of Commerce, said the ironclad friendship and the Belt and Road Initiative are also the major factors attracting more

Chinese investors to the kingdom. "Chinese investment is essential to help boost Cambodia's economy and create new jobs for Cambodian people in the post-COVID-19 pandemic era," he told Xinhua. Meanwhile, Cambodia's General Department of Customs and Excise registered a 19.7 percent year-on-year growth in the Cambodia-China trade volume to 5.98 billion dollars during the first half of 2022. Ministry of Commerce's undersecretary of state and spokesman Penn Sovicheat said China is the largest trading partner of Cambodia, foreseeing that bilateral trade growth will be higher in the coming months and years. "China is a huge market for Cambodia, especially for our potential agricultural products such as rice, bananas, mangoes and cassava, among others," he told Xinhua. "Both the RCEP and the CCFTA have been giving a boost to our trade and investment growth," he said. Xinhua RCEP comprises 15 Asia-Pacific countries including 10 ASEAN member states, namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, and their five trading partners, namely China, Japan, South Korea, Australia and New Zealand.

Source:<https://www.khmertimeskh.com/501118255/cambodia-attracts-1-29-billion-investment-from-china-in-h1-of-2022/>

Govt pledges to stabilise macro economy



Laos News | 25 July, 2022

The government has vowed to stabilise the macro economy and currency exchange rates, reaffirming that it won't allow the country to slide into debt default. The pledge came at the close of the two-day open government meeting which ended on Friday. The need to resolve the public debt was one of the 13 significant tasks that government members agreed demanded immediate attention. The meeting was chaired by Prime Minister Phankham Viphavanh and attended by cabinet members, the Mayor of Vientiane, provincial governors, and representatives of various state agencies. The government will continue to settle various forms of public debt, notably debts owed by state enterprises, as well as enter negotiations with creditors about the deferral of principal and interest repayment, government spokesperson Mrs Thipphakone Chanthavongsa told a press conference after the close of the meeting. The government instructed the sectors concerned to seek low-interest loans while also taking steps to prevent the accrual of additional debt. The meeting agreed that it was essential to reduce the vulnerability of the macro economy by regulating currency exchange rates and the price of consumer goods in market, and curbing inflation. The government pledged to ensure sufficient fuel is

available by pursuing market-based mechanisms, saying this would minimise damage to the economy and small-scale commercial production. The government also vowed to plug loopholes that could cause financial leaks and to carry out checks into the amount of revenue earned from pilot mining operations. The sectors responsible were told to strengthen state-funded development projects and allocate funding to priority development schemes that would yield high economic returns and support poverty reduction efforts. The government will continue to carry out the reform of state enterprises and improve the investment climate as well as push for more progress in the implementation of mega projects. Meeting participants also discussed the procedures involved and the obstacles encountered upon entry and departure from Laos after the government opened the country to foreign nationals on May 9. The meeting endorsed five reports, highlighting the achievements made by the government over the first six months of this year and plans for the rest of the year. The first report was an assessment of the government's accomplishments, especially in relation to priority projects. The second report concerned the socio-economic development and budget plans for the last six months of this year together with the fulfilment of the two national agendas to address economic and financial difficulties and drug trafficking. The third concerned

the regulation of currency exchange units, microfinance institutions, pawn shops and jewellery shops. The fourth report was related to the government's attempts to address the fuel shortage, fuel services, and improvement of the oil price structure. The last report covered the government's battle against Covid-19 and dengue fever.

Source:https://www.vientianetimes.org.la/freeContent/FreeContent141_Govtpledges.php

Myanmar, Russia discuss banking cooperation



Myanmar News | 24 July, 2022

The Central Bank of Russia and the Central Bank of Myanmar (CBM) are discussing bilateral cooperation in banking services, according to the CBM. The 2nd meeting of banking cooperation between the Central Bank of Russia and the Central Bank of Myanmar took place via video link on July 22. Both sides shared their knowledge and facts concerning the needs of the infrastructure/network for the financial messaging system of the Bank of Russia (SPFS), information about opening bank accounts and procedures with both local currencies and foreign currencies. In a meeting with executive members of the Myanmar Banks Association and officials from state-owned and private banks via video link on July 18 also, U Than Nyein, governor of the CBM, said the use of banking services has increased among the people, and the confidence in the banking system has improved, thanks to the cooperative efforts of all

the banks across the country. The financial and monetary policies for development are being implemented in a balanced manner to develop the banking sector stably, and as a result of all the banks working together to provide services, the use of banks has increased among the people and the confidence in the banking system has improved. When banks were facing difficulties, the CBM provided liquidity support, relaxed the fixed ratios to be followed, and provided necessary support to each bank, the governor said. During the meeting, U Win Thaw, deputy governor of the CBM, also said that the banks are continuously being provided with the necessary liquidity support, and it is necessary to continue to follow procedures. Daw Than Than Swe, another deputy governor, stressed the need for all banks to strictly comply with the regulations, directives, rules and procedures issued by the CBM. The officials from the local banks explained their ongoing banking services, continued plans and gave suggestions about the development of Myanmar's banking sector in accord with the guidelines of the CBM.

Source:<https://elevenmyanmar.com/news/myanmar-russia-discuss-banking-cooperation>

Foreign financiers believe Vietnam likely to control inflation at 4% this year



Vietnam News | 23 July, 2022

Major foreign financial institutions such as IMF, ADB, and AMRO have made different forecasts on Vietnamese inflation this year, although they all anticipate the figure to hover around 4%. The Asian Development Bank (ADB), in its Asian Development Outlook (ADO) for July, lowered its economic growth forecast for developing countries in the Asia-Pacific region down to 4.6% this year, which is 0.6% lower compared to its forecast in April. For Vietnam, the bank kept its growth forecast unchanged at 6.5% for this year and 6.7% for next year, as published in its April ADO report. It moved to raise its inflation projection for the region to 4.2% compared to 3.7% in its previous report, amid higher food and fuel prices. However, according to details given by the bank, regional inflationary pressure remains lower than in other parts of the world. The bank also reported that rising global commodity prices, especially oil prices, would bring to bear inflationary pressure on Vietnam. Despite these challenges, the sufficient food supply in place would contribute to reducing inflation, with the Asian financial institution therefore maintaining its inflation forecast at 3.8% for Vietnam this year and 4.0% for next year. Meanwhile, the International Monetary Fund (IMF) projected that

Vietnamese GDP growth would expand by 6%, with its inflation rising to 3.9% this year. According to the financier, despite the recent rising inflationary pressure caused by rising commodity prices coupled with supply chain disruptions, inflation remains quite low in comparison to the Government's target. The country's economic activities have yet to fully recover, whilst relatively stable food sources and good price control can be viewed as the primary reasons behind its projection, said the IMF. In the context of high global inflation, the consumer price index (CPI) in Vietnam increased quite slowly. On average, the initial six months of the year saw its CPI inch up by 2.44% compared to the same period from last year, while its core inflation rose by 1.25%. Despite this low figure, the IMF recommended that Vietnam implement a flexible and cautious monetary policy to guard against inflation risks. Another foreign bank, the Hong Kong and Shanghai Banking Corporation (HSBC) in its July update "Vietnam At A Glance", raised its growth forecast for the country to 6.9% from its previous 6.6%. The bank predicted that inflation would stand at roughly 3.5% this year, although it may surpass the ceiling of 4% from the fourth quarter of the year to the second quarter of next year, requiring the State Bank to start normalising the monetary policy. Vietnam has benefited from reopening its economy, whilst domestic demand has returned and

external drivers remain favourable. However, it is still necessary to stay alert to increasing growth risks, especially the ones posed by surging energy prices. A recently-published report by the ASEAN+3 Macroeconomic Research Office (AMRO) lowered its growth forecast for Vietnam this year to 6.3% from 6.5% in its April report. This also represents the second highest forecast in Southeast Asia, behind only the Philippines. Regarding inflation, the AMRO forecast that the country will maintain inflation at 3.5% for this year, the fourth lowest in the region, and at 3.3% for next year.

Source: <https://vietnamnet.vn/en/foreign-financiers-believe-vietnam-likely-to-control-inflation-at-4-this-year-2042469.html>

Transport ministry approves North-South Expressway sub-projects in 2021-2025



Vietnam News | 18 July, 2022

Hanoi (VNA) – The Ministry of Transport (MoT) has approved 12 sub-projects of a mega project to build the eastern section of the North-South Expressway in the 2021-2025 period. These sub-projects will cover a total length of 723.7km, including sections of Ha Tinh – Quang Tri (260.9km), Quang Ngai – Nha Trang (352.06km), and Can Tho – Ca Mau (110.9km). Their total investment is estimated at about 147 trillion VND (6.27 billion USD). According to the Ministry of Transport, the approval of the sub-

projects is a key milestone that concludes the project preparation and leads to the implementation phase. Earlier on January 11, the National Assembly approved the investment plan for the Eastern North-South Expressway project in the 2021-2025 period, paving the way for the Government to start the preparatory process. Localities are working to speed up site clearance, striving to hand over 70% of the cleared sites to contractors before November 20 so that construction can kick off before year-end. The country currently has 1,163km of expressways. Some 916km are expected to be completed by 2023, bringing the total length to 2,079km, according to the ministry. That figure should grow to 3,000km and 5,000km in 2025 and 2030, respectively, it said./.

Source: <https://en.vietnamplus.vn/transport-ministry-approves-northsouth-expressway-subprojects-in-20212025/234201.vnp>